



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell yesterday in line with weakness in Asian equity markets. Market breadth was broadly negative with 269 gainers versus 661 losers. The plantation sector was the top percentage loser plunging by 2.74%, while the REIT and transportation & logistics sectors were the only sectors to finish in the green. Petronas Dagangan (5681) was the top loser declining by RM1.86 or 7.91% on profit-taking after the stock jumped on Tuesday. The FBM KLCI decreased by 1.33% to 1,491.95.

We expect Malaysian equities to trend lower in the short-term as pessimism returns to plague global equity markets.

ECONOMICS

- **Malaysia's** manufacturing PMI down slightly in August
- **Malaysia's** retail sales at record level, up 63% in 2Q

COMPANY

- **Alibaba's** Lazada eyes Europe push to take on Amazon, Zalando
- **AME REIT's** IPO public portion oversubscribed by 2.46 times
- **Hartalega (5168)** slows NGC 1.5 plant expansion as glove oversupply dents demand
- **Inta Bina (0192)** secures second-largest project for the year worth RM137.8m

EXPRESSO FOR THE DAY

- **Technical Watch – PanaMy (3719)** – Entry Price RM26.70, Target Price RM29.37, Stop Loss RM22.83, Support RM25.37, Resistance RM27.02
- **Technical Watch – PowerRoot (7237)** – Entry Price RM22.42, Target Price RM24.66, Stop Loss RM19.17, Support RM21.30, Resistance RM1.91

| Local | | (%) |
|-----------------------|----------|--------|
| FBMKLCI | 1,491.95 | (1.3) |
| Volume (mil) | 2,443.65 | (14.7) |
| Value (RM'mil) | 2,023.12 | (25.5) |
| Gainers | 269 | |
| Losers | 661 | |
| Unchanged | 372 | |

| Foreign | | (%) |
|--------------------|----------|-------|
| Dow Jones | 31,656.4 | 0.5 |
| Nasdaq CI | 11,785.1 | (0.3) |
| S&P 500 | 3,966.9 | 0.3 |
| FTSE 100 | 7,148.5 | (1.9) |
| Nikkei 225 | 27,661.5 | (1.5) |
| Shanghai CI | 3,185.0 | (0.5) |
| HSI | 19,597.3 | (1.8) |
| STI | 3,224.1 | 0.1 |

| Most Active | RM | Chg |
|----------------|-------|---------|
| JADEM | 0.310 | (0.195) |
| HSI-CJC | 0.215 | (0.080) |
| DNEX | 0.820 | (0.040) |
| TOPGLOV | 0.800 | (0.005) |
| SERBADK | 0.035 | 0.005 |

| Top Gainer | RM | Chg |
|------------------|--------|-------|
| PANAMY | 26.700 | 0.520 |
| HEIM | 24.080 | 0.500 |
| SP500-H13 | 2.240 | 0.380 |
| PERSTIM | 4.270 | 0.370 |
| NPC | 1.890 | 0.190 |

| Top Loser | RM | Chg |
|----------------|--------|---------|
| PETDAG | 21.640 | (1.860) |
| MPI | 30.000 | (0.760) |
| KLK | 22.500 | (0.640) |
| F&N | 22.000 | (0.380) |
| PPB | 17.260 | (0.340) |

| Other Stats | | (%) |
|---------------------------|----------|--------|
| USD/MYR | 4.48 | 0.17 |
| USD/RMB | 6.91 | 0.24 |
| Brent (USD/barrel) | 92.36 | (4.28) |
| Gold (USD/troy oz) | 1,697.52 | (0.79) |
| CPO (RM/metric t) | 4,005.0 | (0.51) |



DAILY NEWSWATCH

ECONOMICS

The Malaysian manufacturing sector reported a moderation in growth momentum midway through 3Q22, according to S&P Global's latest indicator of economic health for Malaysia's manufacturing sector. (The Edge)

Malaysian retail sales rose 62.5% in 2Q22 compared with the same period in 2021, reaching a new record level, according to latest figures released by independent retail research firm Retail Group Malaysia. (The Edge)

COMPANY

Alibaba Group Holding Ltd's Lazada Group is preparing to make its maiden foray into Europe, building on its success in Southeast Asia to take on rivals such as Amazon.com Inc and Zalando SE in one of the biggest online shopping markets. (The Edge)

AME Real Estate Investment Trust's initial public offering for the Malaysian public portion was oversubscribed by 2.46 times. AME REIT is slated for listing on the Main Market of Bursa Malaysia on Sept 20. (The Edge)

Glove manufacturer **Hartalega Holdings Bhd (5168)** has slowed down its Next Generation Integrated Glove Manufacturing Complex 1.5 plant expansion as the company still sees an oversupply of gloves in the market. (The Edge)

Inta Bina Group Bhd's (0192) wholly-owned subsidiary Inta Bina Sdn Bhd has accepted a RM137.8m construction contract from SDB Properties Sdn Bhd, a wholly-owned subsidiary of Selangor Dredging Bhd. (The Edge)



Panasonic Manufacturing Malaysia Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: PMM MK | KLSE Stock Code: 3719

Main Market
Consumer Products & Services
Subsector – Household Goods

Current Price: RM26.70

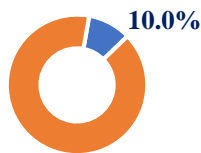
Target Price: RM29.37

Investment Highlights

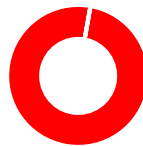
On a trend reversal, the stock is currently trading above the MA20. We think there is a potential reversal supported by a bullish marubozu with a strong momentum on the stock (RSI >55).

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: 3

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|------|------------|------------|-------------|
| P/E | 21.4 | 20.2 | 17.8 |
| P/B | 2.3 | 2.5 | 2.3 |
| P/CF | 24.5 | 19.2 | 15.6 |
| P/S | 1.9 | 2.0 | 1.8 |

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

Company Overview

Panasonic Manufacturing Malaysia Berhad manufactures household electrical appliances. The Company offers electric and ceiling fans, blender, juicer, home shower, vacuum cleaner, dish dryer, food drinder, and other related products. Panasonic Manufacturing Malaysia serves customers worldwide.



Ronnie Tan

ronnie-tan@mersec.com.my

| | |
|----------------------------|---------------------------------|
| Entry Price | RM26.70 |
| Market Cap (m) | RM1,621.9 |
| 52w high | RM32.70 |
| 52w low | RM25.56 |
| Stop Loss | RM22.83 |
| Immediate Support | RM25.37 |
| Immediate Resistance | RM27.02 (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) | 6,232.5 |



Power Root Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: PWRT MK | KLSE Stock Code: 7237

Main Market
Consumer Products & Services
Subsector – Food & Beverages

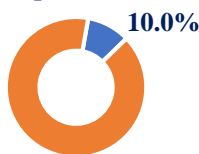
Current Price: RM1.96
Target Price: RM2.16

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential breakout of the resistance supported by a bullish engulfing coupled 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 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: 2
Holds: 2
Sells: 0

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|------|------------|------------|-------------|
| P/E | 28.7 | 28.1 | 20.9 |
| P/BV | 2.6 | 2.7 | 2.7 |
| P/CF | 20.0 | 20.2 | 17.8 |
| P/S | 1.9 | 1.9 | 1.8 |

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

Company Overview

Power Root Bhd bottles beverages. The Company produces ready-to-drink coffee, tea, and energy drinks.



Ronnie Tan
ronnie-tan@mersec.com.my

| | |
|----------------------------|---------------------------------|
| Entry Price | RM1.96 |
| Market Cap (m) | RM815.3 |
| 52w high | RM1.96 |
| 52w low | RM1.24 |
| Stop Loss | RM1.68 |
| Immediate Support | RM1.86 |
| Immediate Resistance | RM1.91 (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) | 212,014.3 |



TECHNICAL ANALYSIS SCOREBOARD

| Date | Stock | Code | Entry (RM) | Prev Close (RM) | Stop Loss (RM) | TP (RM) | Day Change (%) | Gain/Loss from TP (%) | Remark |
|-----------|-----------|------|------------|-----------------|----------------|---------|----------------|-----------------------|--------------|
| 4/8/2022 | Vitrox | 0097 | 7.790 | 7.200 | 6.660 | 8.570 | -0.8 | -7.6 | - |
| 4/8/2022 | Axiata | 6888 | 2.950 | 2.970 | 2.520 | 3.250 | -1.0 | 0.7 | - |
| 8/8/2022 | Harrison | 5008 | 5.750 | NA | 4.920 | 6.330 | N/A | N/A | - |
| 8/8/2022 | Hextar | 5151 | 1.670 | 1.610 | 1.430 | 1.840 | 0.0 | -3.6 | - |
| 9/8/2022 | DKSH | 5908 | 4.330 | N/A | 3.640 | 4.760 | N/A | N/A | - |
| 9/8/2022 | BIG | 7008 | 0.760 | 0.680 | 0.710 | 0.840 | -5.6 | -10.5 | TP Achieved |
| 10/8/2022 | Signature | 7246 | 1.500 | 1.590 | 1.270 | 1.640 | 4.6 | 6.0 | - |
| 10/8/2022 | PetGas | 6033 | 17.280 | 17.160 | 14.790 | 19.030 | -1.4 | -0.7 | - |
| 11/8/2022 | TexChem | 8702 | 3.150 | 3.470 | 2.690 | 3.470 | -1.4 | 10.2 | TP Achieved |
| 11/8/2022 | SimePlt | 5285 | 4.510 | 4.220 | 3.860 | 4.960 | -3.9 | -6.4 | - |
| 12/8/2022 | SAM | 9822 | 4.590 | 4.300 | 2.750 | 5.050 | -1.8 | -6.3 | - |
| 12/8/2022 | Heineken | 3255 | 24.440 | 24.080 | 20.900 | 26.880 | -0.5 | -1.5 | - |
| 15/8/2022 | Kobay | 6971 | 3.220 | 2.670 | 2.750 | 3.540 | -2.6 | -17.1 | SL Triggered |
| 15/8/2022 | Guan | 5102 | 2.410 | 2.400 | 2.060 | 2.650 | 0.0 | -0.4 | - |
| 16/8/2022 | Signature | 7246 | 1.520 | 1.590 | 1.300 | 1.670 | 4.6 | 4.6 | - |
| 16/8/2022 | Carlsberg | 2836 | 24.040 | 23.300 | 20.550 | 26.440 | 0.1 | -3.1 | - |
| 17/8/2022 | Digi | 6947 | 3.860 | 3.620 | 3.300 | 4.250 | -2.9 | -6.2 | - |
| 17/8/2022 | Bonia | 9288 | 2.450 | 2.200 | 2.090 | 2.700 | -3.1 | -10.2 | - |
| 18/8/2022 | KLK | 2445 | 23.000 | 22.500 | 19.670 | 25.300 | 0.7 | -2.2 | - |
| 18/8/2022 | SKP | 7155 | 1.730 | 1.690 | 1.480 | 1.900 | 1.2 | -2.3 | - |
| 19/8/2022 | CORAZA | 0240 | 0.830 | 0.735 | 0.710 | 0.910 | -7.5 | -11.4 | - |
| 19/8/2022 | AMMB | 1015 | 4.070 | 3.960 | 3.480 | 4.480 | -1.2 | -2.7 | - |
| 21/8/2022 | Padini | 7052 | 3.370 | 3.400 | 2.880 | 3.710 | 2.4 | 0.9 | - |
| 21/8/2022 | MPI | 3867 | 34.480 | 30.000 | 29.480 | 37.930 | -9.1 | -13.0 | - |
| 22/8/2022 | Pantech | 5125 | 0.670 | 0.655 | 0.570 | 0.740 | -2.2 | -2.2 | - |
| 22/8/2022 | Harbour | 2062 | 1.170 | 1.270 | 1.000 | 1.290 | 6.7 | 8.5 | - |
| 23/8/2022 | Atech | 5302 | 1.610 | 1.570 | 1.380 | 1.770 | -1.9 | -2.5 | - |
| 23/8/2022 | Hibiscus | 5199 | 0.970 | 0.990 | 0.830 | 1.290 | -2.0 | 2.1 | - |
| 24/8/2022 | PMB | 7172 | 3.490 | 3.600 | 2.980 | 3.840 | 1.7 | 3.2 | - |
| 24/8/2022 | DRBHicom | 1619 | 1.400 | 1.430 | 1.200 | 1.540 | -0.7 | 2.1 | - |
| 25/8/2022 | TexChem | 8702 | 3.690 | 3.470 | 3.150 | 4.060 | -1.4 | -6.0 | - |
| 25/8/2022 | TNB | 5347 | 8.780 | 8.760 | 7.510 | 9.660 | -0.1 | -0.2 | - |
| 26/8/2022 | Scientex | 4731 | 3.610 | 3.500 | 3.090 | 3.970 | -1.1 | -1.6 | - |
| 26/8/2022 | ChinHin | 5273 | 2.540 | 2.470 | 2.170 | 2.790 | -3.1 | 0.7 | - |
| 29/8/2022 | Pchem | 5183 | 8.900 | 8.780 | 7.610 | 9.790 | -1.3 | 3 | - |
| 29/8/2022 | MFCB | 3069 | 3.600 | 3.510 | 3.080 | 3.900 | -2.5 | 5.3 | - |
| 30/8/2022 | KLK | 2445 | 22.82 | 8.900 | 7.610 | 24.660 | 2.4 | 3 | - |
| 30/8/2022 | PetDag | 5681 | 22.42 | 3.600 | 3.080 | 24.660 | 1.7 | 5.3 | - |
| 1/9/2022 | PanaMY | 3719 | 26.700 | 26.700 | 22.830 | 29.370 | 2.0 | 7.6 | - |
| 1/9/2022 | PowerRoot | 7237 | 1.960 | 1.960 | 1.680 | 2.160 | 4.3 | 9.9 | - |

*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 | 2.050 | 0.18 | 8.8 |
| British American Tobacco Malay | Consumer | 10.380 | 0.86 | 8.3 |
| YTL Hospitality REIT | REIT | 0.930 | 0.08 | 8.2 |
| UOA REIT | REIT | 1.130 | 0.09 | 7.6 |
| Pharmaniaga Bhd | Consumer | 0.550 | 0.04 | 7.3 |
| Al-'Aqar Healthcare REIT | REIT | 1.210 | 0.09 | 7.2 |
| Capitaland Malaysia Trust | REIT | 0.545 | 0.04 | 7.0 |
| Tambun Indah Land Bhd | Property | 0.820 | 0.06 | 7.0 |
| Uchi Technologies Bhd | Industrial | 3.310 | 0.21 | 6.3 |
| YTL Power International Bhd | Utilities | 0.740 | 0.05 | 6.2 |
| Malayan Banking Bhd | Finance | 8.910 | 0.55 | 6.2 |
| Malaysia Building Society Bhd | Finance | 0.575 | 0.04 | 6.1 |
| Pavilion REIT | REIT | 1.290 | 0.07 | 5.8 |
| Hong Leong Industries Bhd | Industrial | 9.140 | 0.52 | 5.7 |

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 | (4.8) | 21.3 | 15.4 | 17.6 | 15.4 | 13.0 | |
| Finance | 7.6 | 13.0 | 11.5 | 12.5 | 12.9 | 7.2 | |
| Property | (7.2) | 13.8 | 10.8 | 12.0 | 10.8 | 9.8 | |
| Plantation | 6.8 | 94.6 | 8.7 | 43.3 | 8.7 | 13.8 | |
| Consumer | (0.4) | 25.6 | 18.3 | 22.7 | 18.3 | 16.4 | |
| Technology | (35.3) | 29.8 | 19.1 | 24.0 | 21.0 | 19.9 | |
| Construction | 1.4 | 22.2 | 9.7 | 17.1 | 9.7 | 11.9 | |
| Energy | 1.1 | - | - | - | 7.7 | 9.4 | |
| Health care | (34.2) | 52.6 | 13.2 | 32.9 | 13.2 | 22.8 | |
| Ind Prod | (10.9) | 38.6 | 10.1 | 23.7 | 10.1 | 11.4 | |
| REIT | 0.4 | - | - | - | 24.6 | 15.8 | |
| Telco | (8.8) | 26.0 | 25.1 | 25.5 | 26.0 | 18.0 | |
| Transportations | (6.6) | - | - | - | - | 16.7 | |
| Utilities | 0.5 | - | - | - | 12.8 | 12.6 | |

Source: Bloomberg

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MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (**113193-W**)

L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur

Telephone: (603) - 6203 7227 Website: www.mercurysecurities.com.my

Email: mercurykl@mersec.com.my