



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell yesterday on profit-taking activity. Market breadth was negative with 450 losers versus 351 gainers. The financial services sector was the top percentage loser declining by 1.30%, while the energy sector was the top percentage gainer surging by 1.57% as crude oil closed higher in the previous session. Petronas Dagangan (5681) was the top loser decreasing by RM0.40 or 1.83%. The FBM KLCI fell by 0.68% to 1,487.84.

We expect Malaysian equities to decline following the steep sell-off on Wall Street overnight as inflation data came in hotter than expected making it more likely that the Fed will continue to be aggressive in trying to curb inflation.

ECONOMICS

- **Fuel markets** to stay tight till mid-2020s as refining shrinks
- **Wee: Malaysia's air passenger traffic** expected to reach 49m by end of 2022
- **US inflation** tops forecasts, cementing odds of big Fed hike

COMPANY

- **AWC (7579)** wins RM62m job from MOH to provide clinic support services in Perak
- ACE Market-bound **Betamek** inks underwriting deal with M&A Securities
- Steel product maker **Leform** gets nod to list on ACE Market
- **Public Bank (1295)** plans sustainability roadmap, says to raise profitability by focusing on areas of strength

EXPRESSO FOR THE DAY

- **Technical Watch – Signature (7246)** – Entry Price RM1.79, Target Price RM1.97, Stop Loss RM1.53, Support RM1.70, Resistance RM1.73
- **Technical Watch – Cypark (5184)** – Entry Price RM0.42, Target Price RM0.46, Stop Loss RM0.36, Support RM0.40, Resistance RM0.45

Local		(%)
FBMKLCI	1,487.84	(0.7)
Volume (mil)	2,640.06	0.5
Value (RM'mil)	1,738.28	12.4
Gainers	351	
Losers	450	
Unchanged	449	

Foreign		(%)
Dow Jones	31,105.0	(3.9)
Nasdaq CI	11,633.6	(5.2)
S&P 500	3,932.7	(4.3)
FTSE 100	7,385.9	(1.2)
Nikkei 225	28,614.6	0.3
Shanghai CI	3,263.8	0.1
HSI	19,326.9	(0.2)
STI	3,290.1	0.5

Most Active	RM	Chg
MTRONIC	0.025	(0.005)
CSH	0.040	(0.005)
AIMFLEX	0.155	0.025
VELESTO	0.115	0.015
MYEG	0.875	0.020

Top Gainer	RM	Chg
PMBTECH-LA	21.300	1.000
NESTLE	131.300	0.300
PMBTECH-WA	3.740	0.240
TENAGA	8.950	0.170
PMBTECH	4.330	0.150

Top Loser	RM	Chg
PETDAG	21.460	(0.400)
UTDPLT	15.000	(0.300)
PCHEM	8.710	(0.180)
GENP	6.400	(0.160)
SHANG	3.440	(0.160)

Other Stats		(%)
USD/MYR	4.51	0.11
USD/RMB	6.94	0.13
Brent (USD/barrel)	93.17	(0.88)
Gold (USD/troy oz)	1,702.17	(1.30)
CPO (RM/metric t)	3,733.5	2.50



DAILY NEWSWATCH

ECONOMICS

Crude oil refining capacity has shrunk by a record 3.8 million barrels per day from March 2020 to mid-2022 as demand expanded, setting the stage for fuel markets to remain very tight until at least mid-decade, International Energy Forum and S&P Global research showed. The fall in capacity comes as oil demand rose by 5.6 million bpd over the same period, the report released on Tuesday said. (The Edge)

Malaysia is expected to register air passenger traffic of between 32.6 million and 49 million by the end of the year following positive growth in the first five months of this year, said Transport Minister Datuk Seri Dr Wee Ka Siong. (The Edge)

US inflation was firmer than expected in August, likely keeping the Federal Reserve on track for a third-straight 75 basis-point interest-rate hike. The consumer price index increased 0.1% from July, after no change in the prior month, Labor Department data showed on Tuesday. From a year earlier, prices climbed 8.3%, a slight deceleration. (The Edge)

COMPANY

AWC Bhd (7579) has bagged a RM62.23m job to provide five years of clinic support services to the Ministry of Health in Perak. (The Edge)

Betamek Bhd has signed an underwriting agreement with M&A Securities Sdn Bhd in conjunction with its initial public offering exercise on the ACE Market of Bursa Malaysia Securities Bhd. (The Edge)

Steel product manufacturer **Leform Bhd** has received approval to list on the ACE Market of Bursa Malaysia and targets to be listed by the fourth quarter of 2022. (The Edge)

Public Bank Bhd (1295) is planning to establish a sustainability roadmap in the near term. In addition, it will also focus on areas of strengths which comprise domestic consumer banking and small and medium-sized enterprises lending, wealth management, transactional services, capital market operations and international operations. (The Edge)



Signature International Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: SIGN MK | KLSE Stock Code: 7246

Main Market
Consumer Products & Services
Subsector – Household Goods

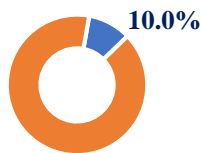
Current Price: RM1.79
Target Price: RM1.97

Investment Highlights

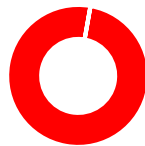
On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish engulfing with a strong momentum on the stock (RSI >70).

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: 0
Holds: 0
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	30.1	28.7	18.0
P/B	1.4	1.0	1.1
P/CF	110.3	17.8	13.0
P/S	2.2	1.1	1.0

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

Company Overview

Signature International Bhd is a holding company. The Company, through its subsidiaries, offers design, marketing and distribution of kitchen systems, wardrobe systems and built-in kitchen appliances.



Ronnie Tan

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Entry Price	RM1.79
Market Cap (m)	RM510.4
52w high	RM1.79
52w low	RM0.90
Stop Loss	RM1.53
Immediate Support	RM1.70
Immediate Resistance	RM1.73 (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)	1,278,540.5



Cypark Resources Berhad

Technical Watch - “BUY on Potential Breakout”

Bloomberg: CYP MK | KLSE Stock Code: 5184

Main Market
Industrial Products & Services
Subsector – Industrial Services

Current Price: RM0.42

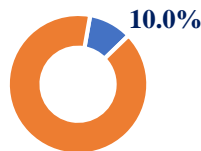
Target Price: RM0.46

Investment Highlights

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

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: 2

Holds: 1

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

Cypark Resources Bhd offers environmental remediation and landscaping services. The Company assesses and remediates neglected, degraded, and contaminated land, maintains recreational fields and children's playgrounds and offers commercial landscaping services.



Ronnie Tan

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Entry Price	RM0.42
Market Cap (m)	RM247.3
52w high	RM1.05
52w low	RM0.28
Stop Loss	RM0.36
Immediate Support	RM0.40
Immediate Resistance	RM0.45 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	598,354.9



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
17/8/2022	Digi	6947	3.860	3.610	3.300	4.250	0.3	-6.5	-
17/8/2022	Bonia	9288	2.450	2.160	2.090	2.700	0.9	-11.8	-
18/8/2022	KLK	2445	23.000	22.000	19.670	25.300	-1.4	-4.3	-
18/8/2022	SKP	7155	1.730	1.770	1.480	1.900	4.1	2.3	-
19/8/2022	CORAZA	0240	0.830	0.875	0.710	0.910	7.4	5.4	-
19/8/2022	AMMB	1015	4.070	4.080	3.480	4.480	0.5	0.2	-
21/8/2022	Padini	7052	3.370	3.410	2.880	3.710	3.0	1.2	-
21/8/2022	MPI	3867	34.480	29.900	29.480	37.930	2.4	-13.3	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	1.290	1.000	1.290	0.0	10.3	TP Achieved
23/8/2022	Atech	5302	1.610	1.790	1.380	1.770	5.9	11.2	-
23/8/2022	Hibiscus	5199	0.970	0.995	0.830	1.290	1.0	2.6	-
24/8/2022	PMB	7172	3.490	4.180	2.980	3.840	5.0	19.8	TP Achieved
24/8/2022	DRBHicom	1619	1.400	1.590	1.200	1.540	0.6	13.6	TP Achieved
25/8/2022	TexChem	8702	3.690	3.430	3.150	4.060	0.0	-7.0	-
25/8/2022	TNB	5347	8.780	8.780	7.510	9.660	0.3	0.0	-
26/8/2022	Scientex	4731	3.610	3.700	3.090	3.970	0.0	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.510	2.170	2.790	-3.1	0.7	-
29/8/2022	Pchem	5183	8.900	8.890	7.610	9.790	-0.6	3	-
29/8/2022	MFCB	3069	3.600	3.490	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	25.420	22.830	29.370	-1.4	7.6	-
1/9/2022	PowerRoot	7237	1.960	2.050	1.680	2.160	-0.5	9.9	-
2/9/2022	Padini	7052	3.370	3.410	2.880	3.710	3.0	1.2	-
2/9/2022	MPI	3867	34.480	29.900	29.480	37.930	2.4	-13.3	SL Triggered
5/9/2022	Jag	0024	0.350	0.345	0.290	0.380	0.0	-1.4	-
5/9/2022	Hexind	0161	0.390	0.410	0.330	0.430	-3.5	5.1	-
6/9/2022	PressMetal	3719	4.720	4.893	4.040	5.190	-1.8	3.7	-
6/9/2022	DRBHicom	1619	1.550	1.590	1.330	1.710	0.6	2.6	-
8/9/2022	Yinson	7293	2.270	2.280	1.940	2.500	0.4	0.4	-
8/9/2022	PowerRoot	7237	2.120	2.050	1.790	2.330	-0.5	-3.3	-
9/9/2022	GentingP	2291	6.170	6.560	5.740	7.500	-0.6	6.3	-
9/9/2022	Misc	3816	7.130	7.180	6.100	7.840	0.4	0.7	-
12/9/2022	Atech	5302	1.680	1.790	1.440	1.850	5.9	6.5	-
12/9/2022	QES	0196	0.530	0.530	0.450	0.580	0.0	0.0	-
13/9/2022	Greatec	5819	3.670	3.670	3.140	4.040	4.3	0.0	-
13/9/2022	Hong Leong Bank	0208	21.060	21.060	18.010	23.170	0.9	0.0	-
14/9/2022	Signature	7246	1.790	1.640	1.530	1.970	0.0	-8.4	-
14/9/2022	Cypark	5184	0.420	0.350	0.360	0.460	4.5	-16.7	-

*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

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