



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell as investors remained pessimistic. Market breadth was broadly negative with 644 losers versus 233 gainers. Every sector finished in the red with the energy sector being the top percentage loser plunging by 2.45%. Fraser & Neave Holdings (3689) was the top loser declining by RM0.48 or 2.23%. The FBM KLCI decreased by 0.64% to 1,401.89.

We expect Malaysian equities to rise following strong gains on Wall Street overnight.

ECONOMICS

- **Global gas** scramble intensifies after Europe pipeline blasts
- **Palm** hits over 15-month low as global recession fears hurt demand

COMPANY

- **Apple** ditches iPhone production increase after demand falters — sources
- **Central Global (8052)** wins RM183m contract in Sandakan
- **PT Resources (0260)** extends gains in active trade for second day
- **Scientex Packaging's (8125)** 4Q net profit rises 28% on higher domestic sales

EXPRESSO FOR THE DAY

- **Technical Watch – PetDag (5681)** – Entry Price RM21.20, Target Price RM23.22, Stop Loss RM18.13, Support RM20.14 Resistance RM23.37
- **Technical Watch – Hong Leong Bank (5819)** – Entry Price RM20.44, Target Price RM22.48, Stop Loss RM17.48, Support RM19.42, Resistance RM21.06

Local		(%)
FBMKLCI	1,401.89	(0.6)
Volume (mil)	2,143.60	(6.1)
Value (RM'mil)	2,057.23	7.0
Gainers	233	
Losers	644	
Unchanged	345	

Foreign		(%)
Dow Jones	29,683.7	1.9
Nasdaq CI	11,051.6	2.1
S&P 500	3,719.0	2.0
FTSE 100	7,005.4	0.3
Nikkei 225	26,174.0	(1.5)
Shanghai CI	3,045.1	(1.6)
HSI	17,250.9	(3.4)
STI	3,116.3	(1.6)

Most Active	RM	Chg
PTRB	0.415	0.045
TOPGLOV	0.590	(0.020)
HSI-CJO	0.095	(0.060)
HSI-CJW	0.105	(0.065)
SERBADK	0.025	0.000

Top Gainer	RM	Chg
NESTLE	130.700	0.700
SP500-H13	3.270	0.340
PEIDAG	21.200	0.300
PANAMY	23.500	0.300
HSI-HEN	1.380	0.270

Top Loser	RM	Chg
F&N	21.080	(0.480)
PPB	16.140	(0.320)
PERSTIM	4.290	(0.300)
PMBTECH	3.760	(0.270)
HARISON	6.540	(0.250)

Other Stats		(%)
USD/MYR	4.63	0.41
USD/RMB	7.20	0.34
Brent (USD/barrel)	89.32	3.54
Gold (USD/troy oz)	1,659.97	1.91
CPO (RM/metric t)	3,289.0	(5.87)



DAILY NEWSWATCH

ECONOMICS

The suspected sabotage of pipelines carrying Russian gas to Europe looks set to intensify already-heated global competition for shipments of the power-station fuel. The currently out-of-action Nord Stream pipeline system was damaged, with Germany saying it suspected it was an act of sabotage. It came as Russia also threatened to cut off gas to Europe via a major link through Ukraine, which would be a sharp escalation in the conflict between Moscow and the West. (The Edge)

Malaysian palm oil futures hit a fresh 15-month low on Wednesday (Sept 28), extending losses for a fifth straight session, as global recession fears hurt demand in edible oils market. (The Edge)

COMPANY

Apple Inc is backing off plans to increase production of its new iPhones this year after an anticipated surge in demand failed to materialise, according to people familiar with the matter. (The Edge)

Central Global Bhd (8052) has secured a RM183.29m contract for the supply of plant, machinery, labour and materials required for the construction and completion of a project known as “Projek Jalan Semawang ke Tanjung Kuala Gum-Gum” in Sandakan, Sabah. (The Edge)

Shares of **PT Resources Holdings Bhd (0260)** extended gains in active trade to close 12.16% higher on the second day after its Tuesday (Sept 27) debut on the ACE Market of Bursa Malaysia. (The Edge)

Scientex Packaging (Ayer Keroh) Bhd’s (8125) net profit rose 27.75% to RM11.35m for 4QFY22, from RM8.89m a year earlier, helped by higher domestic sales. (The Edge)



Petronas Dagangan Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PETD MK | KLSE Stock Code: 5681

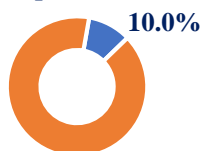
Main Market
Consumer Products & Services
Subsector - Retailers
Current Price: RM21.20
Target Price: RM23.32

Investment Highlights

On an uptrend, the stock is currently trading below the MA20. We think there is a potential upside supported by a bullish engulfing with a strong momentum on the stock (RSI >45).

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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 2
Holds: 7
Sells: 2

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	46.1	30.1	27.3
P/B	3.4	2.0	1.9
P/CF	63.9	78.7	79.7
P/S	1.5	0.8	0.8

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

Company Overview

Petronas Dagangan Berhad markets petroleum products and operates service stations domestically. Through its subsidiaries, the Company has operations in aviation fueling at Kuala Lumpur International Airport and bunkering facilities at West Port along with marketing and distributing lubricants.



Ronnie Tan
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Entry Price	RM21.20
Market Cap (m)	RM21,061.2
52w high	RM23.50
52w low	RM18.70
Stop Loss	RM18.13
Immediate Support	RM20.14
Immediate Resistance	RM23.37 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	496,258.7



Hong Leong Bank Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: HLBK MK | KLSE Stock Code: 5819

Main Market
Financial Services
Subsector – Banking

Current Price: RM20.44

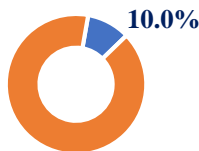
Target Price: RM22.48

Investment Highlights

On a trend reversal, the stock is currently trading below the MA20. We think that there is a potential reversal supported by a bullish harami coupled with a rising momentum on the stock (RSI >40).

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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 14

Holds: 3

Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	13.5	13.8	13.1
P/BV	1.3	1.4	1.5
P/CF	7.3	13.3	8.3
P/S	5.1	4.6	4.0

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

Company Overview

Hong Leong Bank Berhad provides commercial banking and related financial services. The Company's services include leasing and hire purchase, nominee, Islamic Banking, and unit trust management. Through its subsidiaries, the Company also develops and invests in real estate.



Ronnie Tan

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Entry Price	RM20.44
Market Cap (m)	RM44,308.2
52w high	RM21.88
52w low	RM17.82
Stop Loss	RM17.48
Immediate Support	RM19.42
Immediate Resistance	RM21.06 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	2,020,709.7



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
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	23.500	22.830	29.370	1.3	7.6	-
1/9/2022	PowerRoot	7237	1.960	1.950	1.680	2.160	-1.5	9.9	-
2/9/2022	Padini	7052	3.370	3.150	2.880	3.710	0.6	-6.5	-
2/9/2022	MPI	3867	34.480	28.900	29.480	37.930	-0.3	-16.2	SL Triggered
5/9/2022	Jag	0024	0.350	0.340	0.290	0.380	0.0	-2.9	-
5/9/2022	Hexind	0161	0.390	0.405	0.330	0.430	0.0	3.8	-
6/9/2022	PressMetal	3719	4.720	4.000	4.040	5.190	0.0	-15.3	SL Triggered
6/9/2022	DRBHicom	1619	1.550	1.300	1.330	1.710	-2.3	-16.1	-
8/9/2022	Yinson	7293	2.270	2.120	1.940	2.500	0.5	-6.6	-
8/9/2022	PowerRoot	7237	2.120	1.950	1.790	2.330	-1.5	-8.0	-
9/9/2022	GentingP	2291	6.170	5.650	5.740	7.500	-3.7	-8.4	-
9/9/2022	Misc	3816	7.130	6.800	6.100	7.840	-1.2	-4.6	-
12/9/2022	Atech	5302	1.680	1.900	1.440	1.850	0.5	13.1	-
12/9/2022	QES	0196	0.530	0.470	0.450	0.580	-3.1	-11.3	-
13/9/2022	Greatec	5819	3.670	3.190	3.140	4.040	-2.7	-13.1	SL Triggered
13/9/2022	Hong Leong Bank	0208	21.060	20.440	18.010	23.170	0.9	-2.9	-
14/9/2022	Signature	7246	1.790	1.790	1.530	1.970	-1.1	0.0	-
14/9/2022	Cypark	5184	0.420	0.400	0.360	0.460	-3.6	-4.8	-
15/9/2022	UMW Holdings	4588	3.190	2.990	2.730	3.510	0.0	-6.3	-
15/9/2022	PMBTech	7172	4.340	3.760	3.710	4.770	-6.7	-13.4	-
19/9/2022	Allianz	1163	13.300	13.220	11.370	14.630	0.0	-0.6	-
19/9/2022	UchiTech	7100	3.330	3.180	2.850	3.660	-2.8	-4.5	-
20/9/2022	Hextar	5151	1.760	1.790	1.500	1.940	0.6	1.7	-
20/9/2022	UnitedPlantations	2089	14.900	14.300	12.740	16.390	-0.3	-4.0	-
21/9/2022	ChinHin	5273	2.780	2.840	2.380	3.060	-2.7	2.2	-
21/9/2022	ThongGuan	7034	2.720	2.580	2.330	2.990	-1.5	-5.1	-
22/9/2022	Hextar	5163	4.070	4.120	4.070	4.480	1.2	1.2	-
22/9/2022	HongLeongIndustries	3301	9.190	9.070	7.860	10.110	0.3	-1.3	-
23/9/2022	Petgas	6033	16.720	16.500	14.300	18.390	0.4	-1.3	-
23/9/2022	ChinHin	5273	2.850	2.840	2.440	3.140	-2.7	-0.4	-
26/9/2022	Heineken	3255	23.500	16.500	20.090	25.850	0.4	-29.8	-
26/9/2022	Bonia	9288	2.040	2.840	1.740	2.240	-2.7	39.2	TP Achieved
27/9/2022	Cnergenz	0246	1.020	1.080	0.870	1.120	-3.6	5.9	-
27/9/2022	F&N	3689	22.300	21.080	19.070	24.530	-2.2	-5.5	-
28/9/2022	ChinHin	5273	2.920	2.840	2.500	3.210	-2.7	-2.7	-
28/9/2022	HapSeng	3034	6.400	6.280	5.470	7.040	-1.9	-1.9	-
29/9/2022	PetDag	5681	21.200	21.200	18.130	23.320	1.4	0.0	-
29/9/2022	HongLeongBank	5819	20.440	20.440	17.480	22.480	0.9	0.0	-

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.360	0.04	10.7
SHL Consolidated Bhd	Property	1.920	0.18	9.4
British American Tobacco Malay	Consumer	10.120	0.86	8.5
YTL Hospitality REIT	REIT	0.910	0.08	8.4
UOA REIT	REIT	1.100	0.09	7.8
Tambun Indah Land Bhd	Property	0.765	0.06	7.5
Capitaland Malaysia Trust	REIT	0.530	0.04	7.2
Pharmaniaga Bhd	Consumer	0.530	0.04	7.0
Al-'Aqar Healthcare REIT	REIT	1.190	0.08	6.9
Uchi Technologies Bhd	Industrial	3.180	0.21	6.6
Malayan Banking Bhd	Finance	8.560	0.56	6.6
YTL Power International Bhd	Utilities	0.700	0.05	6.6
Sunway REIT	REIT	1.390	0.09	6.1
UOA Development Bhd	Property	1.660	0.10	6.0
Pavilion REIT	REIT	1.250	0.08	6.0

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	(10.6)	21.3	14.6	17.4	14.6	12.2	
Finance	2.3	13.0	11.5	12.4	12.3	6.8	
Property	(12.4)	13.8	10.2	11.9	10.2	8.9	
Plantation	(1.4)	94.6	8.0	43.2	8.0	12.8	
Consumer	(4.2)	25.6	17.5	22.6	17.5	15.8	
Technology	(37.1)	29.8	19.1	24.0	20.8	19.5	
Construction	(1.7)	22.2	9.5	17.1	9.5	12.3	
Energy	(4.8)	-	-	-	7.0	8.6	
Health care	(37.4)	52.6	13.5	33.0	13.5	21.6	
Ind Prod	(16.1)	38.6	9.5	23.6	9.5	11.3	
REIT	(3.5)	-	-	-	23.5	15.1	
Telco	(12.9)	25.1	24.9	25.0	24.9	17.2	
Transportations	(9.5)	-	-	-	-	16.0	
Utilities	(3.8)	-	-	-	12.0	12.1	

Source: Bloomberg

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