



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks were mixed with 441 gainers versus 438 losers. The property sector was the top percentage gainer surging by 1.44%, while the transportation & logistics sector was the top percentage loser falling by 1.42%. KESM Industries (9334) was a major loser declining by RM0.40 or 5.33%. The FBM KLCI increased by 0.27% to 1,442.12.

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

ECONOMICS

- **BNM** international reserves up 0.7% to US\$105.2 bn as at Oct 31
- **China's** trade unexpectedly shrinks as Covid-19 curbs, global slowdown jolt demand

COMPANY

- **Apple** trims new iPhone output by three million units as demand cools
- **Datasonic (5216)** bags RM140m i-Kad job from govt
- **Niche Capital Emas (7139)** to raise RM37.66m via private placement
- **United Plantations (2089)** posts its best quarterly profit, declares 40 sen dividend
- **Velesto (5243)** bags RM640m contract from Hess

EXPRESSO FOR THE DAY

- **Technical Watch – Genting Plantations (2291)** – Entry Price RM6.28, Target Price RM6.91, Stop Loss RM5.37, Support RM5.97, Resistance RM6.20
- **Technical Watch – Digi.com (6947)** – Entry Price RM3.88, Target Price RM4.27, Stop Loss RM3.32, Support RM3.69, Resistance RM3.81

Local (%)		
FBMKLCI	1,442.12	0.3
Volume (mil)	2,796.45	17.2
Value (RM'mil)	1,649.69	(4.0)
Gainers	441	
Losers	438	
Unchanged	379	
Foreign (%)		
Dow Jones	32,827.0	1.3
Nasdaq CI	10,564.5	0.9
S&P 500	3,806.8	1.0
FTSE 100	7,300.0	(0.5)
Nikkei 225	27,527.6	1.2
Shanghai CI	3,077.8	0.2
HSI	16,595.9	2.7
STI	3,141.3	0.4
Most Active RM Chg		
ASB	0.090	0.025
TWL	0.030	(0.005)
TANCO	0.440	0.030
BORNOIL	0.020	0.000
TOPGLOV	0.790	0.025
Top Gainer RM Chg		
DIN045801028	102.000	0.500
HEIM	23.600	0.500
PPB	16.660	0.460
RAPID	15.280	0.400
CARLSBG	22.500	0.320
Top Loser RM Chg		
HSI-HER	0.995	(0.405)
KESM	7.100	(0.400)
PEIDAG	21.600	(0.400)
HSI-HE8	1.130	(0.330)
HEXTECH	11.500	(0.320)
Other Stats (%)		
USD/MYR	4.74	(0.16)
USD/RMB	7.23	0.63
Brent (USD/barrel)	97.92	(0.66)
Gold (USD/troy oz)	1,675.63	(0.37)
CPO (RM/metric t)	4,201.5	0.31



DAILY NEWSWATCH

ECONOMICS

After two months of decline, **Bank Negara Malaysia's international reserves** climbed 0.7% to US\$105.2 bn (RM487.79 bn) as at Oct 31, 2022, from US\$104.5 bn as at Oct 14. (The Edge)

China's exports and imports unexpectedly contracted in October, the first simultaneous slump since May 2020, as a perfect storm of Covid-19 curbs at home and global recession risks dented demand and further darkened the outlook for a struggling economy. (The Edge)

COMPANY

Apple Inc expects to produce at least three million fewer iPhone 14 handsets than originally anticipated this year, according to people familiar with its plans. (The Edge)

Datasonic Group Bhd (5216) has clinched a contract worth RM140m to supply foreign worker cards (i-Kads) to the Immigration Department of Malaysia for a period of three years. (The Edge)

Niche Capital Emas Holdings Bhd (7139) has proposed a private placement to raise up to RM37.66m to fund its mining business and working capital. (The Edge)

United Plantations Bhd's (2089) net profit for 3QFY22 jumped 27.62% to RM196.72m — its best quarterly net profit to date — from RM154.15m in the same period last year, thanks to elevated crude palm oil and palm kernel prices. (The Edge)

Offshore drilling services provider **Velesto Energy Bhd (5243)** has bagged a US\$135m (RM640m) contract from Hess Exploration and Production Malaysia BV for the provision of integrated rig, drilling and completion services for Hess' North Malay Basin Full Field Development Campaign. (The Edge)



Genting Plantation Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: GENP MK | KLSE Stock Code: 2291

Main Market Plantation

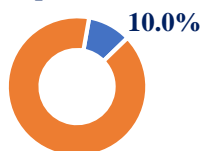
Subsector – Plantation
Current Price: RM6.28
Target Price: RM6.91

Investment Highlights

On a downtrend, 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 >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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buy: 9
Hold: 6
Sell: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	20.2	34.3	29.7
P/B	1.3	1.6	1.6
P/CF	11.5	24.2	23.0
P/S	2.4	3.1	3.9

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

Company Overview

Genting Plantations Berhad is an investment holding company which operates plantations. The Company, through its subsidiaries, also develops and invests in properties, processes fresh fruit bunches, trades rubber wood, provides palm oil mill management services, and operates golf course.



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Entry Price	RM6.28
Market Cap (m)	RM5,634.4
52w high	RM9.48
52w low	RM5.50
Stop Loss	RM5.37
Immediate Support	RM5.97
Immediate Resistance	RM6.20 (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)	2,103,312.3



Digi.com Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: DIGI MK | KLSE Stock Code: 6947

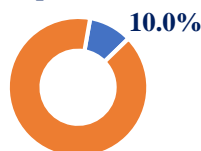
**Main Market
Telecommunications & Media
Subsector – Telco Svc Prvdr****Current Price: RM3.88****Target Price: RM4.27**

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 >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: 8
Holds: 10
Sells: 2**

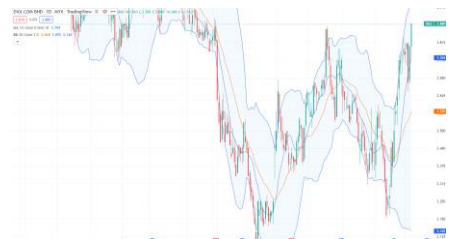
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.8	23.0	20.6
P/BV	49.1	48.7	52.4
P/CF	12.0	13.0	13.6
P/S	4.7	4.8	4.6

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

Company Overview

DiGi.Com Berhad is an investment holding company. Through its subsidiaries, the Company establishes, maintains, and provides wireless telecommunication services through the global system for mobile telecommunications (GSM) network in Malaysia. DiGi.Com also has operation in property holding and other related services.

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Entry Price	RM3.88
Market Cap (m)	RM30,167.0
52w high	RM4.36
52w low	RM3.10
Stop Loss	RM3.32
Immediate Support	RM3.69
Immediate Resistance	RM3.81 (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)	4,092,007.8



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
7/10/2022	Time	5031	4.650	4.610	4.950	5.120	2.2	-0.9	-
7/10/2022	Heineken	3255	23.760	23.100	20.310	26.140	-0.2	-2.8	-
11/10/2022	CIMB	1023	5.250	5.370	4.490	5.780	0.4	2.3	-
11/10/2022	Gamuda	5398	3.980	3.700	3.400	4.380	0.8	-7.0	-
12/10/2022	Padini	7025	3.290	3.350	2.810	3.620	-1.5	1.8	-
12/10/2022	PowerRoot	7237	2.080	2.170	1.780	2.290	5.3	4.3	-
13/10/2022	ChinHin	5273	2.650	2.840	2.270	2.920	0.0	7.2	-
13/10/2022	Adventa	7191	0.590	0.685	0.500	0.650	3.0	16.1	TP Achieved
14/10/2022	UWC	5292	3.610	3.630	3.090	3.970	-0.5	0.6	-
14/10/2022	PPB	4065	16.020	16.200	13.700	17.620	0.4	1.1	-
17/10/2022	IHH	5225	5.820	6.040	4.980	6.400	2.2	3.8	-
17/10/2022	HongLeongBank	5819	20.580	20.600	17.600	22.640	0.8	0.1	-
18/10/2022	Axiata	6888	2.630	2.810	2.250	2.890	2.9	6.8	-
18/10/2022	Telekom	4863	5.410	5.350	4.630	5.950	0.0	-1.1	-
19/10/2022	PressMetal	8869	4.630	4.390	3.740	4.810	0.9	-5.2	-
19/10/2022	CIMB	1023	5.370	5.370	4.590	5.910	0.4	0.0	-
20/10/2022	PChem	5183	8.850	8.510	7.580	9.750	0.1	-3.8	-
20/10/2022	SimeDarbyPlt	5285	4.410	4.360	3.770	4.850	2.6	-1.1	-
21/10/2022	BAT	4162	10.140	10.460	8.670	11.150	-0.4	3.2	-
21/10/2022	Bursa	1818	6.280	6.300	5.370	6.910	0.3	0.3	-
25/10/2022	PIE	7095	2.420	2.350	2.070	2.670	0.0	-2.9	TP Achieved
25/10/2022	Ambank	1015	4.150	3.950	3.550	4.570	0.0	-4.8	-
26/10/2022	KLK	2445	22.420	20.920	19.170	24.660	-0.2	-6.7	-
26/10/2022	HapSeng	3034	6.080	6.100	5.200	6.690	3.6	0.3	-
27/10/2022	AeonCR	5139	13.300	12.880	11.370	14.630	0.2	-3.2	-
27/10/2022	Vitrox	0097	7.260	6.980	6.210	7.990	-1.6	-3.9	-
31/10/2022	GasMsia	5209	3.410	3.330	2.920	3.750	0.0	-2.3	-
31/10/2022	Hexind	0161	0.600	0.630	0.130	0.650	0.8	5.0	TP Achieved
1/11/2022	PetDag	5681	21.680	22.000	18.540	23.850	4.0	1.5	-
1/11/2022	Dialog	7277	2.060	2.070	1.760	2.270	5.1	0.5	-
2/11/2022	ShinYing	5173	0.890	0.920	0.760	0.980	2.2	3.4	-
2/11/2022	UMW	4588	3.470	3.250	2.970	3.820	0.0	-6.3	-
3/11/2022	PetDag	5681	22.200	22.000	18.980	24.420	4.0	-0.9	-
3/11/2022	SKP	7155	1.670	1.650	1.430	1.840	0.0	-1.2	-
4/11/2022	Unisem	5005	2.780	2.700	2.380	3.060	-2.9	-2.9	-
4/11/2022	Carlsberg	2836	22.240	22.180	19.020	24.460	-0.3	-0.3	-
7/11/2022	Inari	0166	2.560	2.560	2.190	2.820	5.8	0.0	-
7/11/2022	QLRes	7084	5.340	5.340	4.570	5.870	4.1	0.0	-
8/11/2022	GenP	2291	6.280	6.060	5.370	6.910	1.0	-3.5	-
8/11/2022	Digi	6947	3.880	3.800	3.320	4.270	3.5	-2.1	-

*SL= Stop Loss

*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	1.750	0.18	10.3
YTL Hospitality REIT	REIT	0.880	0.08	8.6
British American Tobacco Malay	Consumer	10.480	0.88	8.4
Tambun Indah Land Bhd	Property	0.730	0.06	7.8
UOA REIT	REIT	1.130	0.09	7.6
Capitaland Malaysia Trust	REIT	0.530	0.04	7.4
Pharmaniaga Bhd	Consumer	0.535	0.04	6.9
Al-'Aqar Healthcare REIT	REIT	1.220	0.08	6.7
Malayan Banking Bhd	Finance	8.480	0.56	6.6
YTL Power International Bhd	Utilities	0.705	0.05	6.5
Uchi Technologies Bhd	Industrial	3.290	0.21	6.4
Pavilion REIT	REIT	1.230	0.08	6.2
Matrix Concepts Holdings Bhd	Property	1.440	0.09	6.1
Malaysia Building Society Bhd	Finance	0.580	0.04	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	(8.0)	21.3	15.1	17.5	15.1	12.6	
Finance	3.4	13.0	11.5	12.4	12.4	9.4	
Property	(11.6)	13.8	10.2	11.9	10.2	8.8	
Plantation	4.2	94.6	8.4	43.2	8.4	14.0	
Consumer	(2.5)	25.6	17.8	22.6	17.8	15.9	
Technology	(39.4)	29.8	19.1	23.8	19.7	19.2	
Construction	(2.8)	22.2	9.8	17.1	9.8	11.6	
Energy	3.4	-	-	-	7.2	8.6	
Health care	(29.4)	52.6	16.0	34.3	16.0	23.7	
Ind Prod	(14.0)	38.6	9.7	23.6	9.7	12.1	
REIT	(3.3)	-	-	-	23.0	15.2	
Telco	(11.1)	26.1	25.1	25.6	26.1	17.9	
Transportations	(0.9)	-	-	-	-	17.1	
Utilities	(4.5)	-	-	-	12.2	12.0	

Source: Bloomberg



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