



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined yesterday after a two-day rally leading up to the general election. Market breadth dwindled down with 431 gainers versus 445 losers. The healthcare sector was the top percentage gainer leading by an increase of 1.83%, while transportation and logistics sector was the losing sector declining by 1.21%. BLDPLNT (3867) was the top gainer increasing by RM0.58 or 9.63%. The FBM KLCI declined by 0.29% to 1,464.

We expect Malaysian equities to remain bearish ahead of the upcoming general election in Malaysia.

ECONOMICS

- Malaysia warns **uncertainties, volatility in palm oil market** to persist in 2023.
- Malaysia's **services, manufacturing growth** set to continue in 2023, says **Moody's Analytics**

COMPANY

- Artroniq (0038)** signs LOI with Cambodian digital bank.
- Samchem (5147)** records higher 3Q revenue, lower net profit
- PetGas (6033)** 3Q profit falls 27% on higher operating cost, unfavourable forex movement

EXPRESSO FOR THE DAY

- Technical Watch – Ajiya (7609)** – Entry Price RM1.49, Target Price RM1.64, Stop Loss RM1.27, Support RM1.42, Resistance RM1.45
- Technical Watch – Affin (5185)** – Entry Price RM2.35, Target Price RM2.59, Stop Loss RM2.01, Support RM2.23, Resistance RM2.25

Local		(%)
FBMKLCI	1,464.00	(0.3)
Volume (mil)	2,796.70	(18.6)
Value (RM'mil)	1,565.30	(35.5)
Gainers	431	
Losers	445	
Unchanged	393	

Foreign		(%)
Dow Jones	33,536.7	(0.6)
Nasdaq CI	11,196.2	(1.1)
S&P 500	3,957.3	(0.9)
FTSE 100	7,385.2	0.9
Nikkei 225	27,963.5	(1.1)
Shanghai CI	3,083.4	(0.1)
HSI	17,619.7	1.7
STI	3,260.8	1.0

Most Active	RM	Chg
ASB	0.140	0.005
TOPGLOV	1.020	0.060
HSI-HKS	0.275	(0.040)
TECHNAX	0.030	0.005
ICON	0.145	0.010

Top Gainer	RM	Chg
BLDPLNT	9.610	0.580
IMASPRO	5.600	0.500
SIGN	2.980	0.360
PEIDAG	21.940	0.300
CHINHIN	3.370	0.220

Top Loser	RM	Chg
NESTLE	130.200	(1.400)
HEXTECH	15.400	(1.100)
HSI-HE7	1.350	(0.480)
MPI	25.760	(0.420)
HEIM	24.580	(0.320)

Other Stats		(%)
USD/MYR	4.59	(0.59)
USD/RMB	7.07	(0.40)
Brent (USD/barrel)	93.14	(2.97)
Gold (USD/troy oz)	1,769.54	0.01
CPO (RM/metric t)	4,173.0	5.23

**DAILY NEWSWATCH****ECONOMICS**

Malaysia's palm oil board on Monday warned of a tough 2023 for the market for the world's most consumed edible oil, with the persistence of global uncertainties in weather, geopolitics and economics that have caused wide price swings this year. The edible oils market has grappled with volatility triggered by recession fears, Russia's invasion of Ukraine and governments' curbing exports to protect domestic food supplies. The "palm oil situation is expected to remain uncertain in 2023, The balance of supply and demand will be swayed by shifts in weather patterns, the labour situation, currency volatility and policy and geopolitical instability " said the Malaysian Palm Oil Board Director-General Ahmad Parveez Ghulam Kadir. (The Edge)

Malaysia's services and manufacturing growth, the big factor behind the country's strong third-quarter (3Q) gross domestic product print, is projected to continue in 2023. Moody's Analytics, in its latest Asia Pacific Economic Preview report, said the stronger year-on-year growth of 14.2% in 3Q exceeded expectations, with consumption and investment contributing significantly to the growth. It said the influx of tourists pushed up demand for the retail trade, accommodation, and food and beverage sectors, and growth in these industries will likely be carried into early 2023. (The Edge)

COMPANY

Artroniq Bhd (0038) is looking to collaborate with Cambodian digital bank Panda Commercial Bank PLC to provide services and consultations in research and development of blockchain based financial services for the bank. Artroniq said its wholly owned subsidiary EA Global Integrated Sdn Bhd (EAISB) has entered into a letter of intent (LOI) with Panda Commercial Bank to form a strategic partnership, which would see the appointment of EAISB to provide the services and consultations. The intention of the proposed collaboration is to further strengthen and expand its market penetration in Cambodia, as well as provide a new source of business income to the group. (The Edge)

Samchem Holdings Bhd (5147) achieved a 16% growth in revenue to RM317.3 million for the third quarter ended Sept 30, 2022 (3QFY2022), against RM272.8 million a year ago. However, the chemical product distributor's net profit nearly halved to RM6.49 million for the quarter under review, compared with RM12.6 million for the previous corresponding quarter, according to a filing with the stock exchange. Samchem attributed the lower profit to higher cost and loitering business activities faced by customers due to uncertainties. The CEO, Ng Thin Poh added that they view the setback in chemical demand as temporary, as the market adjusts to the new economic benchmark, rationalising product prices and normalising inventory levels. (The Edge)

Petronas Gas Bhd's (6033) net profit for the third quarter ended Sept 30, 2022 (3QFY2022) fell 27% to RM425.82 million from RM580.84 million for the same period last year, amid higher operating cost — mainly relating to fuel gas and internal gas consumption costs, and the impact of unfavourable foreign exchange movements. The decline in 3QFY2022 profit came despite revenue climbing 9% to RM1.56 billion from RM1.43 billion, mainly lifted by a stronger utilities segment's contribution as a result of higher product prices, in line with higher fuel gas prices. (The Edge)



Ajiya Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: AJY MK | KLSE Stock Code: 7609

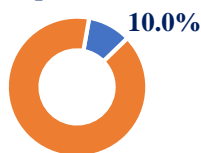
Main Market
Industrial Products & Services
Subsector – Building Material
Current Price: RM1.49
Target Price: RM1.64

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	33.6	29.4	20.0
P/B	0.6	0.5	0.6
P/CF	67.0	34.2	20.9
P/S	0.9	0.6	0.5

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

Company Overview

Ajiya Berhad operates as an investment holding company. The Company, through its subsidiaries, manufactures and sells roofing, glass, and other building materials, as well as offers metal, zinc, and aluminum products. Ajiya serves residential, industrial, and commercial customers.



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Entry Price	RM1.49
Market Cap (m)	RM425.8
52w high	RM1.50
52w low	RM0.59
Stop Loss	RM1.27
Immediate Support	RM1.42
Immediate Resistance	RM1.45
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)	3,229,776.2



AFFIN Bank Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: ABANK MK | KLSE Stock Code: 5185

Main Market
Financial Services
Subsector – Banking

Current Price: RM2.35

Target Price: RM2.59

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a three white soldiers coupled with a strong momentum on the stock (RSI >75).

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: 6
Holds: 3
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	11.4	9.0	8.6
P/BV	0.4	0.4	0.6
P/CF	1.5	1.5	2.7
P/S	1.1	1.0	1.1

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

Company Overview

AFFIN Bank Berhad operates as a bank. The Bank offers deposits, loans, investment, online banking, asset management, underwriting, life and general insurance facilities, and financing services. AFFIN Bank serves customers in Malaysia.



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Entry Price	RM2.35
Market Cap (m)	RM5,199.0
52w high	RM2.35
52w low	RM1.62
Stop Loss	RM2.01
Immediate Support	RM2.23
Immediate Resistance	RM2.25 (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)	1,590,440.1



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
17/10/2022	IHH	5225	5.820	6.000	4.980	6.400	0.5	3.1	-
17/10/2022	HongLeongBank	5819	20.580	20.600	17.600	22.640	0.0	0.1	-
18/10/2022	Axiata	6888	2.630	2.970	2.250	2.890	3.8	12.9	TP Achieved
18/10/2022	Telekom	4863	5.410	5.540	4.630	5.950	1.3	2.4	-
19/10/2022	PressMetal	8869	4.630	4.800	3.740	4.810	7.9	3.7	-
19/10/2022	CIMB	1023	5.370	5.520	4.590	5.910	0.7	2.8	-
20/10/2022	PChem	5183	8.850	8.730	7.580	9.750	1.0	-1.4	-
20/10/2022	SimeDarbyPlt	5285	4.410	4.450	3.770	4.850	2.3	0.9	-
21/10/2022	BAT	4162	10.140	10.180	8.670	11.150	-0.2	0.4	-
21/10/2022	Bursa	1818	6.280	6.480	5.370	6.910	1.6	3.2	-
25/10/2022	PIE	7095	2.420	2.600	2.070	2.670	4.8	7.4	TP Achieved
25/10/2022	Ambank	1015	4.150	3.960	3.550	4.570	0.8	-4.6	-
26/10/2022	KLK	2445	22.420	21.200	19.170	24.660	0.0	-5.4	-
26/10/2022	HapSeng	3034	6.080	6.400	5.200	6.690	4.1	5.3	-
27/10/2022	AeonCR	5139	13.300	13.000	11.370	14.630	0.9	-2.3	-
27/10/2022	Vitrox	0097	7.260	7.130	6.210	7.990	1.1	-1.8	-
31/10/2022	GasMsia	5209	3.410	3.330	2.920	3.750	-1.8	-2.3	-
31/10/2022	Hexind	0161	0.600	0.580	0.130	0.650	-5.7	-3.3	TP Achieved
1/11/2022	PetDag	5681	21.680	21.640	18.540	23.850	0.7	-0.2	-
1/11/2022	Dialog	7277	2.060	2.040	1.760	2.270	3.0	-1.0	-
2/11/2022	ShinYing	5173	0.890	0.740	0.760	0.980	0.7	-16.9	SL Triggered
2/11/2022	UMW	4588	3.470	3.250	2.970	3.820	0.0	-6.3	-
3/11/2022	PetDag	5681	22.200	21.640	18.980	24.420	0.7	-2.5	-
3/11/2022	SKP	7155	1.670	1.670	1.430	1.840	2.5	0.0	-
4/11/2022	Unisem	5005	2.780	2.640	2.380	3.060	6.5	-5.0	SL Triggered
4/11/2022	Carlsberg	2836	22.240	23.400	19.020	24.460	1.3	5.2	-
7/11/2022	Inari	0166	2.560	2.600	2.190	2.820	5.3	1.6	-
7/11/2022	QLRes	7084	5.340	5.320	4.570	5.870	1.1	-0.4	-
8/11/2022	GenP	2291	6.280	6.500	5.370	6.910	3.0	3.5	-
8/11/2022	Digi	6947	3.880	3.900	3.320	4.270	1.8	0.5	-
9/11/2022	Jentayu	5673	0.670	0.685	0.570	0.730	2.2	2.2	-
9/11/2022	Telekom	4863	5.450	5.540	4.660	6.000	1.3	1.7	-
10/11/2022	Tropicana	5401	1.380	1.370	1.180	1.520	-1.4	-0.7	-
10/11/2022	PMBTech	7172	4.050	4.250	3.460	4.460	6.5	4.9	-
11/11/2022	GasMsia	5209	3.390	3.330	2.900	3.730	-1.8	-1.8	-
11/11/2022	ChinHin	5273	2.990	3.150	2.560	3.290	5.4	5.4	-
14/11/2022	MPI	5401	26.100	26.180	22.320	28.710	9.6	0.3	-
14/11/2022	Greatech	0208	3.910	3.800	3.340	4.300	16.2	-2.8	-
15/11/2022	Ajiya	7609	1.490	1.410	1.270	1.640	0.0	-5.4	-
15/11/2022	Affin	5185	2.350	2.290	2.010	2.590	2.2	-2.6	-

*SL= Stop Loss

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.370	0.04	10.4
SHL Consolidated Bhd	Property	1.770	0.18	10.2
British American Tobacco Malay	Consumer	10.200	0.89	8.7
YTL Hospitality REIT	REIT	0.870	0.08	8.7
Tambun Indah Land Bhd	Property	0.740	0.06	7.7
UOA REIT	REIT	1.130	0.09	7.6
Capitaland Malaysia Trust	REIT	0.545	0.04	7.2
Pharmaniaga Bhd	Consumer	0.545	0.04	6.8
Al-'Aqar Healthcare REIT	REIT	1.210	0.08	6.8
YTL Power International Bhd	Utilities	0.680	0.05	6.8
Malayan Banking Bhd	Finance	8.590	0.57	6.6
Uchi Technologies Bhd	Industrial	3.250	0.21	6.5
Pavilion REIT	REIT	1.210	0.08	6.4
Sunway REIT	REIT	1.410	0.09	6.0
Matrix Concepts Holdings Bhd	Property	1.470	0.09	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	(6.6)	21.3	15.6	17.6	15.6	12.9	
Finance	4.6	13.0	11.5	12.4	12.6	9.5	
Property	(10.8)	13.8	10.2	11.9	10.2	8.9	
Plantation	5.3	94.6	8.5	43.3	8.5	14.2	
Consumer	(1.6)	25.6	17.6	22.6	17.6	16.1	
Technology	(37.4)	29.8	19.1	23.9	20.4	19.8	
Construction	(3.1)	22.2	9.9	17.1	9.9	11.5	
Energy	4.0	-	-	-	7.3	8.8	
Health care	(24.6)	52.6	20.8	36.7	20.8	26.1	
Ind Prod	(11.6)	38.6	10.0	23.7	10.0	12.5	
REIT	(3.8)	-	-	-	20.5	15.0	
Telco	(9.9)	26.4	25.1	25.8	26.4	18.2	
Transportations	(4.7)	-	-	-	-	15.8	
Utilities	(5.2)	-	-	-	12.3	11.9	

Source: Bloomberg



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