



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities fell as investors sentiment remain cloudier over the first-ever hung Parliament outcome in Malaysia today. Market breadth was on the mixed side with 378 gainers versus 510 losers. The health care sector was the top percentage gainer leading by an increase of 0.84%, while consumer products & services sector was the losing sector declining by 1.18%. PETDAG (5681) was the top gainer increasing by RM0.50 or 2.3%. The FBM KLCI declined by 0.1% to 1,447.96.

We anticipate that Malaysian stocks will remain bearish until a conclusive government is formed following the general election.

ECONOMICS

- **Ringgit falls** 290 basis points against greenback at opening
- **O&G stocks fall** as oil prices hover near two-month lows
- **RM7.32 bil market cap wiped off** on weak sentiment, **KLCI** to test 1,400 level pending PM selection

COMPANY

- **Malayan Flour Mills (3662)** optimistic on 2022 outlook despite challenges
- **Hiap Teck (5072)** set to ride on global steel demand recovery
- **Syscorp (5173)** beefs up Sarawak-S'pore shipping services
- **Caely (7154)** to form 60:40 JV company in Indonesia

EXPRESSO FOR THE DAY

- **Technical Watch – BAT (4162)** – Entry Price RM10.52, Target Price RM11.57, Stop Loss RM8.99, Support RM9.99, Resistance RM10.50
- **Technical Watch – CIMB (1023)** – Entry Price RM5.51, Target Price RM6.06, Stop Loss RM4.71, Support RM5.23, Resistance RM5.60

Local		(%)
FBMKLCI	1,448.00	(0.1)
Volume (mil)	4,292.20	62.9
Value (RM'mil)	2,501.50	35.1
Gainers	378	
Losers	510	
Unchanged	362	

Foreign		(%)
Dow Jones	33,700.3	0.5
Nasdaq CI	11,024.5	(1.1)
S&P 500	3,949.9	0.1
FTSE 100	7,376.9	0.4
Nikkei 225	28,142.8	0.1
Shanghai CI	3,085.0	(1.0)
HSI	17,655.9	(2.2)
STI	3,250.6	(1.1)

Most Active	RM	Chg
ASB	0.160	0.035
DNEX	0.570	0.065
MUIIND	0.100	0.010
EDEN	0.195	0.025
MASTEEL-WB	0.165	0.080

Top Gainer	RM	Chg
NESTLE	131.800	1.600
MPI	26.820	0.720
UTDPLT	14.600	0.300
BAT	10.520	0.280
RAPID	16.000	0.220

Top Loser	RM	Chg
HEIM	23.200	(1.540)
CARLSBG	22.000	(1.200)
PETDAG	22.160	(0.660)
HEXTECH	12.580	(0.540)
BLDPLNT	10.360	(0.440)

Other Stats		(%)
USD/MYR	4.58	0.62
USD/RMB	7.17	0.10
Brent (USD/barrel)	87.45	(2.60)
Gold (USD/troy oz)	1,750.68	(1.27)
CPO (RM/metric t)	3,853.5	(3.04)



DAILY NEWSWATCH

ECONOMICS

The ringgit slipped further against the US dollar on Monday morning extending last week's downtrend, as the first-ever hung Parliament outcome in Malaysia from the 15th general election (GE15) on Saturday shook investor confidence, an analyst said. (The Edge)

Oil and gas-linked stocks on Bursa Malaysia fell on Monday, as oil prices hovered near two-month lows as supply fears receded, while concerns over China's fuel demand and rising interest rates weighed on prices. (The Edge)

A cumulative **RM7.32 billion of value was wiped** off the market capitalisation of stocks **on Bursa Malaysia** on Monday, in a knee-jerk reaction to the outcome of an inconclusive government following the 15th general election that was held last Saturday (The Edge)

COMPANY

Malayan Flour Mills Bhd (3662) expects to remain profitable for the current financial year but anticipates challenges in the remaining months of 2022 amid macro uncertainties. (The Edge)

Hiap Teck Venture Bhd's (5072) medium-term prospects are increasingly positive as indicators have emerged that the steel sector may soon be out of the woods. (The Edge)

Shin Yang Shipping Corp Bhd (5173) has beefed up its container shipping between Sarawak and Singapore by deploying two vessels to service the route. (The Edge)

Caely Holdings Bhd (7154) is going to form a joint venture company to carry the business of apparel manufacturing, undergarments and lingerie in Jakarta, Indonesia. (The Edge)



British American Tobacco Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: ROTH MK | KLSE Stock Code: 4162

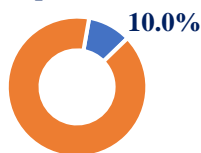
Main Market
Consumer Products & Services
Subsector – Personal Goods
Current Price: RM10.52
Target Price: RM11.57

Investment Highlights

On an sideways, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish engulfing 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 hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 2
Holds: 8
Sells: 2

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.5	12.5	12.6
P/B	8.9	11.9	16.4
P/CF	41.1	24.9	18.7
P/S	1.3	1.7	2.1

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

Company Overview

British American Tobacco Malaysia Berhad manufactures, imports, and sells cigarettes, pipe tobaccos, cigars, and luxury consumer products. The Company also provides travel and advertising and promotional services.



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Entry Price	RM10.52
Market Cap (m)	RM3,003.8
52w high	RM14.26
52w low	RM10.00
Stop Loss	RM8.99
Immediate Support	RM9.99
Immediate Resistance	RM10.50
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)	299,433.4



CIMB Group Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: CIMB MK | KLSE Stock Code: 1023

Main Market
Financial Services
Subsector – Banking

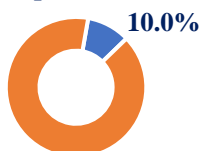
Current Price: RM5.51
Target Price: RM6.06

Investment Highlights

On an uptrend, the stock is currently trading below the MA20. We think that there is a potential upside supported by a bullish engulfing coupled with a strong momentum on the stock (RSI >55).

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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 16
Holds: 5
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.3	12.3	11.2
P/BV	0.8	0.8	0.9
P/CF	2.2	5.1	10.0
P/S	1.9	1.7	1.8

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

Company Overview

CIMB Group Holdings Berhad provides commercial banking and related financial services. The Company and its subsidiaries, operate as a regional universal bank offering a full range of financial products and services, covering corporate and investment banking, consumer banking, treasury, insurance and asset management.



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Entry Price	RM5.51
Market Cap (m)	RM58,764.7
52w high	RM5.75
52w low	RM4.72
Stop Loss	RM4.71
Immediate Support	RM5.23
Immediate Resistance	RM5.60 (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)	22,855,522.0



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
21/10/2022	BAT	4162	10.140	10.240	8.670	11.150	0.0	1.0	-
21/10/2022	Bursa	1818	6.280	6.400	5.370	6.910	0.0	1.9	-
25/10/2022	PIE	7095	2.420	2.560	2.070	2.670	-1.2	5.8	TP Achieved
25/10/2022	Ambank	1015	4.150	3.980	3.550	4.570	1.0	-4.1	-
26/10/2022	KLK	2445	22.420	21.420	19.170	24.660	-0.9	-4.5	-
26/10/2022	HapSeng	3034	6.080	6.500	5.200	6.690	0.6	6.9	-
27/10/2022	AeonCR	5139	13.300	12.660	11.370	14.630	0.5	-4.8	-
27/10/2022	Vitrox	0097	7.260	6.980	6.210	7.990	-1.1	-3.9	-
31/10/2022	GasMsia	5209	3.410	3.400	2.920	3.750	0.6	-0.3	-
31/10/2022	Hexind	0161	0.600	0.530	0.130	0.650	0.0	-11.7	TP Achieved
1/11/2022	PetDag	5681	21.680	22.820	18.540	23.850	1.5	5.3	-
1/11/2022	Dialog	7277	2.060	2.100	1.760	2.270	1.0	1.9	-
2/11/2022	ShinYing	5173	0.890	0.740	0.760	0.980	-3.9	-16.9	SL Triggered
2/11/2022	UMW	4588	3.470	3.340	2.970	3.820	2.5	-3.7	-
3/11/2022	PetDag	5681	22.200	22.820	18.980	24.420	1.5	2.8	-
3/11/2022	SKP	7155	1.670	1.620	1.430	1.840	-1.8	-3.0	-
4/11/2022	Unisem	5005	2.780	2.610	2.380	3.060	1.6	-6.1	SL Triggered
4/11/2022	Carlsberg	2836	22.240	23.200	19.020	24.460	-0.1	4.3	-
7/11/2022	Inari	0166	2.560	2.580	2.190	2.820	-1.1	0.8	-
7/11/2022	QLRes	7084	5.340	5.450	4.570	5.870	-0.9	2.1	-
8/11/2022	GenP	2291	6.280	6.450	5.370	6.910	0.0	2.7	-
8/11/2022	Digi	6947	3.880	3.836	3.320	4.270	0.5	-1.1	-
9/11/2022	Jentayu	5673	0.670	0.685	0.570	0.730	0.7	2.2	-
9/11/2022	Telekom	4863	5.450	5.350	4.660	6.000	-1.7	-1.8	-
10/11/2022	Tropicana	5401	1.380	1.320	1.180	1.520	-2.9	-4.3	-
10/11/2022	PMBTech	7172	4.050	4.210	3.460	4.460	-1.2	4.0	-
11/11/2022	GasMsia	5209	3.390	3.400	2.900	3.730	0.6	0.3	-
11/11/2022	ChinHin	5273	2.990	3.380	2.560	3.290	0.3	13.0	TP Achieved
14/11/2022	MPI	5401	26.100	26.100	22.320	28.710	0.4	0.0	-
14/11/2022	Greatech	0208	3.910	3.730	3.340	4.300	-2.9	-4.6	-
15/11/2022	Ajaya	7609	1.490	1.530	1.270	1.640	-1.3	2.7	-
15/11/2022	Affin	5185	2.350	2.340	2.010	2.590	-0.8	-0.4	-
16/11/2022	BerjayaFood	5196	1.050	1.020	0.900	1.160	-1.9	-2.9	-
16/11/2022	MSC	5916	1.700	1.730	1.450	1.870	2.4	1.8	-
17/11/2022	Genetech	0104	2.420	2.410	2.070	2.660	-0.4	-0.4	-
17/11/2022	TNB	5347	8.480	8.380	7.250	9.330	-1.2	-1.2	-
21/11/2022	Allianz	1163	13.400	13.400	11.460	14.740	0.9	0.0	-
21/11/2022	BermazAuto	5248	1.940	1.940	1.660	2.130	2.1	0.0	-
22/11/2022	BAT	4162	10.520	10.240	8.990	11.570	0.0	-2.7	-
22/11/2022	CIMB	1023	5.510	5.410	4.710	6.060	1.1	-1.8	-

*SL= Stop Loss

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
SHL Consolidated Bhd	Property	1.720	0.18	10.5
YTL Hospitality REIT	REIT	0.905	0.08	8.4
British American Tobacco Malay	Consumer	10.520	0.88	8.4
Tambun Indah Land Bhd	Property	0.715	0.06	8.0
UOA REIT	REIT	1.130	0.09	7.6
Capitaland Malaysia Trust	REIT	0.540	0.04	7.2
YTL Power International Bhd	Utilities	0.665	0.05	6.9
Pharmaniaga Bhd	Consumer	0.540	0.04	6.9
Al-'Aqar Healthcare REIT	REIT	1.220	0.08	6.7
Malayan Banking Bhd	Finance	8.540	0.57	6.7
Pavilion REIT	REIT	1.200	0.08	6.5
Uchi Technologies Bhd	Industrial	3.250	0.21	6.5
Sunway REIT	REIT	1.410	0.09	6.2
Matrix Concepts Holdings Bhd	Property	1.470	0.09	6.0
Malaysia Building Society Bhd	Finance	0.585	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	(7.6)	21.3	15.3	17.6	15.3	12.7	
Finance	4.1	13.0	11.5	12.4	12.5	9.5	
Property	(11.4)	13.8	10.0	11.8	10.0	8.7	
Plantation	4.4	94.6	8.4	43.2	8.4	14.0	
Consumer	(2.9)	25.6	17.4	22.5	17.4	15.9	
Technology	(38.9)	29.8	19.1	23.8	19.8	19.5	
Construction	(5.0)	22.2	9.6	17.1	9.6	11.3	
Energy	3.2	-	-	-	7.2	8.7	
Health care	(28.3)	52.6	19.4	36.0	19.4	24.6	
Ind Prod	(11.7)	38.6	10.0	23.7	10.0	12.5	
REIT	(3.9)	-	-	-	19.9	15.0	
Telco	(10.5)	26.2	25.1	25.6	26.2	18.0	
Transportations	(8.0)	-	-	-	-	16.0	
Utilities	(5.2)	-	-	-	12.3	11.9	

Source: Bloomberg

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