



DAILY NEWSWATCH

MARKET REVIEW

The FBM KLCI ended positive yesterday in line with strength in most major Asian equity indices. Market breadth was mixed with 416 gainers versus 372 losers. The telecommunications & media sector was the top percentage gainer increasing by 0.65%, while the plantation and energy sectors were the only sectors to finish in the red. Nestle (Malaysia) Berhad (4707) was the top gainer rising by RM0.60 or 0.45%. The FBM KLCI increased by 0.23% to 1,494.73.

We expect Malaysian equities to move higher in line with strength in Wall Street overnight.

ECONOMICS

- **Bank Negara** raises OPR by 25bps to 2.5%, as expected
- **ECB** intensifies inflation fight with historic jumbo rate hike
- **Ringgit** ends marginally higher against US dollar
- **UK banks** may write off £41 bn in loans due to recession, Credit Suisse says

COMPANY

- **Hextar Technologies Solutions (5136)** secures moneylender licence from Housing Ministry
- **Tencent** stake worth US\$7.6 bn appears in Hong Kong clearing system

EXPRESSO FOR THE DAY

- **Technical Watch – Yinson (7172)** – Entry Price RM2.27, Target Price RM2.50, Stop Loss RM1.94, Support RM2.16, Resistance RM2.31
- **Technical Watch – Power Root (7237)** – Entry Price RM2.12, Target Price RM2.33, Stop Loss RM1.79, Support RM1.99, Resistance RM2.01

Local		(%)
FBMKLCI	1,494.73	0.2
Volume (mil)	2,391.73	1.1
Value (RM'mil)	1,861.10	15.1
Gainers	416	
Losers	372	
Unchanged	451	

Foreign		(%)
Dow Jones	31,774.5	0.6
Nasdaq CI	11,862.1	0.6
S&P 500	4,006.2	0.7
FTSE 100	7,262.1	0.3
Nikkei 225	28,065.3	2.3
Shanghai CI	3,235.6	(0.3)
HSI	18,854.6	(1.0)
STI	3,233.6	0.7

Most Active	RM	Chg
MTRONIC	0.045	(0.015)
SNS	0.260	0.000
AGMO	0.945	0.025
UMC	0.750	(0.010)
CNERGEN	0.910	0.025

Top Gainer	RM	Chg
NESTLE	132.900	0.600
PETDAG	21.880	0.480
SAM	4.690	0.280
F&N	22.260	0.260
HSI-HE7	1.070	0.230

Top Loser	RM	Chg
PMBTECH-LA	19.000	(0.620)
BKAWAN	22.760	(0.240)
SP500-H13	2.040	(0.240)
SP500-H19	1.000	(0.120)
TAANN	4.100	(0.120)

Other Stats		(%)
USD/MYR	4.50	(0.01)
USD/RMB	6.96	(0.12)
Brent (USD/barrel)	89.15	1.31
Gold (USD/troy oz)	1,708.46	(0.58)
CPO (RM/metric t)	3,675.5	(0.14)



DAILY NEWSWATCH

ECONOMICS

Bank Negara Malaysia's Monetary Policy Committee has raised its overnight policy rate by 25 basis points to 2.5% on Thursday (Sept 8), in line with expectations for further normalisation of monetary policy as the country's economic growth and inflation gain momentum. (The Edge)

Comments: We expect the measured pace of rate hikes by Bank Negara Malaysia and the healthy pace of economic growth to support a recovery in Malaysia's stock market.

The European Central Bank intensified its battle against record inflation by hiking interest rates by a historic three-quarters of a percentage point in the face of a darkening outlook for economic growth. (The Edge)

The ringgit ended marginally higher against the US dollar after Bank Negara Malaysia increased the overnight policy rate by 25 basis points to 2.50% at its fifth Monetary Policy Committee meeting on Thursday (Sept 8). (The Edge)

Britain's lenders will have to write off £31 bn to £41 bn (RM139.53 bn to RM184.54 bn) of loans over the next three years as the country is hit by a recession, analysts at Credit Suisse Group AG predicted. (The Edge)

COMPANY

Hextar Technologies Solutions Bhd (5136), formerly known as Complete Logistics Services Bhd, has secured a moneylender licence from the Ministry of Housing and Local Government. (The Edge)

Tencent Holdings Ltd shares worth US\$7.6 bn appearing in Hong Kong's clearing and settlement system has fuelled speculation that a large stakeholder may be selling its holdings. (The Edge)



Yinson Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: YNS MK | KLSE Stock Code: 7293

Main Market
Energy
Subsector – Energy Infra

Current Price: RM2.27

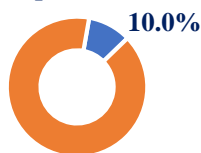
Target Price: RM2.50

Investment Highlights

On a trend reversal, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish marubozu 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 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: 11
Holds: 0
Sells: 0

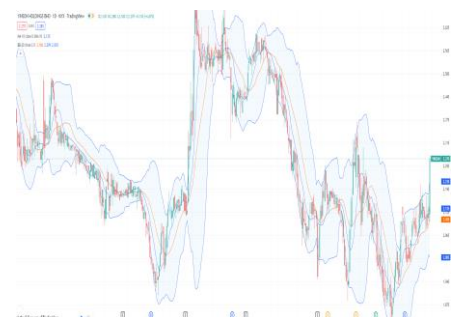
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	15.3	19.8	17.1
P/B	1.4	1.5	1.7
P/CF	N/A	12.9	75.8
P/S	1.3	3.3	3.5

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

Company Overview

Yinson Holdings Berhad operates as an investment holding company. The Company, through its subsidiaries, provides integrated offshore production and support services through chartering arrangement of its floating production storage and offloading and floating storage and offloading facilities.



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Entry Price	RM2.27
Market Cap (m)	RM6,595.2
52w high	RM2.76
52w low	RM1.83
Stop Loss	RM1.94
Immediate Support	RM2.16
Immediate Resistance	RM2.31 (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)	1,348,215.0



Power Root Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: PWRT MK | KLSE Stock Code: 7237

Main Market
Consumer Products & Services
Subsector – Food & Beverages

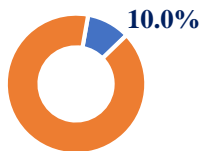
Current Price: RM2.12
Target Price: RM2.33

Investment Highlights

On a trend reversal, the stock is currently trading above the MA20. We think that there is a potential breakout of resistance supported by a bullish marubozu coupled with a strong momentum on the stock (RSI >75).

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: 2
Holds: 2
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	27.9	25.4	17.2
P/BV	2.5	2.5	2.2
P/CF	19.9	18.3	14.3
P/S	1.9	1.7	1.4

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

Company Overview

Power Root Bhd bottles beverages. The Company produces ready-to-drink coffee, tea, and energy drinks.



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Entry Price	RM2.09
Market Cap (m)	RM869.4
52w high	RM2.14
52w low	RM1.24
Stop Loss	RM1.79
Immediate Support	RM1.99
Immediate Resistance	RM2.01 (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)	212,014.3



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
11/8/2022	TexChem	8702	3.150	3.280	2.690	3.470	0.0	4.1	TP Achieved
11/8/2022	SimePlt	5285	4.510	4.240	3.860	4.960	-0.9	-6.0	-
12/8/2022	SAM	9822	4.590	4.410	2.750	5.050	0.5	-3.9	-
12/8/2022	Heineken	3255	24.440	23.820	20.900	26.880	-0.4	-2.5	-
15/8/2022	Kobay	6971	3.220	2.660	2.750	3.540	-0.7	-17.4	SL Triggered
15/8/2022	Guan	5102	2.410	2.310	2.060	2.650	0.9	-4.1	-
16/8/2022	Signature	7246	1.520	1.680	1.300	1.670	-1.2	10.5	TP Achieved
16/8/2022	Carlsberg	2836	24.040	22.920	20.550	26.440	-0.4	-4.7	-
17/8/2022	Digi	6947	3.860	3.540	3.300	4.250	-1.4	-8.3	-
17/8/2022	Bonia	9288	2.450	2.220	2.090	2.700	-1.3	-9.4	-
18/8/2022	KLK	2445	23.000	22.340	19.670	25.300	-0.1	-2.9	-
18/8/2022	SKP	7155	1.730	1.680	1.480	1.900	-1.2	-2.9	-
19/8/2022	CORAZA	0240	0.830	0.745	0.710	0.910	0.0	-10.2	-
19/8/2022	AMMB	1015	4.070	4.060	3.480	4.480	0.5	-0.2	-
21/8/2022	Padini	7052	3.370	3.400	2.880	3.710	-0.9	0.9	-
21/8/2022	MPI	3867	34.480	29.300	29.480	37.930	-0.7	-15.0	SL Triggered
22/8/2022	Pantech	5125	0.670	0.695	0.570	0.740	1.5	3.7	-
22/8/2022	Harbour	2062	1.170	1.270	1.000	1.290	-3.1	8.5	TP Achieved
23/8/2022	Atech	5302	1.610	1.630	1.380	1.770	0.6	1.2	-
23/8/2022	Hibiscus	5199	0.970	1.010	0.830	1.290	-2.9	4.1	-
24/8/2022	PMB	7172	3.490	3.900	2.980	3.840	-2.3	11.7	TP Achieved
24/8/2022	DRBHicom	1619	1.400	1.560	1.200	1.540	-4.9	11.4	TP Achieved
25/8/2022	TexChem	8702	3.690	3.280	3.150	4.060	0.0	-11.1	-
25/8/2022	TNB	5347	8.780	8.770	7.510	9.660	2.3	-0.1	-
26/8/2022	Scientex	4731	3.610	3.600	3.090	3.970	0.3	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.500	2.170	2.790	-0.4	0.7	-
29/8/2022	Pchem	5183	8.900	9.000	7.610	9.790	3.0	3	-
29/8/2022	MFCB	3069	3.600	3.490	3.080	3.900	0.3	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	26.520	22.830	29.370	0.1	7.6	-
1/9/2022	PowerRoot	7237	1.960	2.120	1.680	2.160	6.0	9.9	-
2/9/2022	Padini	7052	3.370	3.400	2.880	3.710	-0.9	0.9	-
2/9/2022	MPI	3867	34.480	29.300	29.480	37.930	-0.7	-15.0	SL Triggered
5/9/2022	Jag	0024	0.350	0.340	0.290	0.380	0.0	-2.9	-
5/9/2022	Hexind	0161	0.390	0.420	0.330	0.430	2.4	7.7	-
6/9/2022	PressMetal	3719	4.720	4.990	4.040	5.190	4.0	5.7	-
6/9/2022	DRBHicom	1619	1.550	1.560	1.330	1.710	-4.9	0.6	-
8/9/2022	Yinson	7293	2.270	2.270	1.940	2.500	6.1	0.0	-
8/9/2022	PowerRoot	7237	2.120	2.120	1.790	2.330	6.0	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	10.260	0.86	8.4
YTL Hospitality REIT	REIT	0.930	0.08	8.2
UOA REIT	REIT	1.140	0.09	7.5
Pharmaniaga Bhd	Consumer	0.570	0.04	7.0
Al-'Aqar Healthcare REIT	REIT	1.240	0.09	7.0
Capitaland Malaysia Trust	REIT	0.545	0.04	7.0
Tambun Indah Land Bhd	Property	0.830	0.06	6.9
Uchi Technologies Bhd	Industrial	3.260	0.21	6.4
Malayan Banking Bhd	Finance	8.940	0.56	6.2
YTL Power International Bhd	Utilities	0.755	0.05	6.1
Malaysia Building Society Bhd	Finance	0.595	0.04	5.9
Pavilion REIT	REIT	1.280	0.08	5.9
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	(4.6)	21.3	15.5	17.6	15.5	13.0	
Finance	7.6	13.0	11.5	12.5	12.9	7.2	
Property	(7.4)	13.8	10.8	12.0	10.8	9.8	
Plantation	7.3	94.6	8.7	43.3	8.7	13.7	
Consumer	(0.5)	25.6	18.2	22.7	18.2	16.3	
Technology	(34.9)	29.8	19.1	24.1	21.5	20.2	
Construction	2.6	22.2	9.9	17.1	9.9	12.2	
Energy	0.4	-	-	-	7.6	9.4	
Health care	(33.5)	52.6	13.2	32.9	13.2	22.1	
Ind Prod	(8.5)	38.6	10.4	23.7	10.4	11.7	
REIT	(0.2)	-	-	-	24.5	15.7	
Telco	(8.5)	26.2	25.1	25.6	26.2	18.1	
Transportations	(5.7)	-	-	-	-	16.5	
Utilities	1.1	-	-	-	12.8	12.7	

Source: Bloomberg

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