



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities fell yesterday in lock-step with the sell-off on Wall Street on Tuesday after inflation data came in hotter than expected. Market breadth was broadly negative with 595 losers versus 256 gainers. Every sector finished in the red with the technology sector being the top percentage loser plunging by 1.86%. Malaysian Pacific Industries (3867) was the top loser declining by RM0.64 or 2.13% in line with weakness in technology counters. The FBM KLCI fell by 1.30% to 1,468.44.

We expect Malaysian stocks to strengthen in the short-term due to the country's strong economic growth prospects and relatively tame inflation which makes it a bright spot in the global economy.

ECONOMICS

- **MPOC** cuts forecasts for CPO total production in 2022 amid labour shortage
- **Ringgit** ends at new 24-year low against US dollar on Sept 14
- **US weighs China sanctions** to deter Taiwan action, Taiwan presses EU — sources

COMPANY

- Bursa ACE Market-bound **Cosmos Technology** to be listed on Oct 6
- **Eco World International (5283)** posts 3Q losses on lower units sold, share of losses in JVs
- **Porsche IPO** said to have drawn commitment from Norwegian wealth fund
- **Tencent Music** planning Hong Kong debut as soon as next week — sources

EXPRESSO FOR THE DAY

- **Technical Watch – UMW Holdings (4588)** – Entry Price RM3.19, Target Price RM3.51, Stop Loss RM2.73, Support RM3.03, Resistance RM3.99
- **Technical Watch – PMB Tech (7172)** – Entry Price RM4.34, Target Price RM4.77, Stop Loss RM3.71, Support RM4.12, Resistance RM4.34

Local		(%)
FBMKLCI	1,468.44	(1.3)
Volume (mil)	2,631.07	(0.3)
Value (RM'mil)	1,633.51	(6.0)
Gainers	256	
Losers	595	
Unchanged	387	

Foreign		(%)
Dow Jones	31,135.1	0.1
Nasdaq CI	11,719.7	0.7
S&P 500	3,946.0	0.3
FTSE 100	7,277.3	(1.5)
Nikkei 225	27,818.6	(2.8)
Shanghai CI	3,237.5	(0.8)
HSI	18,847.1	(2.5)
STI	3,258.0	(1.0)

Most Active	RM	Chg
MTRONIC	0.020	(0.005)
VELESTO	0.105	(0.010)
SNS	0.300	0.010
TOPGLOV	0.785	(0.020)
HSI-CJN	0.195	(0.060)

Top Gainer	RM	Chg
PMBTECH-LA	22.000	0.700
SP500-H13	2.110	0.470
HARISON	6.500	0.450
HSI-HKA	1.820	0.230
SP500-H19	1.010	0.205

Top Loser	RM	Chg
MPI	29.360	(0.640)
NESTLE	130.700	(0.600)
FANG-2XL	6.410	(0.510)
PETDAG	21.000	(0.460)
PPB	16.460	(0.380)

Other Stats		(%)
USD/MYR	4.53	0.44
USD/RMB	6.96	0.38
Brent (USD/barrel)	94.10	1.00
Gold (USD/troy oz)	1,697.32	(0.28)
CPO (RM/metric t)	3,767.5	0.29



DAILY NEWSWATCH

ECONOMICS

The Malaysian Palm Oil Council has lowered its projections for Malaysian total palm oil production in 2022 to 18.3 million metric tonnes (mt) from 18.5 million mt previously, as labour shortages in the plantation sector continue to affect the palm oil industry's performance. (The Edge)

The Malaysian ringgit ended on Wednesday (Sept 14) at a new 24-year low against the US dollar, as the local note continued to be under pressure due to the expectation of a substantial interest rate hike by the US Federal Reserve due to persistently high inflation in the United States. (The Edge)

The US is considering options for a sanctions package against China to deter it from invading Taiwan, with the European Union coming under diplomatic pressure from Taipei to do the same, according to sources familiar with the discussions. (The Edge)

COMPANY

Cosmos Technology International Bhd, which is scheduled to be listed on Bursa Malaysia's ACE Market on Oct 6 at 35 sen a share, said on Wednesday (Sept 14) that it plans to raise about RM22.44m from its initial public offering, which involves a public issue of 64.13 million new shares. (The Edge)

Eco World International Bhd (5283) reported a net loss of RM56.68m for 3QFY22, compared with a net profit of RM2.49m a year earlier, amid lower profit contributions from projects in Australia. (The Edge)

Volkswagen AG has lined up commitments from anchor investors, including the Norwegian sovereign wealth fund, as it pushes ahead with a **listing of its Porsche AG unit**, people with knowledge of the matter said. (The Edge)

Tencent Music Entertainment Group is pressing ahead with its Hong Kong listing plans with a goal to start trading in the Asian financial hub as soon as next week, according to people familiar with the matter. (The Edge)



UMW Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: UMWH MK | KLSE Stock Code: 4588

Main Market
Consumer Products & Services
Subsector – Automotive

Current Price: RM3.19

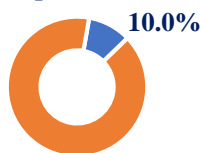
Target Price: RM3.51

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 lower volatility as seen from a contracting bollinger band, we think that prices could potentially trade with lower 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: 12

Holds: 3

Sells: 0

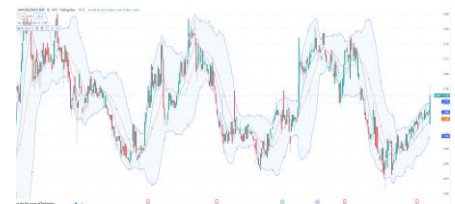
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.9	19.7	23.1
P/B	0.9	1.3	1.5
P/CF	8.3	23.9	17.0
P/S	0.3	0.4	0.5

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

Company Overview

UMW Holdings Berhad is an investment holding company which, through its subsidiaries, trades and manufactures light and heavy equipment for industrial, construction, and agricultural sectors. The Company also imports, assembles, and markets passenger and commercial vehicles and related spare parts. UMW provides after-sales, financing, and insurance services as well.



Ronnie Tan

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Entry Price	RM3.19
Market Cap (m)	RM3,726.9
52w high	RM3.48
52w low	RM2.77
Stop Loss	RM2.73
Immediate Support	RM3.03
Immediate Resistance	RM3.99 (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)	335,033.3



PMB Technology Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: PMBT MK | KLSE Stock Code: 7172

Main Market
Industrial Products & Services
Subsector – Metal

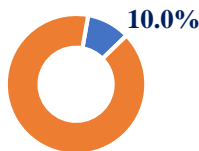
Current Price: RM4.34
Target Price: RM4.77

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by three white soldiers coupled with a strong momentum on the stock (RSI >80).

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: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	35.3	44.6	29.6
P/BV	4.0	2.8	1.9
P/CF	107.1	64.6	36.4
P/S	2.6	1.8	1.1

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

Company Overview

PMB Technology Berhad is an investment holding company. The Company, through its subsidiaries, designs, fabricates and installs aluminum curtain wall, cladding system as well as manufactures and trades aluminum related products.



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Entry Price	RM4.34
Market Cap (m)	RM5,431.5
52w high	RM4.49
52w low	RM1.40
Stop Loss	RM3.71
Immediate Support	RM4.12
Immediate Resistance	RM4.34 (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
18/8/2022	KLK	2445	23.000	22.000	19.670	25.300	0.0	-4.3	-
18/8/2022	SKP	7155	1.730	1.770	1.480	1.900	0.0	2.3	-
19/8/2022	CORAZA	0240	0.830	0.865	0.710	0.910	-1.1	4.2	-
19/8/2022	AMMB	1015	4.070	4.110	3.480	4.480	0.7	1.0	-
21/8/2022	Padini	7052	3.370	3.355	2.880	3.710	-0.9	-0.4	-
21/8/2022	MPI	3867	34.480	30.000	29.480	37.930	0.3	-13.0	SL Triggered
22/8/2022	Pantech	5125	0.670	0.675	0.570	0.740	-2.9	0.7	-
22/8/2022	Harbour	2062	1.170	1.340	1.000	1.290	3.9	14.5	TP Achieved
23/8/2022	Atech	5302	1.610	1.740	1.380	1.770	-2.8	8.1	-
23/8/2022	Hibiscus	5199	0.970	1.000	0.830	1.290	0.5	3.1	-
24/8/2022	PMB	7172	3.490	4.330	2.980	3.840	3.6	24.1	TP Achieved
24/8/2022	DRBHicom	1619	1.400	1.590	1.200	1.540	0.0	13.6	TP Achieved
25/8/2022	TexChem	8702	3.690	3.470	3.150	4.060	1.2	-6.0	-
25/8/2022	TNB	5347	8.780	8.950	7.510	9.660	1.9	1.9	-
26/8/2022	Scientex	4731	3.610	3.660	3.090	3.970	-1.1	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.580	2.170	2.790	2.8	0.7	-
29/8/2022	Pchem	5183	8.900	8.710	7.610	9.790	-2.0	3	-
29/8/2022	MFCB	3069	3.600	3.430	3.080	3.900	-1.7	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	0.0	7.6	-
1/9/2022	PowerRoot	7237	1.960	2.020	1.680	2.160	0.0	9.9	-
2/9/2022	Padini	7052	3.370	3.355	2.880	3.710	-0.9	-0.4	-
2/9/2022	MPI	3867	34.480	30.000	29.480	37.930	0.3	-13.0	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	0.395	0.330	0.430	-3.7	1.3	-
6/9/2022	PressMetal	3719	4.720	4.790	4.040	5.190	-2.1	1.5	-
6/9/2022	DRBHicom	1619	1.550	1.590	1.330	1.710	0.0	2.6	-
8/9/2022	Yinson	7293	2.270	2.290	1.940	2.500	0.4	0.9	-
8/9/2022	PowerRoot	7237	2.120	2.020	1.790	2.330	0.0	-4.7	-
9/9/2022	GentingP	2291	6.170	6.400	5.740	7.500	-2.4	3.7	-
9/9/2022	Misc	3816	7.130	7.200	6.100	7.840	0.3	1.0	-
12/9/2022	Atech	5302	1.680	1.740	1.440	1.850	-2.8	3.6	-
12/9/2022	QES	0196	0.530	0.530	0.450	0.580	0.0	0.0	-
13/9/2022	Greatec	5819	3.670	3.610	3.140	4.040	-1.6	-1.6	-
13/9/2022	Hong Leong Bank	0208	21.060	20.940	18.010	23.170	-0.6	-0.6	-
14/9/2022	Signature	7246	1.790	1.780	1.530	1.970	8.5	-0.6	-
14/9/2022	Cypark	5184	0.420	0.420	0.360	0.460	20.0	0.0	-
15/9/2022	UMW Holdings	4588	3.190	3.100	2.730	3.510	0.6	-2.8	-
15/9/2022	PMBTech	7172	4.340	4.330	3.710	4.770	3.6	-0.2	-

*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	1.930	0.18	9.3
British American Tobacco Malay	Consumer	10.260	0.86	8.4
YTL Hospitality REIT	REIT	0.915	0.08	8.3
UOA REIT	REIT	1.130	0.09	7.6
Pharmaniaga Bhd	Consumer	0.555	0.04	7.2
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	0.830	0.06	6.9
Uchi Technologies Bhd	Industrial	3.250	0.21	6.5
Malayan Banking Bhd	Finance	8.860	0.56	6.3
YTL Power International Bhd	Utilities	0.750	0.05	6.1
Pavilion REIT	REIT	1.280	0.08	5.9
Sunway REIT	REIT	1.430	0.08	5.8
Malaysia Building Society Bhd	Finance	0.605	0.04	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	(6.0)	21.3	15.2	17.5	15.2	12.8	
Finance	6.1	13.0	11.5	12.5	12.7	7.1	
Property	(7.6)	13.8	10.8	12.0	10.8	9.8	
Plantation	6.4	94.6	8.6	43.3	8.6	13.6	
Consumer	(1.5)	25.6	18.0	22.7	18.0	16.1	
Technology	(33.8)	29.8	19.1	24.2	21.9	20.7	
Construction	1.1	22.2	9.8	17.1	9.8	12.1	
Energy	2.6	-	-	-	7.7	9.6	
Health care	(32.9)	52.6	13.4	33.0	13.4	22.2	
Ind Prod	(10.2)	38.6	10.2	23.7	10.2	11.3	
REIT	(1.2)	-	-	-	24.2	15.6	
Telco	(9.2)	26.0	25.1	25.5	26.0	18.0	
Transportations	(5.9)	-	-	-	-	16.4	
Utilities	0.3	-	-	-	12.7	12.6	

Source: Bloomberg

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