



## DAILY NEWSWATCH

## MARKET REVIEW

Malaysian equities rose in line with strength in Asian equity markets. Market breadth was positive with 445 gainers versus 348 losers. The technology sector was the top percentage gainer surging by 2.12%, while the consumer products & services sector was the top percentage loser dipping by 0.26%. Malaysian Pacific Industries (3867) was a major gainer increasing by RM0.70 or 2.40% in line with strength in technology counters. The FBM KLCI edged up by 0.10% to 1,497.96.

We expect Malaysian equities to trend higher in line with gains on Wall Street overnight.

## ECONOMICS

- **Malaysia's 2022 GDP growth** may surpass official estimate, says Tengku Zafrul
- **Malaysia end-Aug palm oil stocks** jump to 33-month high
- **Malaysia's IPI growth** outlook seen mixed as global economic uncertainty deepens

## COMPANY

- **Bermaz (5248)** reports five-fold jump in 1Q profit as sales rose prior to expiry of sales tax exemption
- **KSL (5038)** to buy 54 acres of land in Johor from Tropicana for RM103m
- **Magni-Tech (7087)** 1Q net profit rises 14.2% to RM24m, declares 2.2 sen dividend

## EXPRESSO FOR THE DAY

- **Technical Watch – Hong Leong Bank (5819)** – Entry Price RM21.06, Target Price RM23.17, Stop Loss RM18.01, Support RM20.01, Resistance RM21.07
- **Technical Watch – Greatec (0208)** – Entry Price RM3.67, Target Price RM4.04, Stop Loss RM3.14, Support RM3.49, Resistance RM3.98

Local		(%)
FBMKLCI	1,497.96	0.1
Volume (mil)	2,627.59	11.4
Value (RM'mil)	1,546.34	4.2
Gainers	445	
Losers	348	
Unchanged	410	

Foreign		(%)
Dow Jones	32,381.3	0.7
Nasdaq CI	12,266.4	1.3
S&P 500	4,110.4	1.1
FTSE 100	7,473.0	1.7
Nikkei 225	28,542.1	1.2
Shanghai CI	3,262.1	0.8
HSI	19,362.3	2.7
STI	3,274.7	0.4

Most Active	RM	Chg
MTRONIC	0.030	(0.005)
CSH	0.045	0.005
SNS	0.280	0.020
VELESTO	0.100	0.015
TOPGLOV	0.820	0.025

Top Gainer	RM	Chg
PMBTECH-LA	20.300	1.300
MPI	29.900	0.700
IMASPRO	4.950	0.450
PEIDAG	21.860	0.280
RAPID	13.540	0.240

Top Loser	RM	Chg
NESTLE	131.000	(0.900)
PANAMY	25.420	(0.360)
KLK	22.000	(0.320)
BKAWAN	22.500	(0.300)
APB	0.955	(0.225)

Other Stats		(%)
USD/MYR	4.50	0.11
USD/RMB	6.93	(0.45)
Brent (USD/barrel)	94.00	1.25
Gold (USD/troy oz)	1,724.54	0.45
CPO (RM/metric t)	3,631.5	0.18



## DAILY NEWSWATCH

### ECONOMICS

**Malaysia's economic growth** may surpass the official estimates of between 5.3% and 6.3% in 2022, as the country saw faster growth in the second quarter at 8.9%. (The Edge)

*Comments: Strong economic growth makes Malaysia a bright spot in the global economy. We expect the country's strong economic growth and relatively tame inflation to support a recovery in Malaysian equities.*

**Malaysia's palm oil stocks at the end of August** climbed to their highest in 33 months, as output rose with peak production season getting underway, palm oil board data showed on Monday (Sept 12). (The Edge)

**Malaysia's Industrial Production Index (IPI)** is expected to remain favourable for the year (5.0%), underpinned by sustained improvements in domestic spending and steady external demand, although that is expected to gradually moderate going forward. (The Edge)

### COMPANY

**Bermaz Auto Bhd (5248)** registered a 388.5% jump in net profit to RM50.16m in 1QFY23, from RM10.27m a year earlier, mainly due to a surge in vehicle sales prior to the expiry of the sales tax exemption incentive. (The Edge)

**KSL Holdings Bhd (5038)** is buying 53.89 acres of freehold land in Pontian, Johor from Tropicana Corp Bhd for RM102.94m. (The Edge)

**Magni-Tech Industries Bhd's (7087)** net profit for 1QFY23 rose 14.16% to RM24.03m from RM21.05m a year ago, underpinned by higher sales orders received from both its garment and packaging segments. (The Edge)

---



## Hong Leong Bank Berhad

### Technical Watch - “BUY on Potential Upside”

Bloomberg: HLBK MK | KLSE Stock Code: 5819

Main Market  
Financial Services  
Subsector – Banking

Current Price: RM21.06

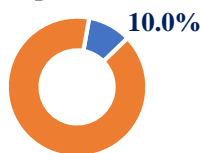
Target Price: RM23.17

#### Investment Highlights

On an uptrend, 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: 14**  
**Holds: 3**  
**Sells: 0**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
<b>P/E</b>	13.2	13.0	11.6
<b>P/B</b>	1.3	1.3	1.3
<b>P/CF</b>	6.9	12.3	7.5
<b>P/S</b>	5.0	4.4	3.6

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

#### Company Overview

Hong Leong Bank Berhad provides commercial banking and related financial services. The Company's services include leasing and hire purchase, nominee, Islamic Banking, and unit trust management. Through its subsidiaries, the Company also develops and invests in real estate.



**Ronnie Tan**

ronnie-tan@mersec.com.my

Entry Price	RM21.06
Market Cap (m)	RM45,652.1
<b>52w high</b>	RM21.88
<b>52w low</b>	RM17.82
Stop Loss	RM18.01
Immediate Support	RM20.01
Immediate Resistance	RM21.07 (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)	2,020,709.7



## Greatec Technology Berhad

### Technical Watch - “BUY on Potential Breakout”

Bloomberg: GREATEC MK | KLSE Stock Code: 0208

Main Market  
Technology  
Subsector – Tech Equipment

Current Price: RM3.67

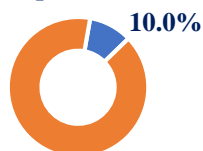
Target Price: RM4.04

#### Investment Highlights

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

With lower volatility as seen from a contracting bollinger band, we think that prices could potentially trade with lower 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: 4**

**Holds: 5**

**Sells: 0**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	57.3	52.1	52.1
P/BV	18.2	14.4	14.4
P/CF	61.8	56.8	56.8
P/S	19.3	17.0	17.0

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

#### Company Overview

Greatech Technology Berhad provides automation solutions. The Company offers auto screw, water handler, robotics, fluid dispenser, semiconductor, battery, conveyor, sorter, tester, and other related products. Greatech Technology serves customers in the United States and Malaysia.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM3.67
Market Cap (m)	RM4,595.3
<b>52w high</b>	RM7.51
<b>52w low</b>	RM2.81
Stop Loss	RM3.14
Immediate Support	RM3.49
Immediate Resistance	RM3.98 (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)	8,166,936.2



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
16/8/2022	Signature	7246	1.520	1.640	1.300	1.670	-1.8	7.9	TP Achieved
16/8/2022	Carlsberg	2836	24.040	22.900	20.550	26.440	-0.9	-4.7	-
17/8/2022	Digi	6947	3.860	3.600	3.300	4.250	1.4	-6.7	-
17/8/2022	Bonia	9288	2.450	2.140	2.090	2.700	1.3	-12.7	-
18/8/2022	KLK	2445	23.000	22.320	19.670	25.300	0.0	-3.0	-
18/8/2022	SKP	7155	1.730	1.700	1.480	1.900	0.6	-1.7	-
19/8/2022	CORAZA	0240	0.830	0.815	0.710	0.910	7.9	-1.8	-
19/8/2022	AMMB	1015	4.070	4.060	3.480	4.480	0.2	-0.2	-
21/8/2022	Padini	7052	3.370	3.310	2.880	3.710	-0.9	-1.8	-
21/8/2022	MPI	3867	34.480	29.200	29.480	37.930	-0.3	-15.3	SL Triggered
22/8/2022	Pantech	5125	0.670	0.685	0.570	0.740	0.0	2.2	-
22/8/2022	Harbour	2062	1.170	1.290	1.000	1.290	2.4	10.3	TP Achieved
23/8/2022	Atech	5302	1.610	1.690	1.380	1.770	2.4	5.0	-
23/8/2022	Hibiscus	5199	0.970	0.985	0.830	1.290	0.5	1.5	-
24/8/2022	PMB	7172	3.490	3.980	2.980	3.840	0.8	14.0	TP Achieved
24/8/2022	DRBHicom	1619	1.400	1.580	1.200	1.540	1.3	12.9	TP Achieved
25/8/2022	TexChem	8702	3.690	3.430	3.150	4.060	-0.6	-7.0	-
25/8/2022	TNB	5347	8.780	8.750	7.510	9.660	-1.1	-0.3	-
26/8/2022	Scientex	4731	3.610	3.700	3.090	3.970	1.1	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.590	2.170	2.790	3.6	0.7	-
29/8/2022	Pchem	5183	8.900	8.940	7.610	9.790	-0.1	3	-
29/8/2022	MFCB	3069	3.600	3.510	3.080	3.900	-0.6	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	25.780	22.830	29.370	-0.1	7.6	-
1/9/2022	PowerRoot	7237	1.960	2.060	1.680	2.160	-1.0	9.9	-
2/9/2022	Padini	7052	3.370	3.310	2.880	3.710	-0.9	-1.8	-
2/9/2022	MPI	3867	34.480	29.200	29.480	37.930	-0.3	-15.3	SL Triggered
5/9/2022	Jag	0024	0.350	0.345	0.290	0.380	1.5	-1.4	-
5/9/2022	Hexind	0161	0.390	0.425	0.330	0.430	2.4	9.0	-
6/9/2022	PressMetal	3719	4.720	5.000	4.040	5.190	-0.4	5.9	-
6/9/2022	DRBHicom	1619	1.550	1.580	1.330	1.710	1.3	1.9	-
8/9/2022	Yinson	7293	2.270	2.270	1.940	2.500	-1.7	0.0	-
8/9/2022	PowerRoot	7237	2.120	2.060	1.790	2.330	-1.0	-2.8	-
9/9/2022	GentingP	2291	6.170	6.600	5.740	7.500	0.6	7.0	-
9/9/2022	Misc	3816	7.130	7.150	6.100	7.840	0.1	0.3	-
12/9/2022	Atech	5302	1.680	1.690	1.440	1.850	2.4	0.6	-
12/9/2022	QES	0196	0.530	0.530	0.450	0.580	6.0	0.0	-
13/9/2022	Greatec	5819	3.670	3.520	3.140	4.040	0.3	-4.1	-
13/9/2022	Hong Leong Bank	0208	21.060	20.880	18.010	23.170	0.1	-0.9	-

\*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.380	0.04	10.2
SHL Consolidated Bhd	Property	1.950	0.18	9.2
British American Tobacco Malay	Consumer	10.320	0.86	8.3
YTL Hospitality REIT	REIT	0.925	0.08	8.2
UOA REIT	REIT	1.140	0.09	7.5
Al-'Aqar Healthcare REIT	REIT	1.230	0.09	7.1
Capitaland Malaysia Trust	REIT	0.540	0.04	7.0
Pharmaniaga Bhd	Consumer	0.570	0.04	7.0
Tambun Indah Land Bhd	Property	0.825	0.06	6.9
Uchi Technologies Bhd	Industrial	3.270	0.21	6.4
Malayan Banking Bhd	Finance	8.980	0.56	6.3
YTL Power International Bhd	Utilities	0.755	0.05	6.1
Pavilion REIT	REIT	1.290	0.07	5.8
Malaysia Building Society Bhd	Finance	0.605	0.04	5.8
Sunway REIT	REIT	1.440	0.08	5.8

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	(4.5)	21.3	15.5	17.6	15.5	13.0	
Finance	8.4	13.0	11.5	12.5	13.0	7.3	
Property	(7.1)	13.8	10.9	12.0	10.9	9.8	
Plantation	6.6	94.6	8.6	43.3	8.6	13.6	
Consumer	(0.9)	25.6	18.1	22.7	18.1	16.2	
Technology	(33.0)	29.8	19.1	24.2	22.1	20.9	
Construction	2.5	22.2	9.9	17.1	9.9	12.2	
Energy	1.2	-	-	-	7.7	9.5	
Health care	(32.8)	52.6	13.4	33.0	13.4	22.3	
Ind Prod	(8.8)	38.6	10.4	23.7	10.4	11.6	
REIT	(0.6)	-	-	-	24.4	15.7	
Telco	(7.8)	26.4	25.1	25.7	26.4	18.3	
Transportations	(4.2)	-	-	-	-	16.7	
Utilities	1.3	-	-	-	12.9	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.my](http://www.mercurysecurities.com.my)Email: [mercurykl@mersec.com.my](mailto:mercurykl@mersec.com.my)

---