



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined in line with weakness in global equity markets. Market breadth was negative with 499 losers versus 367 gainers. The technology sector was the top percentage loser declining by 0.64%, while the plantation sector was the top percentage gainer increasing by 0.63%. Malaysian Pacific Industries (3867) was the top loser decreasing by RM0.56 or 1.89% in line with weakness in technology counters. The FBM KLCI dipped by 0.09% to 1,489.80.

We expect Malaysian equities to trend lower in the short-term as pessimism returns to plague global equity markets.

ECONOMICS

- **China** cuts forex reserve ratio in bid to support tumbling yuan
- **Euro** plunges to 20-year low after Russian gas halt
- **Malaysia end-Aug palm oil stocks** seen to hit two million tonnes for first time in two years

COMPANY

- **Inta Bina (0192)** bags RM146m construction contract for mixed-use development project in Shah Alam
- **Kelington (0151)** bags RM330m contract for gas system distribution works in Kulim
- **Pekat (0233)** bags moneylender license from Housing Ministry

EXPRESSO FOR THE DAY

- **Technical Watch – Press Metal (8869)** – Entry Price RM4.72, Target Price RM5.19, Stop Loss RM4.04, Support RM4.48, Resistance RM5.45
- **Technical Watch – DRB-Hicom (1619)** – Entry Price RM1.55, Target Price RM1.71, Stop Loss RM1.33, Support RM1.47, Resistance RM1.51

Local		(%)
FBMKLCI	1,489.80	(0.1)
Volume (mil)	2,085.70	(4.3)
Value (RM'mil)	1,251.77	(20.4)
Gainers	367	
Losers	499	
Unchanged	389	

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	7,287.4	0.1
Nikkei 225	27,619.6	(0.1)
Shanghai CI	3,199.9	0.4
HSI	19,225.7	(1.2)
STI	3,215.5	0.3

Most Active	RM	Chg
SNS	0.260	(0.005)
VC	0.165	0.000
TANCO-WC	0.045	0.000
HSI-CJH	0.115	(0.030)
JADEM	0.290	0.025

Top Gainer	RM	Chg
UTDPLT	15.280	0.420
PERSTIM	4.520	0.310
AJI	11.940	0.260
PMBTECH-WA	3.320	0.220
PANAMY	26.500	0.200

Top Loser	RM	Chg
FANG-2XL	6.730	(0.730)
MPI	29.040	(0.560)
PEIDAG	21.100	(0.500)
SMI	0.255	(0.260)
HARISON	5.720	(0.230)

Other Stats		(%)
USD/MYR	4.49	0.13
USD/RMB	6.93	0.49
Brent (USD/barrel)	95.74	2.92
Gold (USD/troy oz)	1,710.40	(0.10)
CPO (RM/metric t)	3,886.5	(0.47)



DAILY NEWSWATCH

ECONOMICS

China has reduced the amount of foreign-exchange deposits banks need to set aside as reserves for the second time this year to boost the yuan after the currency hit a two-year low. (The Edge)

The euro sank to a new 20-year low on Monday (Sept 5) and below US\$0.99 after Russia's halt to gas supplies down its main pipeline to Europe heightened fears about a deepening energy crisis across the region. (The Edge)

Malaysia's palm oil inventories at end-August likely swelled above two million tonnes for the first time in more than two years, lifted by a jump in production, a Reuters survey showed on Monday (Sept 5). (The Edge)

Comments: We opine that rising production and palm oil inventories are likely to suppress upward movements in CPO prices. We expect supernormal profits for the plantation sector to come to an end due to the recent decline in CPO prices coupled with persistent labour issues.

COMPANY

Inta Bina Group Bhd (0192) has bagged a RM146m contract for design and build main building works in relation to a mixed use development project located in Shah Alam, Selangor. (The Edge)

Kelington Group Bhd (0151) has won a RM330m contract from "a world leader in semiconductor solutions", raising to RM1.28 bn the total orders it has received so far this year. (The Edge)

Pekat Group Bhd (0233) has bagged a moneylender licence from the Ministry of Housing and Local Government. (The Edge)



Press Metal Aluminium Holdings Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: PMAH MK | KLSE Stock Code: 8869

Main Market
Industrial Products & Services
Subsector – Metals

Current Price: RM4.72

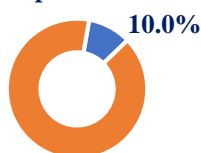
Target Price: RM5.19

Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think there is a potential reversal supported by a bullish engulfing with a strong momentum on the stock (RSI >55).

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 hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 9
Holds: 1
Sells: 3

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	55.3	42.0	32.9
P/B	10.1	7.9	4.9
P/CF	87.9	52.6	32.6
P/S	4.2	3.0	1.8

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

Company Overview

Press Metal Aluminium Holdings Berhad operates as a holding company. The Company, through its subsidiaries, provides aluminium ingots, billets, fluorocarbon, and other products. Press Metal Aluminium Holdings serves customers worldwide.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM4.72
Market Cap (m)	RM38,891.0
52w high	RM7.40
52w low	RM3.94
Stop Loss	RM4.04
Immediate Support	RM4.48
Immediate Resistance	RM5.45 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	14,696,746.7



DRB-Hicom Berhad

Technical Watch - “BUY on Potential Breakout”

Bloomberg: DRB MK | KLSE Stock Code: 1619

Main Market
Consumer Products & Services
Subsector – Automotive

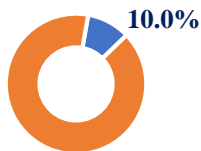
Current Price: RM1.55
Target Price: RM1.71

Investment Highlights

On a trend reversal, the stock is currently trading above the MA20. We think that there is a potential breakout of the resistance supported by a bullish engulfing coupled with a strong momentum on the stock (RSI >70).

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



Buys: 3
Holds: 3
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.5	14.3	12.4
P/BV	0.4	0.5	0.5
P/CF	10.0	4.8	5.7
P/S	0.3	0.3	0.3

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

Company Overview

DRB-Hicom Berhad is an investment holding company. The Company, through its subsidiaries, develops, assembles, and sells motor vehicles and military vehicles as well as operates in property development and construction work. DRB-Hicom also trades electrical and engineering products, manages hotel and resort, provides airline and transportation services, and underwrites general insurance.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM1.55
Market Cap (m)	RM2,996.5
52w high	RM1.71
52w low	RM1.11
Stop Loss	RM1.33
Immediate Support	RM1.47
Immediate Resistance	RM1.51 (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)	946,801.5



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
10/8/2022	Signature	7246	1.500	1.720	1.270	1.640	4.2	14.7	-
10/8/2022	PetGas	6033	17.280	17.060	14.790	19.030	-1.2	-1.3	-
11/8/2022	TexChem	8702	3.150	3.250	2.690	3.470	-1.5	3.2	TP Achieved
11/8/2022	SimePlt	5285	4.510	4.250	3.860	4.960	2.4	-5.8	-
12/8/2022	SAM	9822	4.590	4.330	2.750	5.050	1.6	-5.7	-
12/8/2022	Heineken	3255	24.440	23.920	20.900	26.880	0.1	-2.1	-
15/8/2022	Kobay	6971	3.220	2.640	2.750	3.540	-2.2	-18.0	SL Triggered
15/8/2022	Guan	5102	2.410	2.310	2.060	2.650	-2.1	-4.1	-
16/8/2022	Signature	7246	1.520	1.720	1.300	1.670	4.2	13.2	-
16/8/2022	Carlsberg	2836	24.040	22.900	20.550	26.440	0.4	-4.7	-
17/8/2022	Digi	6947	3.860	3.580	3.300	4.250	-0.8	-7.3	-
17/8/2022	Bonia	9288	2.450	2.250	2.090	2.700	1.8	-8.2	-
18/8/2022	KLK	2445	23.000	22.300	19.670	25.300	-0.6	-3.0	-
18/8/2022	SKP	7155	1.730	1.650	1.480	1.900	-1.8	-4.6	-
19/8/2022	CORAZA	0240	0.830	0.715	0.710	0.910	-1.4	-13.9	-
19/8/2022	AMMB	1015	4.070	4.020	3.480	4.480	0.8	-1.2	-
21/8/2022	Padini	7052	3.370	3.350	2.880	3.710	-0.9	-0.6	-
21/8/2022	MPI	3867	34.480	29.040	29.480	37.930	-1.9	-15.8	-
22/8/2022	Pantech	5125	0.670	0.685	0.570	0.740	5.4	2.2	-
22/8/2022	Harbour	2062	1.170	1.340	1.000	1.290	3.1	14.5	-
23/8/2022	Atech	5302	1.610	1.510	1.380	1.770	-1.9	-6.2	-
23/8/2022	Hibiscus	5199	0.970	1.050	0.830	1.290	4.0	8.2	-
24/8/2022	PMB	7172	3.490	3.910	2.980	3.840	4.0	12.0	-
24/8/2022	DRBHicom	1619	1.400	1.550	1.200	1.540	9.9	10.7	-
25/8/2022	TexChem	8702	3.690	3.250	3.150	4.060	-1.5	-11.9	-
25/8/2022	TNB	5347	8.780	8.610	7.510	9.660	-1.6	-1.9	-
26/8/2022	Scientex	4731	3.610	3.500	3.090	3.970	-0.6	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.470	2.170	2.790	-2.0	0.7	-
29/8/2022	Pchem	5183	8.900	8.820	7.610	9.790	0.6	3	-
29/8/2022	MFCB	3069	3.600	3.460	3.080	3.900	-0.9	5.3	-
30/8/2022	KLK	2445	22.82	8.9	7.61	24.66	2.4	3	-
30/8/2022	PetDag	5681	22.42	3.6	3.08	24.66	1.7	5.3	-
1/9/2022	PanaMY	3719	26.700	26.500	22.830	29.370	0.8	7.6	-
1/9/2022	PowerRoot	7237	1.960	2.010	1.680	2.160	0.0	9.9	-
2/9/2022	Padini	7052	3.370	3.350	2.880	3.710	-0.9	-0.6	-
2/9/2022	MPI	3867	34.480	29.040	29.480	37.930	-1.9	-15.8	-
5/9/2022	Jag	0024	0.350	0.350	0.290	0.380	1.4	0.0	-
5/9/2022	Hexind	0161	0.390	0.405	0.330	0.430	-1.2	3.8	-
6/9/2022	PressMetal	8869	4.720	4.720	4.040	5.190	2.4	0.0	-
6/9/2022	DRBHicom	1619	1.550	1.550	1.330	1.710	9.9	0.0	-

*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	1.950	0.18	9.2
British American Tobacco Malay	Consumer	10.280	0.86	8.4
YTL Hospitality REIT	REIT	0.930	0.08	8.2
UOA REIT	REIT	1.130	0.09	7.6
Pharmaniaga Bhd	Consumer	0.565	0.04	7.1
Al-'Aqar Healthcare REIT	REIT	1.230	0.09	7.1
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	3.320	0.21	6.3
YTL Power International Bhd	Utilities	0.735	0.05	6.3
Malayan Banking Bhd	Finance	8.940	0.56	6.2
Malaysia Building Society Bhd	Finance	0.585	0.04	6.0
Pavilion REIT	REIT	1.290	0.07	5.8
Hong Leong Industries Bhd	Industrial	9.200	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	(5.0)	21.3	15.4	17.6	15.4	13.0	
Finance	7.7	13.0	11.5	12.5	12.9	7.2	
Property	(7.5)	13.8	10.8	12.0	10.8	9.7	
Plantation	6.9	94.6	8.7	43.3	8.7	13.6	
Consumer	(0.4)	25.6	18.3	22.7	18.3	16.3	
Technology	(35.8)	29.8	19.1	24.1	21.3	19.9	
Construction	1.5	22.2	9.8	17.1	9.8	12.1	
Energy	(0.4)	-	-	-	7.6	9.3	
Health care	(34.2)	52.6	13.2	32.9	13.2	21.9	
Ind Prod	(10.6)	38.6	10.2	23.7	10.2	11.4	
REIT	0.1	-	-	-	24.5	15.8	
Telco	(8.8)	26.1	25.1	25.6	26.1	18.1	
Transportations	(6.4)	-	-	-	-	16.7	
Utilities	0.7	-	-	-	12.8	12.7	

Source: Bloomberg

**Disclaimers**

This report is prepared primarily for the use of Mercury Securities' clients in Malaysia and not for publication purposes, notwithstanding its public dissemination via external financial information providers such as Bloomberg LP. This report should not be reproduced, altered in any way, transmitted to, copied, or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Mercury Securities. Mercury Securities, companies and individuals related to it accept no liability whatsoever for the actions of third parties in this respect.

This research report is prepared for general circulation and for information purposes, only and under no circumstances, should it be considered or intended as an offer to sell or a solicitation of an offer to buy the stocks or securities referred to in the report. Investors should note that the price, values or fundamentals of any securities may fluctuate over time. Past performance of any securities may not be an accurate guide to its future performance.

This report is not intended to provide personal investment advice and does not take into account the investment objectives, financial situation and risk appetite of persons who may receive or read this report. Investors are advised to trade at their own absolute discretion, and to seek financial, legal and other pertinent professional advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

Any information, views, opinions, recommendations, and advice in this report are given in good faith but without any legal responsibility or liability to Mercury Securities and connected parties. Information contained in this report has been obtained from public sources believed to be reliable, but such sources are not independently verified by Mercury Securities and consequently no representation is made as to the accuracy or completeness of this information, and it should not be relied upon as such. The views, recommendations and opinions in this research report are our own as of the date hereof and are subject to change without prior notice.

Mercury Securities expressly disclaims any obligation to update or revise any views, recommendations, forward looking statements, and forecasts in a timely manner to reflect new information, events, or circumstances after the date of this report publication or to reflect the occurrence of unanticipated events. Our views and recommendations are based on our own analysis of publicly available information. A subject company's fundamentals and prospects are subject to various risks and uncertainties that could cause its actual performance to differ from our opinion.

As such, Mercury Securities and its directors, officers, associates, connected parties and employees shall not be liable for any direct, indirect, or consequential losses or damages that may arise from the use of or reliance on this research report.

Disclosures

Mercury Securities Sdn Bhd Registration No. 198401000672 (113193-W) is a Participating Organisation of Bursa Malaysia Securities Berhad and a principal holding a Capital Markets Services Licence ("CMSL") issued by the Securities Commission ("SC") of Malaysia. Its research analysts hold a Capital Markets Services Representative's Licence ("CMSRL"). Principals holding a CMSL and representatives holding a CMSRL are regulated by SC in accordance with the Capital Markets and Services Act 2007 ("CMSA").

Mercury Securities, companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks or securities in the markets mentioned. Some of the subject companies covered by Mercury Securities for research purposes may be a client of Mercury Securities in the past, current or may be a potential client in the future. Possible business dealings may include, but is not limited to share trading, market making, underwriting, corporate finance and corporate advisory services.

Published and printed by:

MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)

L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur

Telephone: (603) - 6203 7227 Website: www.mercurysecurities.com.myEmail: mercurykl@mersec.com.my
