



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks were mixed with 379 gainers versus 415 losers. The plantation sector was the top percentage loser falling by 1.25%, while the energy sector was the top percentage gainer surging by 2.60%. PPB Group (4065) was the top gainer increasing by RM0.58 or 3.52%. The FBM KLCI dipped by 0.08% to 1,467.31.

We expect Malaysian equities to soften in line with the sell-off in global equity markets. However, looking further out we opine that Malaysian stocks will stage a recovery due to the country's strong economic growth prospects and relatively tame inflation which could make it a bright spot in the global market and potentially attract foreign investors.

ECONOMICS

- **Malaysia-China trade** expected to hit record high this year — MITI
- **Oil prices up** after Basra spill, but log weekly decline
- **Ringgit hits record low** vs US dollar since the Asian Financial Crisis

COMPANY

- **Eco World Development's (8206)** 3Q net profit up 32%, declares one sen dividend
- **MAHB's (5014)** total passenger volume jumped 130% y-o-y to 7.95m in August
- **PT Resources** shares offered to public oversubscribed by nearly 25 times
- **Sime Darby (4197)** says all options on the table, including IPO, on healthcare unit after IHH deal aborted

EXPRESSO FOR THE DAY

- **Technical Watch – Allianz (1163)** – Entry Price RM13.30, Target Price RM14.63, Stop Loss RM11.37, Support RM12.64, Resistance RM13.26
- **Technical Watch – Uchi Tech (7100)** – Entry Price RM3.33, Target Price RM3.66, Stop Loss RM2.85, Support RM3.16, Resistance RM3.34

| Local | | (%) |
|----------------|----------|-------|
| FBMKLCI | 1,467.31 | (0.1) |
| Volume (mil) | 2,622.59 | (0.3) |
| Value (RM'mil) | 2,667.34 | 63.3 |
| Gainers | 379 | |
| Losers | 415 | |
| Unchanged | 432 | |

| Foreign | | (%) |
|-------------|----------|-------|
| Dow Jones | 30,822.4 | (0.5) |
| Nasdaq CI | 11,448.4 | (0.9) |
| S&P 500 | 3,873.3 | (0.7) |
| FTSE 100 | 7,236.7 | (0.6) |
| Nikkei 225 | 27,567.7 | (1.1) |
| Shanghai CI | 3,126.4 | (2.3) |
| HSI | 18,761.7 | (0.9) |
| STI | 3,268.3 | 0.0 |

| Most Active | RM | Chg |
|-------------|-------|---------|
| SNS | 0.300 | 0.000 |
| VELESTO | 0.115 | 0.010 |
| MTRONIC | 0.020 | 0.000 |
| DNEX | 0.825 | 0.000 |
| TOPGLOV | 0.765 | (0.020) |

| Top Gainer | RM | Chg |
|------------|--------|-------|
| PPB | 17.040 | 0.580 |
| HARISON | 7.010 | 0.510 |
| PEIDAG | 21.260 | 0.260 |
| KOTRA | 4.680 | 0.260 |
| DKSH | 4.680 | 0.260 |

| Top Loser | RM | Chg |
|-------------|---------|---------|
| NESTLE | 128.700 | (2.000) |
| PEIGAS | 16.500 | (0.340) |
| UTDPLT | 14.580 | (0.300) |
| AIRPORT-C48 | 0.030 | (0.270) |
| HEIM | 23.700 | (0.240) |

| Other Stats | | (%) |
|--------------------|----------|--------|
| USD/MYR | 4.54 | 0.17 |
| 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) | 3,695.0 | (1.82) |



DAILY NEWSWATCH

ECONOMICS

The two-way trade between Malaysia and China is expected to hit a new record high this year with the implementation of the Regional Comprehensive Economic Partnership agreement, said Deputy International Trade and Industry Minister Datuk Lim Ban Hong. (The Edge)

Oil prices rose slightly on Friday (Sept 16) as a spill at Iraq's Basra terminal appeared likely to constrain crude supply, but remained down on the week on fears that hefty interest rate increases will curb global economic growth and demand for fuel. (The Edge)

The ringgit continued to weaken against the US dollar on Thursday (Sept 15), breaching the 4.53 level, which is by far the lowest since the Asian Financial Crisis, said an analyst. (The Edge)

COMPANY

Eco World Development Group Bhd's (8206) net profit grew 32% to RM46.39m for 3QFY22, from RM35.15m a year ago, thanks to lower finance costs, coupled with cost savings on selling and administrative expenses. (The Edge)

Malaysia Airports Holdings Bhd (5014) saw its total passenger movements jump 130% year-on-year to 7.95m in August from 3.46m — the highest passenger volume recorded in 2022. (The Edge)

PT Resources Holdings Bhd, which is slated to be listed on the ACE Market on Sept 27, said its shares offered to the public under its initial public offering have been oversubscribed by 24.48 times. (The Edge)

Comments: We have a fair value estimate of RM0.46 for PT Resources. To read our IPO note on PT Resources please click on the following link: <https://bit.ly/3QOP7yp>

Sime Darby Bhd (4197) said there is no final decision yet on whether the group will revive plans to list its healthcare unit on the Bursa Main Market. The diversified group will continue to explore all options, including an IPO for its 50%-owned subsidiary Ramsay Sime Darby Health Care Sdn Bhd (RSDH), after talks with IHH Healthcare Bhd to buy 100% of RSDH from its owners were terminated. (The Edge)



Allianz Malaysia Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: ALLZ MK | KLSE Stock Code: 1163

**Main Market
Financial Services
Subsector – Insurance**

Current Price: RM13.30

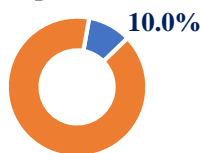
Target Price: RM14.63

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 >65).

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: 4
Holds: 1
Sells: 0

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|-------------|------------|------------|-------------|
| P/E | 4.8 | 5.6 | 6.1 |
| P/B | 0.8 | 0.8 | 0.8 |
| P/CF | 4.9 | 5.7 | 17.0 |
| P/S | 0.4 | 0.4 | 0.5 |

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

Company Overview

Allianz Malaysia Berhad underwrites all classes of general insurance. Through its subsidiaries, the Company underwrites life insurance and investment linked business. Malaysia British Assurance also provides insurance broking and nominee services.



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| | |
|----------------------------|---------------------------------|
| Entry Price | RM13.30 |
| Market Cap (m) | RM2,366.9 |
| 52w high | RM13.38 |
| 52w low | RM12.18 |
| Stop Loss | RM11.37 |
| Immediate Support | RM12.64 |
| Immediate Resistance | RM13.26 (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) | 51,104.8 |



Uchi Technologies Berhad

Technical Watch - “BUY on Potential Breakout”

Bloomberg: UCHI MK | KLSE Stock Code: 7100

Main Market
Industrial Products & Services
Subsector – Industrial Materials

Current Price: RM3.33

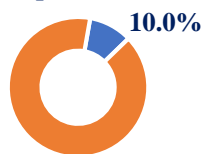
Target Price: RM3.66

Investment Highlights

On an uptrend, 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 >65).

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: 4

Holds: 0

Sells: 0

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|------|------------|------------|-------------|
| P/E | 14.9 | 16.4 | 14.5 |
| P/BV | 7.0 | 6.8 | 4.8 |
| P/CF | 14.2 | 15.4 | 13.2 |
| P/S | 8.1 | 8.4 | 7.1 |

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

Company Overview

Uchi Technologies Berhad is an investment holding company. The Company, through its subsidiaries, designs, researches, develops, and manufactures miniature data terminals, fuzzy logic controllers, and control modules. Uchi Technologies also assembles electrical components onto printed circuit boards and trades complete electric module and saturated paper of PCB lamination.



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| | |
|----------------------------|---------------------------------|
| Entry Price | RM3.33 |
| Market Cap (m) | RM1,508.7 |
| 52w high | RM3.35 |
| 52w low | RM2.85 |
| Stop Loss | RM2.85 |
| Immediate Support | RM3.16 |
| Immediate Resistance | RM3.34 (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) | 467,671.4 |



TECHNICAL ANALYSIS SCOREBOARD

| Date | Stock | Code | Entry (RM) | Prev Close (RM) | Stop Loss (RM) | TP (RM) | Day Change (%) | Gain/Loss from TP (%) | Remark |
|-----------|-----------------|------|------------|-----------------|----------------|---------|----------------|-----------------------|--------------|
| 19/8/2022 | CORAZA | 0240 | 0.830 | 0.830 | 0.710 | 0.910 | -4.0 | 0.0 | - |
| 19/8/2022 | AMMB | 1015 | 4.070 | 4.050 | 3.480 | 4.480 | -1.5 | -0.5 | - |
| 21/8/2022 | Padini | 7052 | 3.370 | 3.380 | 2.880 | 3.710 | 0.0 | 0.3 | - |
| 21/8/2022 | MPI | 3867 | 34.480 | 29.360 | 29.480 | 37.930 | -2.1 | -14.8 | SL Triggered |
| 22/8/2022 | Pantech | 5125 | 0.670 | 0.685 | 0.570 | 0.740 | 1.5 | 2.2 | - |
| 22/8/2022 | Harbour | 2062 | 1.170 | 1.290 | 1.000 | 1.290 | -3.7 | 10.3 | TP Achieved |
| 23/8/2022 | Atech | 5302 | 1.610 | 1.770 | 1.380 | 1.770 | 1.7 | 9.9 | - |
| 23/8/2022 | Hibiscus | 5199 | 0.970 | 1.010 | 0.830 | 1.290 | 1.0 | 4.1 | - |
| 24/8/2022 | PMB | 7172 | 3.490 | 4.340 | 2.980 | 3.840 | 0.2 | 24.4 | TP Achieved |
| 24/8/2022 | DRBHicom | 1619 | 1.400 | 1.580 | 1.200 | 1.540 | -0.6 | 12.9 | TP Achieved |
| 25/8/2022 | TexChem | 8702 | 3.690 | 3.360 | 3.150 | 4.060 | -3.2 | -8.9 | - |
| 25/8/2022 | TNB | 5347 | 8.780 | 8.780 | 7.510 | 9.660 | -1.9 | 0.0 | - |
| 26/8/2022 | Scientex | 4731 | 3.610 | 3.610 | 3.090 | 3.970 | -1.4 | -1.6 | - |
| 26/8/2022 | ChinHin | 5273 | 2.540 | 2.550 | 2.170 | 2.790 | -1.2 | 0.7 | - |
| 29/8/2022 | Pchem | 5183 | 8.900 | 8.700 | 7.610 | 9.790 | -0.1 | 3 | - |
| 29/8/2022 | MFCB | 3069 | 3.600 | 3.430 | 3.080 | 3.900 | 0.0 | 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 | 25.320 | 22.830 | 29.370 | -0.4 | 7.6 | - |
| 1/9/2022 | PowerRoot | 7237 | 1.960 | 1.980 | 1.680 | 2.160 | -3.4 | 9.9 | - |
| 2/9/2022 | Padini | 7052 | 3.370 | 3.380 | 2.880 | 3.710 | 0.0 | 0.3 | - |
| 2/9/2022 | MPI | 3867 | 34.480 | 29.360 | 29.480 | 37.930 | -2.1 | -14.8 | 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 | 0.380 | 0.330 | 0.430 | -3.8 | -2.6 | - |
| 6/9/2022 | PressMetal | 3719 | 4.720 | 4.620 | 4.040 | 5.190 | -3.5 | -2.1 | - |
| 6/9/2022 | DRBHicom | 1619 | 1.550 | 1.580 | 1.330 | 1.710 | -0.6 | 1.9 | - |
| 8/9/2022 | Yinson | 7293 | 2.270 | 2.290 | 1.940 | 2.500 | 0.0 | 0.9 | - |
| 8/9/2022 | PowerRoot | 7237 | 2.120 | 1.980 | 1.790 | 2.330 | -3.4 | -6.6 | - |
| 9/9/2022 | GentingP | 2291 | 6.170 | 6.400 | 5.740 | 7.500 | 0.0 | 3.7 | - |
| 9/9/2022 | Misc | 3816 | 7.130 | 7.100 | 6.100 | 7.840 | -1.4 | -0.4 | - |
| 12/9/2022 | Atech | 5302 | 1.680 | 1.770 | 1.440 | 1.850 | 1.7 | 5.4 | - |
| 12/9/2022 | QES | 0196 | 0.530 | 0.510 | 0.450 | 0.580 | -3.8 | -3.8 | - |
| 13/9/2022 | Greatec | 5819 | 3.670 | 3.560 | 3.140 | 4.040 | -1.4 | -3.0 | - |
| 13/9/2022 | Hong Leong Bank | 0208 | 21.060 | 20.700 | 18.010 | 23.170 | -1.1 | -1.7 | - |
| 14/9/2022 | Signature | 7246 | 1.790 | 1.700 | 1.530 | 1.970 | -4.5 | -5.0 | - |
| 14/9/2022 | Cypark | 5184 | 0.420 | 0.420 | 0.360 | 0.460 | 0.0 | 0.0 | - |
| 15/9/2022 | UMW Holdings | 4588 | 3.190 | 3.160 | 2.730 | 3.510 | 1.9 | -0.9 | - |
| 15/9/2022 | PMBTech | 7172 | 4.340 | 4.340 | 3.710 | 4.770 | 0.2 | 0.0 | - |
| 19/9/2022 | Allianz | 1163 | 13.300 | 13.200 | 11.370 | 14.630 | -0.5 | -0.8 | - |
| 19/9/2022 | UchiTech | 7100 | 3.330 | 3.250 | 2.850 | 3.660 | -0.6 | -2.4 | - |

*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 |
| YTL Hospitality REIT | REIT | 0.910 | 0.08 | 8.4 |
| British American Tobacco Malay | Consumer | 10.500 | 0.86 | 8.2 |
| UOA REIT | REIT | 1.130 | 0.09 | 7.6 |
| Pharmaniaga Bhd | Consumer | 0.565 | 0.04 | 7.1 |
| Al-'Aqar Healthcare REIT | REIT | 1.230 | 0.09 | 7.1 |
| Capitaland Malaysia Trust | REIT | 0.540 | 0.04 | 7.0 |
| Tambun Indah Land Bhd | Property | 0.830 | 0.06 | 6.9 |
| Uchi Technologies Bhd | Industrial | 3.300 | 0.21 | 6.4 |
| Malayan Banking Bhd | Finance | 8.880 | 0.56 | 6.3 |
| YTL Power International Bhd | Utilities | 0.750 | 0.05 | 6.1 |
| Pavilion REIT | REIT | 1.270 | 0.08 | 5.9 |
| 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 | (6.2) | 21.3 | 15.2 | 17.5 | 15.2 | 12.8 | |
| Finance | 6.2 | 13.0 | 11.5 | 12.5 | 12.7 | 7.1 | |
| Property | (7.7) | 13.8 | 10.8 | 12.0 | 10.8 | 9.7 | |
| Plantation | 5.2 | 94.6 | 8.5 | 43.3 | 8.5 | 13.4 | |
| Consumer | (1.6) | 25.6 | 18.0 | 22.7 | 18.0 | 16.1 | |
| Technology | (34.3) | 29.8 | 19.1 | 24.2 | 21.7 | 20.6 | |
| Construction | 0.9 | 22.2 | 9.7 | 17.1 | 9.7 | 12.0 | |
| Energy | 5.0 | - | - | - | 7.9 | 9.8 | |
| Health care | (32.9) | 52.6 | 13.4 | 33.0 | 13.4 | 22.2 | |
| Ind Prod | (10.7) | 38.6 | 10.1 | 23.7 | 10.1 | 11.2 | |
| REIT | (1.4) | - | - | - | 24.1 | 15.5 | |
| Telco | (8.7) | 26.1 | 25.1 | 25.6 | 26.1 | 18.1 | |
| Transportations | (6.2) | - | - | - | - | 16.4 | |
| Utilities | 0.4 | - | - | - | 12.8 | 12.6 | |

Source: Bloomberg



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