



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell yesterday in line with the sell-off in global equity markets. Market breadth was broadly negative with 706 losers versus 217 gainers. The health care sector was the top percentage loser plunging by 3.19% amid weakness in glove heavyweights, while the plantation sector was the only sector to finish in the green rising by 0.23%. Dutch Lady Milk Industries (3026) was a major loser declining by RM0.70 or 2.18%. The FBM KLCI fell by 1.08% to 1,451.52.

We expect Malaysian stocks to 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

- **MAA: August vehicle sales** jump 36% m-o-m on booking fulfilment
- **Ringgit** extends downtrend on Sept 19, ahead of expected aggressive US interest rate hike
- Fears of global recession drags **rubber market** lower

COMPANY

- **Porsche** blockbuster deal gives dormant Europe IPO market a jolt
- **T7 Global (7228)** wins contract worth RM400m in Thailand
- **UEM Sunrise (5148)** completes issuance of RM295m Islamic medium term notes

EXPRESSO FOR THE DAY

- **Technical Watch – Hextar (5151)** – Entry Price RM1.76, Target Price RM1.94, Stop Loss RM1.50, Support RM1.67, Resistance RM1.76
- **Technical Watch – United Plantations (2089)** – Entry Price RM14.90, Target Price RM16.39, Stop Loss RM12.74, Support RM14.16, Resistance RM15.28

Local		(%)
FBMKLCI	1,451.52	(1.1)
Volume (mil)	2,185.44	(16.7)
Value (RM'mil)	1,763.28	(33.9)
Gainers	217	
Losers	706	
Unchanged	349	

Foreign		(%)
Dow Jones	31,019.7	0.6
Nasdaq CI	11,535.0	0.8
S&P 500	3,899.9	0.7
FTSE 100	7,236.7	(0.6)
Nikkei 225	27,567.7	(1.1)
Shanghai CI	3,115.6	(0.3)
HSI	18,566.0	(1.0)
STI	3,256.3	(0.4)

Most Active	RM	Chg
TOPGLOV	0.705	(0.060)
MIRONIC	0.020	0.000
SNS	0.295	(0.005)
XOX	0.020	0.005
HARTA	1.490	(0.110)

Top Gainer	RM	Chg
NESTLE	130.000	1.300
PETGAS	16.820	0.320
SP500-H13	2.420	0.310
UTDPLT	14.880	0.300
BIPORT	5.250	0.150

Top Loser	RM	Chg
PMBTECH-LA	20.040	(1.960)
PPB	16.340	(0.700)
DLADY	31.400	(0.700)
MPI	29.100	(0.500)
F&N	21.900	(0.420)

Other Stats		(%)
USD/MYR	4.55	0.34
USD/RMB	7.01	0.26
Brent (USD/barrel)	92.00	0.71
Gold (USD/troy oz)	1,675.84	0.05
CPO (RM/metric t)	3,779.0	2.30



DAILY NEWSWATCH

ECONOMICS

Vehicles sold in the month of August rose 36% to 66,614 units from 48,922 units in July, as automotive companies fulfilled bookings received prior to June 30, 2022 that qualify for the sales tax exemption, according to the Malaysian Automotive Association. (The Edge)

The ringgit continued to be weighed by the rising US dollar for the fifth consecutive session on Monday (Sept 19), as another aggressive United States interest rate hike is expected this week, said an analyst. (The Edge)

The Malaysian rubber market closed lower on Monday (Sept 19), tracking weaker advice from regional rubber futures markets as global sentiment was dampened by fears of global recession, a dealer said. (The Edge)

COMPANY

Volkswagen AG's mega listing of its Porsche AG unit has raised hopes of a late-year resurgence in European initial public offerings after eight months of next to no activity. (The Edge)

T7 Global Bhd (7228) has secured contracts worth about RM400m in Thailand. In a bourse filing on Monday (Sept 19), the group said its unit Tanjung Offshore Services Sdn Bhd had inked charter and operation and maintenance contracts with Busrakham G11 Ltd for the provision of leasing, operations and maintenance of a mobile offshore production unit in the Nong Yao Field, Southern Gulf of Thailand. (The Edge)

UEM Sunrise Bhd (5148) on Monday (Sept 19) said it has completed the issuances of a total of RM295m in nominal value of Islamic medium term notes. (The Edge)



Hextar Global Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: HAL MK | KLSE Stock Code: 5151

Main Market
Industrial Products & Services
Subsector – Chemicals

Current Price: RM1.76

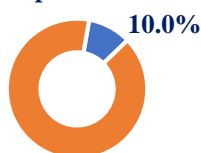
Target Price: RM1.94

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 >60).

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: 1

Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	40.4	56.0	43.8
P/B	7.5	4.6	2.7
P/CF	137.2	95.4	60.3
P/S	3.7	2.4	1.8

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

Company Overview

Hextar Global Berhad provides agrochemical company. The Company offers pesticides, fertilizers, and other related specialty chemicals. Hextar Global serves customers worldwide.



Ronnie Tan

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Entry Price	RM1.76
Market Cap (m)	RM2,262.9
52w high	RM2.00
52w low	RM1.22
Stop Loss	RM1.50
Immediate Support	RM1.67
Immediate Resistance	RM1.76 (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)	2,943,118.3



United Plantations Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: UPL MK | KLSE Stock Code: 2089

Main Market
Plantation
Subsector – Plantation

Current Price: RM14.90

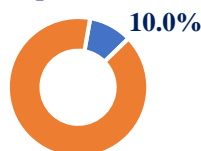
Target Price: RM16.39

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 engulfing 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



Buy: 0

Hold: 0

Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	13.4	14.8	16.7
P/BV	2.2	2.2	2.3
P/CF	16.5	13.6	14.8
P/S	3.6	4.0	4.6

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

Company Overview

United Plantations Berhad (U.P.) cultivates and processes oil palm and coconut. Through its subsidiaries, the Company manufactures edible oils, fats, soap products and cocoa butter. United Plantations also transports and stores vegetable oil and molasses, and has operation in engineering consultancy services.



Ronnie Tan

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Entry Price	RM14.90
Market Cap (m)	RM6,158.2
52w high	RM16.95
52w low	RM13.39
Stop Loss	RM12.74
Immediate Support	RM14.16
Immediate Resistance	RM15.28 (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)	1,097,463.6



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	0.775	0.710	0.910	-6.6	-6.6	-
19/8/2022	AMMB	1015	4.070	4.050	3.480	4.480	-1.2	-0.5	-
21/8/2022	Padini	7052	3.370	3.330	2.880	3.710	-2.1	-1.2	-
21/8/2022	MPI	3867	34.480	29.100	29.480	37.930	-1.7	-15.6	SL Triggered
22/8/2022	Pantech	5125	0.670	0.680	0.570	0.740	-0.7	1.5	-
22/8/2022	Harbour	2062	1.170	1.220	1.000	1.290	-3.9	4.3	TP Achieved
23/8/2022	Atech	5302	1.610	1.750	1.380	1.770	0.6	8.7	-
23/8/2022	Hibiscus	5199	0.970	0.970	0.830	1.290	-5.8	0.0	-
24/8/2022	PMB	7172	3.490	4.060	2.980	3.840	-1.7	16.3	TP Achieved
24/8/2022	DRBHicom	1619	1.400	1.550	1.200	1.540	-4.9	10.7	TP Achieved
25/8/2022	TexChem	8702	3.690	3.340	3.150	4.060	-2.3	-9.5	-
25/8/2022	TNB	5347	8.780	8.690	7.510	9.660	-0.8	-1.0	-
26/8/2022	Scientex	4731	3.610	3.690	3.090	3.970	-1.6	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.530	2.170	2.790	-0.8	0.7	-
29/8/2022	Pchem	5183	8.900	8.590	7.610	9.790	-0.3	3	-
29/8/2022	MFCB	3069	3.600	3.410	3.080	3.900	-1.2	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	24.820	22.830	29.370	-1.5	7.6	-
1/9/2022	PowerRoot	7237	1.960	1.950	1.680	2.160	-1.0	9.9	-
2/9/2022	Padini	7052	3.370	3.330	2.880	3.710	-2.1	-1.2	-
2/9/2022	MPI	3867	34.480	29.100	29.480	37.930	-1.7	-15.6	SL Triggered
5/9/2022	Jag	0024	0.350	0.345	0.290	0.380	-1.4	-1.4	-
5/9/2022	Hexind	0161	0.390	0.385	0.330	0.430	-1.3	-1.3	-
6/9/2022	PressMetal	3719	4.720	4.430	4.040	5.190	-6.1	-6.1	-
6/9/2022	DRBHicom	1619	1.550	1.550	1.330	1.710	-4.9	0.0	-
8/9/2022	Yinson	7293	2.270	2.270	1.940	2.500	-1.3	0.0	-
8/9/2022	PowerRoot	7237	2.120	1.950	1.790	2.330	-1.0	-8.0	-
9/9/2022	GentingP	2291	6.170	6.330	5.740	7.500	0.0	2.6	-
9/9/2022	Misc	3816	7.130	6.990	6.100	7.840	-2.0	-2.0	-
12/9/2022	Atech	5302	1.680	1.750	1.440	1.850	0.6	4.2	-
12/9/2022	QES	0196	0.530	0.495	0.450	0.580	-2.0	-6.6	-
13/9/2022	Greatec	5819	3.670	3.420	3.140	4.040	-2.0	-6.8	-
13/9/2022	Hong Leong Bank	0208	21.060	20.740	18.010	23.170	0.2	-1.5	-
14/9/2022	Signature	7246	1.790	1.730	1.530	1.970	-1.1	-3.4	-
14/9/2022	Cypark	5184	0.420	0.415	0.360	0.460	-2.4	-1.2	-
15/9/2022	UMW Holdings	4588	3.190	3.110	2.730	3.510	-2.8	-2.5	-
15/9/2022	PMBTech	7172	4.340	4.060	3.710	4.770	-1.7	-6.5	-
19/9/2022	Allianz	1163	13.300	13.380	11.370	14.630	-0.1	0.6	-
19/9/2022	UchiTech	7100	3.330	3.310	2.850	3.660	1.2	-0.6	-

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.370	0.04	10.4
SHL Consolidated Bhd	Property	1.930	0.18	9.3
British American Tobacco Malay	Consumer	10.320	0.86	8.3
YTL Hospitality REIT	REIT	0.915	0.08	8.3
UOA REIT	REIT	1.120	0.09	7.7
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Capitaland Malaysia Trust	REIT	0.535	0.04	7.1
Tambun Indah Land Bhd	Property	0.825	0.06	6.9
Pharmaniaga Bhd	Consumer	0.555	0.04	6.7
Malayan Banking Bhd	Finance	8.630	0.56	6.5
YTL Power International Bhd	Utilities	0.720	0.05	6.4
Uchi Technologies Bhd	Industrial	3.300	0.21	6.4
Sunway REIT	REIT	1.420	0.08	6.0
Pavilion REIT	REIT	1.260	0.08	6.0
Malaysia Building Society Bhd	Finance	0.595	0.04	5.9

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	(7.4)	21.3	15.0	17.5	15.0	12.7	
Finance	5.0	13.0	11.5	12.4	12.6	7.0	
Property	(8.9)	13.8	10.6	11.9	10.6	9.6	
Plantation	4.9	94.6	8.5	43.3	8.5	13.7	
Consumer	(2.4)	25.6	17.9	22.6	17.9	16.0	
Technology	(35.2)	29.8	19.1	24.1	21.4	20.3	
Construction	0.9	22.2	9.7	17.1	9.7	12.1	
Energy	3.2	-	-	-	7.8	9.6	
Health care	(34.8)	52.6	13.0	32.8	13.0	21.6	
Ind Prod	(12.0)	38.6	10.0	23.7	10.0	11.2	
REIT	(2.1)	-	-	-	24.0	15.4	
Telco	(9.5)	25.9	25.1	25.5	25.9	17.9	
Transportations	(7.1)	-	-	-	-	16.2	
Utilities	(0.1)	-	-	-	12.7	12.6	

Source: Bloomberg

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Published and printed by:

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