



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks ended lower last Friday in line with weakness in major Asian equity markets. Market breadth was negative with 475 losers versus 316 gainers. The energy sector was the top percentage loser falling by 2.01% amid the recent plunge in crude oil prices. The utilities sector was the top percentage gainer increasing by 0.31%. Hengyuan Refining Company (4324) was the top loser declining by RM0.44 or 8.40%. The FBM KLCI dipped by 0.05% to 1,491.18.

We expect Malaysian stocks to come under selling pressure in lockstep with the sell-off on Wall Street last Friday after Russia kept a key natural gas pipeline to Europe shut which raised fears of an energy crisis and deep recession in Europe.

ECONOMICS

- **Europe's energy crisis** deepens as Russia keeps pipeline shut

COMPANY

- **Al-'Aqar Healthcare REIT (5116)** buys three hospitals from KPJ Healthcare for RM192m
- **Duopharma Biotech (7148)** sees huge potential for halal segment
- **Poh Kong (5080)** buys two shoplots near PJ Newtown HQ for RM11.35m
- **Sunview** inks underwriting agreement with Alliance Islamic Bank for ACE Market IPO
- **Volkswagen** boards to discuss **Porsche listing** on Monday

EXPRESSO FOR THE DAY

- **Technical Watch – Jag (0024)** – Entry Price RM0.35, Target Price RM0.38, Stop Loss RM0.29, Support RM0.33, Resistance RM0.38
- **Technical Watch – Hexind (0161)** – Entry Price RM0.39, Target Price RM0.43, Stop Loss RM0.33, Support RM0.37, Resistance RM0.40

| Local | | (%) |
|--------------------|----------|---------|
| FBMKLCI | 1,491.18 | (0.1) |
| Volume (mil) | 2,178.65 | (10.8) |
| Value (RM'mil) | 1,572.81 | (22.3) |
| Gainers | 316 | |
| Losers | 475 | |
| Unchanged | 420 | |
| Foreign | | (%) |
| Dow Jones | 31,318.4 | (1.1) |
| Nasdaq CI | 11,630.9 | (1.3) |
| S&P 500 | 3,924.3 | (1.1) |
| FTSE 100 | 7,281.2 | 1.9 |
| Nikkei 225 | 27,650.8 | (0.0) |
| Shanghai CI | 3,186.5 | 0.0 |
| HSI | 19,452.1 | (0.7) |
| STI | 3,205.7 | (0.6) |
| Most Active | | RM Chg |
| SNS | 0.265 | - |
| DNEX | 0.810 | (0.010) |
| MTRONIC | 0.080 | 0.005 |
| JADEM | 0.265 | (0.045) |
| SMI | 0.515 | 0.005 |
| Top Gainer | | RM Chg |
| NESTLE | 134.900 | 2.000 |
| BKAWAN | 23.280 | 0.280 |
| PPB | 17.440 | 0.180 |
| PMBTECH | 3.760 | 0.160 |
| PMBTECH-WA | 3.100 | 0.160 |
| Top Loser | | RM Chg |
| HENGYUAN | 4.800 | (0.440) |
| PANAMY | 26.300 | (0.400) |
| MPI | 29.600 | (0.400) |
| CARLSBG | 22.820 | (0.260) |
| HLCAP | 5.930 | (0.250) |
| Other Stats | | (%) |
| USD/MYR | 4.49 | 0.07 |
| USD/RMB | 6.90 | (0.10) |
| Brent (USD/barrel) | 93.02 | 0.71 |
| Gold (USD/troy oz) | 1,712.19 | 0.86 |
| CPO (RM/metric t) | 4,002.5 | (0.57) |



DAILY NEWSWATCH

ECONOMICS

Europe was plunged deeper into crisis as Russia's Gazprom PJSC again halted its key gas pipeline indefinitely, a move decried by European politicians as an attempt to use energy as a weapon. (The Edge)

COMPANY

Al-'Aqar Healthcare REIT (5116) has acquired three hospitals from KPJ Healthcare Bhd for RM192m, to be paid in cash and new shares. (The Edge)

The halal segment has a huge potential to grow, as the Muslim population globally is more than one-third of the global population, **Duopharma Biotech Bhd (7148)** said. The pharmaceutical company said the global halal pharmaceuticals market is projected to reach US\$174.59 bn (US\$1=RM4.48) by 2025, driven by strong support from Islamic demography and a significant increase in Muslim consumer spending to propel the market. (The Edge)

Poh Kong Holdings Bhd (5080) is acquiring two three-storey shoplots from The Lotus Corp Bhd for RM11.35m in the Petaling Jaya New Town area. (The Edge)

Sunview Group Bhd on Thursday (Sept 1) penned an underwriting agreement with Alliance Islamic Bank Bhd for its initial public offering exercise and listing on the ACE Market of Bursa Malaysia. (The Edge)

Volkswagen's management and supervisory boards will meet on Monday (Sept 5) to discuss whether the long-anticipated listing of sports car brand **Porsche** should go ahead in late September or early October, the carmaker said on Saturday. (The Edge)



Jag Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: JAG MK | KLSE Stock Code: 0024

Main Market
Industrial Products
Subsector – Industrial Services

Current Price: RM0.35

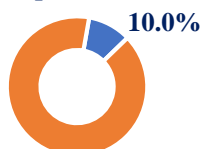
Target Price: RM0.38

Investment Highlights

On a trend reversal, the stock is currently trading below the MA20. We think there is a potential reversal supported by a bullish engulfing with a rising momentum on the stock (RSI >40).

With higher volatility as seen from an expanding bollinger band, we think that prices could potentially trade with higher downside risk moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 0
Holds: 0
Sells: 0

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|------|------------|------------|-------------|
| P/E | 23.5 | 29.3 | 34.3 |
| P/B | 1.1 | 0.9 | 1.6 |
| P/CF | 17.3 | 86.1 | 67.2 |
| P/S | 0.9 | 0.8 | 3.5 |

*CF – Cashflow per share, S – Sales per share

Company Overview

JAG Bhd provides software customization, maintenance, and training. The Company also sells software hardware and accessories.



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| | |
|----------------------------|---------------------------------|
| Entry Price | RM0.35 |
| Market Cap (m) | RM206.0 |
| 52w high | RM0.40 |
| 52w low | RM0.28 |
| Stop Loss | RM0.29 |
| Immediate Support | RM0.33 |
| Immediate Resistance | RM0.38 (Previous high) |
| Moving Average (EMA) | Bearish |
| Moving Average (SMA) | Bearish |
| Bollinger Bands (Long Run) | More volatile over the long run |
| RSI | Rising Momentum |
| Volume (4-Weeks Average) | 10,273,298.4 |



Hextar Industries Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: HEXIND MK | KLSE Stock Code: 0161

**Main Market
Industrial Products
Subsector – Industrial Materials**

Current Price: RM0.39

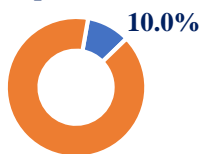
Target Price: RM0.43

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential breakout of the resistance supported by a bullish marubozu coupled with a strong momentum on the stock (RSI >60).

With higher volatility as seen from an expanding bollinger band, we think that prices could potentially trade with higher downside risk moving forward. Trading within 2SD, we project a 10% upside to the current price and expect EMA and SMA to hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buy: 0

Hold: 0

Sell: 0

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|-------------|------------|------------|-------------|
| P/E | 34.5 | 29.4 | 40.4 |
| P/BV | 1.1 | 1.0 | 1.2 |
| P/CF | 25.6 | 32.8 | 30.1 |
| P/S | 0.7 | 0.9 | 1.3 |

*CF – Cashflow per share, S – Sales per share

Company Overview

Hextar Industries Bhd manufactures agro-chemicals. The Company offers fertilizers and chemicals related products, as well as energy solutions and agriculture systems. Hextar Industries serves customers in Malaysia.



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| | |
|----------------------------|---------------------------------|
| Entry Price | RM0.39 |
| Market Cap (m) | RM447.5 |
| 52w high | RM0.40 |
| 52w low | RM0.13 |
| Stop Loss | RM0.33 |
| Immediate Support | RM0.37 |
| Immediate Resistance | RM0.40 (Previous high) |
| Moving Average (EMA) | Bullish |
| Moving Average (SMA) | Bullish |
| Bollinger Bands (Long Run) | More volatile over the long run |
| RSI | Strong Momentum |
| Volume (4-Weeks Average) | 16,268,209.3 |



TECHNICAL ANALYSIS SCOREBOARD

| Date | Stock | Code | Entry (RM) | Prev Close (RM) | Stop Loss (RM) | TP (RM) | Day Change (%) | Gain/Loss from TP (%) | Remark |
|-----------|-----------|------|------------|-----------------|----------------|---------|----------------|-----------------------|--------------|
| 4/8/2022 | Vitrox | 0097 | 7.790 | 7.200 | 6.660 | 8.570 | -0.8 | -7.6 | - |
| 4/8/2022 | Axiata | 6888 | 2.950 | 2.970 | 2.520 | 3.250 | -1.0 | 0.7 | - |
| 8/8/2022 | Harrison | 5008 | 5.750 | NA | 4.920 | 6.330 | N/A | N/A | - |
| 8/8/2022 | Hextar | 5151 | 1.670 | 1.610 | 1.430 | 1.840 | 0.0 | -3.6 | - |
| 9/8/2022 | DKSH | 5908 | 4.330 | N/A | 3.640 | 4.760 | N/A | N/A | - |
| 9/8/2022 | BIG | 7008 | 0.760 | 0.680 | 0.710 | 0.840 | -5.6 | -10.5 | TP Achieved |
| 10/8/2022 | Signature | 7246 | 1.500 | 1.590 | 1.270 | 1.640 | 4.6 | 6.0 | - |
| 10/8/2022 | PetGas | 6033 | 17.280 | 17.160 | 14.790 | 19.030 | -1.4 | -0.7 | - |
| 11/8/2022 | TexChem | 8702 | 3.150 | 3.470 | 2.690 | 3.470 | -1.4 | 10.2 | TP Achieved |
| 11/8/2022 | SimePlt | 5285 | 4.510 | 4.220 | 3.860 | 4.960 | -3.9 | -6.4 | - |
| 12/8/2022 | SAM | 9822 | 4.590 | 4.300 | 2.750 | 5.050 | -1.8 | -6.3 | - |
| 12/8/2022 | Heineken | 3255 | 24.440 | 24.080 | 20.900 | 26.880 | -0.5 | -1.5 | - |
| 15/8/2022 | Kobay | 6971 | 3.220 | 2.670 | 2.750 | 3.540 | -2.6 | -17.1 | SL Triggered |
| 15/8/2022 | Guan | 5102 | 2.410 | 2.400 | 2.060 | 2.650 | 0.0 | -0.4 | - |
| 16/8/2022 | Signature | 7246 | 1.520 | 1.590 | 1.300 | 1.670 | 4.6 | 4.6 | - |
| 16/8/2022 | Carlsberg | 2836 | 24.040 | 23.300 | 20.550 | 26.440 | 0.1 | -3.1 | - |
| 17/8/2022 | Digi | 6947 | 3.860 | 3.620 | 3.300 | 4.250 | -2.9 | -6.2 | - |
| 17/8/2022 | Bonia | 9288 | 2.450 | 2.200 | 2.090 | 2.700 | -3.1 | -10.2 | - |
| 18/8/2022 | KLK | 2445 | 23.000 | 22.500 | 19.670 | 25.300 | 0.7 | -2.2 | - |
| 18/8/2022 | SKP | 7155 | 1.730 | 1.690 | 1.480 | 1.900 | 1.2 | -2.3 | - |
| 19/8/2022 | CORAZA | 0240 | 0.830 | 0.735 | 0.710 | 0.910 | -7.5 | -11.4 | - |
| 19/8/2022 | AMMB | 1015 | 4.070 | 3.960 | 3.480 | 4.480 | -1.2 | -2.7 | - |
| 21/8/2022 | Padini | 7052 | 3.370 | 3.400 | 2.880 | 3.710 | 2.4 | 0.9 | - |
| 21/8/2022 | MPI | 3867 | 34.480 | 30.000 | 29.480 | 37.930 | -9.1 | -13.0 | - |
| 22/8/2022 | Pantech | 5125 | 0.670 | 0.655 | 0.570 | 0.740 | -2.2 | -2.2 | - |
| 22/8/2022 | Harbour | 2062 | 1.170 | 1.270 | 1.000 | 1.290 | 6.7 | 8.5 | - |
| 23/8/2022 | Atech | 5302 | 1.610 | 1.570 | 1.380 | 1.770 | -1.9 | -2.5 | - |
| 23/8/2022 | Hibiscus | 5199 | 0.970 | 0.990 | 0.830 | 1.290 | -2.0 | 2.1 | - |
| 24/8/2022 | PMB | 7172 | 3.490 | 3.600 | 2.980 | 3.840 | 1.7 | 3.2 | - |
| 24/8/2022 | DRBHicom | 1619 | 1.400 | 1.430 | 1.200 | 1.540 | -0.7 | 2.1 | - |
| 25/8/2022 | TexChem | 8702 | 3.690 | 3.470 | 3.150 | 4.060 | -1.4 | -6.0 | - |
| 25/8/2022 | TNB | 5347 | 8.780 | 8.760 | 7.510 | 9.660 | -0.1 | -0.2 | - |
| 26/8/2022 | Scientex | 4731 | 3.610 | 3.500 | 3.090 | 3.970 | -1.1 | -1.6 | - |
| 26/8/2022 | ChinHin | 5273 | 2.540 | 2.470 | 2.170 | 2.790 | -3.1 | 0.7 | - |
| 29/8/2022 | Pchem | 5183 | 8.900 | 8.780 | 7.610 | 9.790 | -1.3 | 3 | - |
| 29/8/2022 | MFCB | 3069 | 3.600 | 3.510 | 3.080 | 3.900 | -2.5 | 5.3 | - |
| 30/8/2022 | KLK | 2445 | 22.82 | 8.900 | 7.610 | 24.660 | 2.4 | 3 | - |
| 30/8/2022 | PetDag | 5681 | 22.42 | 3.600 | 3.080 | 24.660 | 1.7 | 5.3 | - |
| 1/9/2022 | PanaMY | 3719 | 26.700 | 26.700 | 22.830 | 29.370 | 2.0 | 7.6 | - |
| 1/9/2022 | PowerRoot | 7237 | 1.960 | 1.960 | 1.680 | 2.160 | 4.3 | 9.9 | - |

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

| Company | Sector | Price RM | Dividend / Share RM | Dividend Yield (%) |
|--------------------------------|------------|----------|---------------------|--------------------|
| AmFirst REIT | REIT | 0.375 | 0.04 | 10.3 |
| SHL Consolidated Bhd | Property | 2.050 | 0.18 | 8.8 |
| British American Tobacco Malay | Consumer | 10.380 | 0.86 | 8.3 |
| YTL Hospitality REIT | REIT | 0.930 | 0.08 | 8.2 |
| UOA REIT | REIT | 1.130 | 0.09 | 7.6 |
| Pharmaniaga Bhd | Consumer | 0.550 | 0.04 | 7.3 |
| Al-'Aqar Healthcare REIT | REIT | 1.210 | 0.09 | 7.2 |
| Capitaland Malaysia Trust | REIT | 0.545 | 0.04 | 7.0 |
| Tambun Indah Land Bhd | Property | 0.820 | 0.06 | 7.0 |
| Uchi Technologies Bhd | Industrial | 3.310 | 0.21 | 6.3 |
| YTL Power International Bhd | Utilities | 0.740 | 0.05 | 6.2 |
| Malayan Banking Bhd | Finance | 8.910 | 0.55 | 6.2 |
| Malaysia Building Society Bhd | Finance | 0.575 | 0.04 | 6.1 |
| Pavilion REIT | REIT | 1.290 | 0.07 | 5.8 |
| Hong Leong Industries Bhd | Industrial | 9.140 | 0.52 | 5.7 |

Source: Bloomberg

User guide: Mercury Securities compile a list of **dividend stocks** for conservative long term passive investors looking for regular income while keeping the investment intact.

Methodology: The list below is made up of stocks that pay high dividend (Estimate dividend yield >4%) and paying dividend consistently (Paid dividend for the last 3 years)



SECTORIAL VALUATION

The chart below depicts the performance of the respective KLCI sectors over a five-year period including the current and forward P/E. The sector's performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors and notice that the technology sector is the best performing sector over a five-year period between 2016 and 2020 with a compound annual growth rate. The user will also be able to identify sector value based on the current P/E and the corresponding 5-year high, low and average P/E. For example, finance sector PE is currently at 11.4 times against 5-year average P/E of 12.2 times, suggesting financials valuation is in line with the average of 12.2 times.

| Index | Return (%) | Valuation P/E (X) | | | | | |
|-----------------|------------|-------------------|-----------|------|------|---------|------------|
| | | YTD | 5 - Years | | | Current | 1 Yr – Fwd |
| | | | High | Low | Avg | | |
| KLCI | (4.8) | 21.3 | 15.4 | 17.6 | 15.4 | 13.0 | |
| Finance | 7.6 | 13.0 | 11.5 | 12.5 | 12.9 | 7.2 | |
| Property | (7.2) | 13.8 | 10.8 | 12.0 | 10.8 | 9.8 | |
| Plantation | 6.8 | 94.6 | 8.7 | 43.3 | 8.7 | 13.8 | |
| Consumer | (0.4) | 25.6 | 18.3 | 22.7 | 18.3 | 16.4 | |
| Technology | (35.3) | 29.8 | 19.1 | 24.0 | 21.0 | 19.9 | |
| Construction | 1.4 | 22.2 | 9.7 | 17.1 | 9.7 | 11.9 | |
| Energy | 1.1 | - | - | - | 7.7 | 9.4 | |
| Health care | (34.2) | 52.6 | 13.2 | 32.9 | 13.2 | 22.8 | |
| Ind Prod | (10.9) | 38.6 | 10.1 | 23.7 | 10.1 | 11.4 | |
| REIT | 0.4 | - | - | - | 24.6 | 15.8 | |
| Telco | (8.8) | 26.0 | 25.1 | 25.5 | 26.0 | 18.0 | |
| Transportations | (6.6) | - | - | - | - | 16.7 | |
| Utilities | 0.5 | - | - | - | 12.8 | 12.6 | |

Source: Bloomberg

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