



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks retreated yesterday in line with weakness in Asian equity markets. Market breadth was negative with 529 losers versus 296 gainers. The industrial products & services sector was the top percentage loser falling by 1.85%, while the energy and transportation & logistics sectors were the only sectors to finish in the green. Petronas Dagangan (5681) was the top loser declining by RM0.48 or 2.21%. The FBM KLCI decreased by 0.95% to 1,447.18.

We expect Malaysian equities to fall following steep losses on Wall Street overnight as the market thinks that it is likely that another large interest rate hike is in the cards for the US Federal Reserve.

ECONOMICS

- **Malaysia** will not escape expected global economic slowdown in 2023, Zafrul says
- **Ringgit** rebounds to close marginally higher vs greenback on Sept 21
- **Rise in Asia's consumer prices** to remain at single digit

COMPANY

- **KESM (9334)** posts third straight quarterly loss as it scales down EMS business, incurs higher expenses
- **Nestcon (0235)** rises 5% on bagging job worth RM165m in Sarawak
- **Ornapaper (5065)** gets takeover offer at RM1.06/share
- **Supermax (7106)** resumes share buyback as shares slip below 70 sen

EXPRESSO FOR THE DAY

- **Technical Watch – Hextech (5163)** – Entry Price RM4.07, Target Price RM4.48, Stop Loss RM3.48, Support RM3.87, Resistance RM4.07
- **Technical Watch – Hong Leong Industries (3301)** – Entry Price RM9.19, Target Price RM10.11, Stop Loss RM7.86, Support RM8.73, Resistance RM9.25

Local		(%)
FBMKLCI	1,447.18	(1.0)
Volume (mil)	2,340	10.4
Value (RM'mil)	1,660	0.6
Gainers	296	
Losers	529	
Unchanged	440	

Foreign		(%)
Dow Jones	30,183.8	(1.7)
Nasdaq CI	11,220.2	(1.8)
S&P 500	3,789.9	(1.7)
FTSE 100	7,237.6	0.6
Nikkei 225	27,313.1	(1.4)
Shanghai CI	3,117.2	(0.2)
HSI	18,444.6	(1.8)
STI	3,261.8	(0.2)

Most Active	RM	Chg
TOPGLOV	0.645	(0.060)
BORNOIL	0.025	(0.005)
VELESTO	0.125	0.010
CAP	0.005	0.000
SNS	0.275	0.005

Top Gainer	RM	Chg
HEXTECH	4.070	0.250
AYER	6.500	0.250
SFPTECH	1.710	0.210
MISC	7.150	0.170
DBHD	0.655	0.150

Top Loser	RM	Chg
PETDAG	21.200	(0.480)
MPI	29.160	(0.320)
PETGAS	16.400	(0.300)
PMETAL	4.140	(0.280)
CARLSBG	22.420	(0.260)



DAILY NEWSWATCH

ECONOMICS

Malaysia will not be spared from the expected global economic slowdown in 2023 due to the US' continued hawkish stance on monetary policy, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz. (The Edge)

The ringgit rebounded after six consecutive days of losses to close marginally higher against the US dollar on Wednesday (Sept 21) on renewed buying interest and higher oil prices, ahead of the interest rate decision by the United States Federal Reserve. (The Edge)

The rise in Asia's consumer prices is expected to remain at a single digit as dependency on imports is lower between 30% and 40%, said an economist. (The Edge)

COMPANY

KESM Industries Bhd (9334) posted its third consecutive quarter of net loss for 4QFY22 on lower revenue as the group scales down its electronic manufacturing services business, coupled with higher expenses for repairs, maintenance and utility. (The Edge)

Shares in **Nestcon Bhd (0235)** rose 5.19% on Wednesday (Sept 21) morning after it bagged a RM165.08m contract to provide site clearance, earthwork and ancillary works for Block 1 of CBS 2 in Sungai Bakau at the Mukah-Balingan coal field in Sarawak. (The Edge)

Ornapaper Bhd (5065) on Wednesday (Sept 21) received a conditional mandatory takeover offer from Intisari Delima Sdn Bhd to acquire the remaining shares in the company not owned by the latter at RM1.06 per share cash. (The Edge)

Supermax Corp Bhd (7106) had in September 2022 resumed the glove maker's share buyback following an over four-month hiatus as its share price fell below 70 sen as investors weighed Malaysian rubber glove manufactures' business outlook against a Covid-19 vaccine-driven recovery from the impact of the pandemic which began in early 2020. (The Edge)



Hextar Technologies Solutions Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: HEXTECH MK | KLSE Stock Code: 5163

Main Market
Transportation & Logistics
Subsector – T & L Services

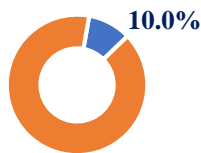
Current Price: RM4.07
Target Price: RM4.48

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a 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: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	40.5	22.1	21.3
P/B	1.7	1.1	1.0
P/CF	16.5	8.3	6.5
P/S	3.7	2.0	1.4

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

Company Overview

Hextar Technologies Solutions Berhad is an investment holding company. The Company, through its subsidiaries, owns ships, provides marine transportation services, general trading, trading of freight, lorry and trucking services, and logistics.



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Entry Price	RM4.07
Market Cap (m)	RM523.6
52w high	RM4.90
52w low	RM1.46
Stop Loss	RM3.48
Immediate Support	RM3.87
Immediate Resistance	RM4.07 (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)	181,152.8



Hong Leong Industries Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: HLI MK | KLSE Stock Code: 3301

Main Market
Consumer Products & Services
Subsector – Automotive

Current Price: RM9.19

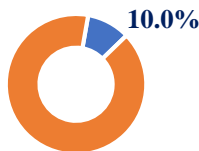
Target Price: RM10.11

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a marubozu coupled with a strong momentum on the stock (RSI >50).

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: 0

Holds: 0

Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	13.5	13.9	12.4
P/BV	1.5	1.8	1.7
P/CF	14.8	9.7	8.7
P/S	1.2	1.2	1.0

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

Company Overview

Hong Leong Industries Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and distributes ceramic tiles. Hong Leong also assembles and distributes motorcycles and spare parts, and markets semiconductor devices and electronic components. The Company also manages and leases properties.



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Entry Price	RM9.19
Market Cap (m)	RM2,935.9
52w high	RM9.90
52w low	RM8.57
Stop Loss	RM7.86
Immediate Support	RM8.73
Immediate Resistance	RM9.25 (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)	105,826.6



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
23/8/2022	Atech	5302	1.610	1.740	1.380	1.770	-0.6	8.1	-
23/8/2022	Hibiscus	5199	0.970	0.955	0.830	1.290	-1.5	-1.5	-
24/8/2022	PMB	7172	3.490	3.980	2.980	3.840	-2.0	14.0	TP Achieved
24/8/2022	DRBHicom	1619	1.400	1.540	1.200	1.540	-0.6	10.0	TP Achieved
25/8/2022	TexChem	8702	3.690	3.360	3.150	4.060	0.6	-8.9	-
25/8/2022	TNB	5347	8.780	8.800	7.510	9.660	1.3	0.2	-
26/8/2022	Scientex	4731	3.610	3.690	3.090	3.970	0.0	-1.6	-
26/8/2022	ChinHin	5273	2.540	2.780	2.170	2.790	9.9	0.7	-
29/8/2022	Pchem	5183	8.900	8.700	7.610	9.790	1.3	3	-
29/8/2022	MFCB	3069	3.600	3.480	3.080	3.900	2.1	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	24.500	22.830	29.370	-1.3	7.6	-
1/9/2022	PowerRoot	7237	1.960	1.950	1.680	2.160	0.0	9.9	-
2/9/2022	Padini	7052	3.370	3.290	2.880	3.710	-1.2	-2.4	-
2/9/2022	MPI	3867	34.480	29.480	29.480	37.930	1.3	-14.5	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	0.385	0.330	0.430	0.0	-1.3	-
6/9/2022	PressMetal	3719	4.720	4.420	4.040	5.190	-0.2	-6.4	-
6/9/2022	DRBHicom	1619	1.550	1.540	1.330	1.710	-0.6	-0.6	-
8/9/2022	Yinson	7293	2.270	2.240	1.940	2.500	-1.3	-1.3	-
8/9/2022	PowerRoot	7237	2.120	1.950	1.790	2.330	0.0	-8.0	-
9/9/2022	GentingP	2291	6.170	6.380	5.740	7.500	0.8	3.4	-
9/9/2022	Misc	3816	7.130	6.980	6.100	7.840	-0.1	-2.1	-
12/9/2022	Atech	5302	1.680	1.740	1.440	1.850	-0.6	3.6	-
12/9/2022	QES	0196	0.530	0.500	0.450	0.580	1.0	-5.7	-
13/9/2022	Greatec	5819	3.670	3.440	3.140	4.040	0.6	-6.3	-
13/9/2022	Hong Leong Bank	0208	21.060	20.780	18.010	23.170	0.2	-1.3	-
14/9/2022	Signature	7246	1.790	1.710	1.530	1.970	-1.2	-4.5	-
14/9/2022	Cypark	5184	0.420	0.415	0.360	0.460	0.0	-1.2	-
15/9/2022	UMW Holdings	4588	3.190	3.120	2.730	3.510	0.3	-2.2	-
15/9/2022	PMBTech	7172	4.340	3.980	3.710	4.770	-2.0	-8.3	-
19/9/2022	Allianz	1163	13.300	13.380	11.370	14.630	0.0	0.6	-
19/9/2022	UchiTech	7100	3.330	3.360	2.850	3.660	1.5	0.9	-
20/9/2022	Hextar	5151	1.760	1.780	1.500	1.940	-0.6	1.1	-
20/9/2022	UnitedPlantations	2089	14.900	14.660	12.740	16.390	-1.5	-1.6	-
21/9/2022	ChinHin	5273	2.780	2.780	2.380	3.060	9.9	0.0	-
21/9/2022	ThongGuan	7034	2.720	2.720	2.330	2.990	4.2	0.0	-
22/9/2022	Hextar	5163	4.070	3.820	4.070	4.480	0.5	-6.1	-
22/9/2022	HongLeongIndustries	3301	9.190	9.100	7.860	10.110	-0.2	-1.0	-

*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
YTL Hospitality REIT	REIT	0.910	0.08	8.4
British American Tobacco Malay	Consumer	10.320	0.86	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	0.540	0.04	7.0
Tambun Indah Land Bhd	Property	0.825	0.06	6.9
Pharmaniaga Bhd	Consumer	0.555	0.04	6.7
Malayan Banking Bhd	Finance	8.680	0.56	6.5
YTL Power International Bhd	Utilities	0.720	0.05	6.4
Uchi Technologies Bhd	Industrial	3.360	0.21	6.3
Sunway REIT	REIT	1.430	0.09	5.9
Pavilion REIT	REIT	1.270	0.08	5.9
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	(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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