



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities rose yesterday on bargain-hunting activity following recent weakness in the market. Market breadth was positive with 470 gainers versus 348 losers. The energy sector was the top percentage gainer surging by 2.96% as crude oil prices leaped on Monday due to OPEC+ agreeing to a small production cut. The consumer products & services sector was the top percentage loser declining by 0.70%. Malaysian Pacific Industries (3867) was the top gainer increasing by RM0.46 or 1.58%. The FBM KLCI dipped by 0.10% to 1,488.27.

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

ECONOMICS

- **China growth** to average 4.5% this decade, Oxford Economics says
- **Glove supply-demand equilibrium** in six to nine months, says Margma president
- Gazprom says **Nord Stream 1** resumption depends on Siemens Energy

COMPANY

- **Cycle & Carriage Bintang (2925)** proposes to withdraw listing
- **Lagenda (7179)** and Selangor govt to jointly develop large-scale affordable township
- **T7 Global's (7228)** new CEO sets annual revenue target of RM500m
- **UWC (5292)** 4Q profit hit fresh high on robust semiconductor demand

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	1,488.27	(0.1)
Volume (mil)	2,190.74	5.0
Value (RM'mil)	1,654.75	32.2
Gainers	470	
Losers	348	
Unchanged	424	

Foreign		(%)
Dow Jones	31,145.3	(0.6)
Nasdaq CI	11,544.9	(0.7)
S&P 500	3,908.2	(0.4)
FTSE 100	7,300.4	0.2
Nikkei 225	27,626.5	0.0
Shanghai CI	3,243.4	1.4
HSI	19,202.7	(0.1)
STI	3,224.2	0.3

Most Active	RM	Chg
MTRONIC	0.075	0.000
MYEG	0.835	0.025
SANICHI	0.025	0.000
JADEM	0.270	(0.020)
SMI	0.180	(0.075)

Top Gainer	RM	Chg
MPI	29.500	0.460
AORB	2.600	0.300
HARISON	6.000	0.280
PERSTIM	4.790	0.270
TAANN	4.130	0.180

Top Loser	RM	Chg
NESTLE	133.100	(1.800)
DIN045801028	102.500	(1.200)
PPB	16.800	(0.560)
BKAWAN	22.960	(0.220)
PETDAG	20.900	(0.200)

Other Stats		(%)
USD/MYR	4.50	0.14
USD/RMB	6.95	0.30
Brent (USD/barrel)	92.83	(3.04)
Gold (USD/troy oz)	1,702.14	(0.48)
CPO (RM/metric t)	3,896.0	(0.23)



DAILY NEWSWATCH

ECONOMICS

China's gross domestic product will grow an average 4.5% over this decade, according to a new forecast by Oxford Economics, meaning China will take longer than other Asian economies such as South Korea and Taiwan to catch up with living standards in the developed world. (The Edge)

Glove supply-demand equilibrium is expected within six to nine months, according to Malaysian Rubber Glove Manufacturers Association (Margma) president Dr Supramaniam Shanmugan. (The Edge)

Russia's biggest natural gas pipeline to Europe will not resume pumping until Siemens Energy repairs faulty equipment, Gazprom's deputy chief executive Vitaly Markelov told Reuters on Tuesday. (The Edge)

COMPANY

Cycle & Carriage Bintang Bhd (2925) has submitted an application to Bursa Malaysia Securities Bhd for the proposed withdrawal of its listing on the local bourse. (The Edge)

Lagenda Properties Bhd (7179) has joined hands with the Selangor government to develop the first large-scale landed affordable township within the state known as Bernam Jaya. (The Edge)

T7 Global Bhd (7228) has appointed Tan Kay Zhuin as its group chief executive officer effective Monday (Sept 5). In a bourse filing on Tuesday, the energy solutions provider said Tan has been mandated to further enhance T7 Global's synergies, business efficiencies and corporate governance to boost its position as a highly respected and professionally managed organisation. (The Edge)

UWC Bhd's (5292) net profit grew 54% year-on-year to a fresh high of RM30.11m for 4QFY22 from RM19.55m a year ago, underpinned by robust demand from the semiconductor industry. (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

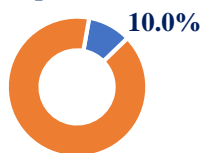
Target Price: RM5.19

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

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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

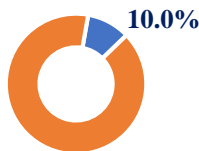
Current Price: RM1.55
Target Price: RM1.71

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.



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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	10.220	0.86	8.4
YTL Hospitality REIT	REIT	0.930	0.08	8.2
UOA REIT	REIT	1.130	0.09	7.6
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
Pharmaniaga Bhd	Consumer	0.580	0.04	6.9
Uchi Technologies Bhd	Industrial	3.290	0.21	6.4
Malayan Banking Bhd	Finance	8.900	0.55	6.2
YTL Power International Bhd	Utilities	0.745	0.05	6.2
Malaysia Building Society Bhd	Finance	0.590	0.03	5.9
Pavilion REIT	REIT	1.290	0.07	5.8
Sunway REIT	REIT	1.450	0.08	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	(5.1)	21.3	15.4	17.6	15.4	12.9	
Finance	7.5	13.0	11.5	12.5	12.9	7.2	
Property	(7.6)	13.8	10.8	12.0	10.8	9.8	
Plantation	7.3	94.6	8.7	43.3	8.7	13.7	
Consumer	(1.1)	25.6	18.2	22.7	18.2	16.2	
Technology	(34.9)	29.8	19.1	24.1	21.5	20.3	
Construction	2.6	22.2	9.9	17.1	9.9	12.3	
Energy	2.5	-	-	-	7.8	9.6	
Health care	(33.6)	52.6	13.2	32.9	13.2	21.9	
Ind Prod	(9.4)	38.6	10.3	23.7	10.3	11.6	
REIT	(0.4)	-	-	-	24.4	15.7	
Telco	(7.9)	26.4	25.1	25.7	26.4	18.3	
Transportations	(5.6)	-	-	-	-	16.5	
Utilities	0.9	-	-	-	12.8	12.7	

Source: Bloomberg

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Published and printed by:

MERCURY SECURITIES SDN BHD

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