



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities rose today despite uncertainties in the domestic political scene in Malaysia. Market breadth was mixed with 388 gainers versus 382 losers. The energy sector was the second consecutive top percentage gainer leading by an increase of 1.99%, while the transportation and logistics was the top loser declining by 0.77%. MPI (3867) was the top gainer increasing by RM0.80 or 3.0%. The FBM KLCI rose by 0.15% to 1,443.5.

We think that Malaysian equities will continue to decline until the country's present political situation stabilises.

ECONOMICS

- **Malaysian plastics industry** remains resilient with steady growth — MIDA
- **Selangor recorded RM30.82b** worth of **investments** from January 2020 to June 2022

COMPANY

- **ECA Integrated (1637)** makes strong debut on ACE Market at 65 sen
- **Mestron's (0207)** 3Q net profit triples, lifted by higher sales of telco tower, outdoor lighting products
- **Maybank (1155)** 3Q earnings rise 28.5% on stronger interest income, lower impairment
- **Tomei's (7230)** 3Q net profit grows 14 times amid strong demand for jewelleryes
- **TSH Resources' (9059)** 3Q earnings soar almost six times on land disposal gain

EXPRESSO FOR THE DAY

- **Technical Watch – PChem (5183)** – Entry Price RM8.78, Target Price RM9.66, Stop Loss RM7.51, Support RM8.34, Resistance RM9.01
- **Technical Watch – Press Metal (8896)** – Entry Price RM4.83, Target Price RM5.31, Stop Loss RM4.13, Support RM4.59, Resistance RM4.80

Local		(%)
FBMKLCI	1,443.50	0.2
Volume (mil)	2,684.20	(41.3)
Value (RM'mil)	1,633.30	(22.8)
Gainers	388	
Losers	382	
Unchanged	418	

Foreign		(%)
Dow Jones	34,147.5	0.1
Nasdaq CI	11,260.8	0.8
S&P 500	4,023.2	0.5
FTSE 100	7,474.1	0.3
Nikkei 225	28,115.7	0.1
Shanghai CI	3,096.9	0.3
HSI	17,523.8	0.6
STI	3,256.0	(0.1)

Most Active	RM	Chg
ASB	0.175	(0.005)
ECA	0.755	0.585
EDEN	0.190	0.015
MUIIND	0.100	0.000
HSI-CLC	0.270	0.005

Top Gainer	RM	Chg
MPI	27.600	0.800
ECA	0.755	0.585
NESTLE	130.100	0.400
BKAWAN	21.440	0.300
HEIM	23.320	0.300

Top Loser	RM	Chg
HEXTECH	12.320	(0.540)
DLADY	31.000	(0.200)
HLIND	9.110	(0.180)
SP500-H13	1.510	(0.170)
CANSINO-C9	0.070	(0.155)

Other Stats		(%)
USD/MYR	4.58	(0.09)
USD/RMB	7.16	0.29
Brent (USD/barrel)	85.08	(3.72)
Gold (USD/troy oz)	1,742.14	0.11
CPO (RM/metric t)	3,962.5	2.83



DAILY NEWSWATCH

ECONOMICS

The Malaysian plastics industry exhibited resilience during the pandemic and has continued on a **steady growth** path. The Malaysian Investment Development Authority (MIDA) said as of June 2022, 33 projects in the sector had been approved with accumulated investments of RM503.5 million. (The Edge)

Selangor recorded RM30.82 billion worth of local and foreign investments between January 2020 and June 2022, the State Legislative Assembly was told on Wednesday. (The Edge)

COMPANY

Automated manufacturing solution provider **ECA Integrated Solution Bhd (1637)** made a strong debut on the ACE Market of Bursa Malaysia Securities Bhd at 65 sen — a 282.4% premium to its initial public offering price of 17 sen. (The Edge)

Mestron Holdings Bhd's (0207) net profit jumped three times to RM3.35 million for 3QFY2022, from RM1.01 million recorded for the same quarter a year ago, thanks to higher sales of telecommunications tower and outdoor lighting products. (The Edge)

Malayan Banking Bhd's (1155) net profit grew 28.5% for 3QFY2022 as the group benefited from higher net fund and fee-based income, as well as reduction in net impairment losses. (The Edge)

Tomei Consolidated Bhd's (7230) net profit grew 14.24 times to RM14.32 million in 3QFY2022 against RM1.01 million in 3QFY2021 driven by higher sales due to the reopening of the economy. (The Edge)

TSH Resources Bhd (9059) registered a net profit of RM258.43 million in the third quarter ended Sept 30, 2022 (3QFY2022) — soaring by almost six times from RM45.08 million recorded in 3QFY2021. (The Edge)



Petronas Chemicals Group Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PCHEM MK | KLSE Stock Code: 5183

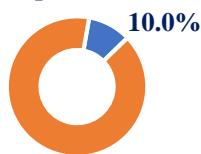
Main Market
Industrial Products & Services
Subsector – Chemicals
Current Price: RM8.78
Target Price: RM9.66

Investment Highlights

On a 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 lower volatility as seen from a contracting bollinger band, we think that prices could potentially trade with lower 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: 13
Holds: 5
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.3	16.1	15.0
P/B	1.9	1.8	1.8
P/CF	11.5	10.2	9.6
P/S	3.3	3.1	2.9

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

Company Overview

Petronas Chemicals Group Bhd. is a chemical company. The Company offers a diversified range of petrochemical products such as olefins, polymers, fertilisers, methanol, and other basic chemicals and derivative products.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM8.78
Market Cap (m)	RM70,240.0
52w high	RM11.08
52w low	RM7.87
Stop Loss	RM7.51
Immediate Support	RM8.34
Immediate Resistance	RM9.01 (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)	13,810,395.1



Press Metal Aluminium Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PMAH MK | KLSE Stock Code: 8869

Main Market
Industrial Products & Services
Subsector – Metals

Current Price: RM4.83

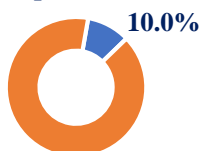
Target Price: RM5.31

Investment Highlights

On a sideways, the stock is currently trading above the MA20. We think that there is a potential upside supported by a bullish engulfing coupled 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 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: 10

Holds: 1

Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	56.6	42.9	32.7
P/BV	11.1	8.0	5.1
P/CF	111.3	60.1	36.6
P/S	4.5	3.0	1.9

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

Company Overview

Press Metal Aluminium Holdings Berhad operates as a holding company. The Company, through its subsidiaries, provides aluminium ingots, billets, fluorocarbon, and other products. Press Metal Aluminium Holdings serves customers worldwide.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM4.83
Market Cap (m)	RM39,797.4
52w high	RM7.40
52w low	RM3.90
Stop Loss	RM4.13
Immediate Support	RM4.59
Immediate Resistance	RM4.80 (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)	14,696,746.7



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
26/10/2022	KLK	2445	22.420	21.300	19.170	24.660	0.6	-5.0	-
26/10/2022	HapSeng	3034	6.080	6.480	5.200	6.690	-3.0	6.6	-
27/10/2022	AeonCR	5139	13.300	12.780	11.370	14.630	0.6	-3.9	-
27/10/2022	Vitrox	0097	7.260	7.040	6.210	7.990	1.3	-3.0	-
31/10/2022	GasMsia	5209	3.410	3.350	2.920	3.750	0.9	-1.8	-
31/10/2022	Hexind	0161	0.600	0.565	0.130	0.650	2.7	-5.8	TP Achieved
1/11/2022	PetDag	5681	21.680	21.440	18.540	23.850	-3.2	-1.1	-
1/11/2022	Dialog	7277	2.060	2.040	1.760	2.270	-2.9	-1.0	-
2/11/2022	ShinYing	5173	0.890	0.715	0.760	0.980	-3.4	-19.7	SL Triggered
2/11/2022	UMW	4588	3.470	3.390	2.970	3.820	1.2	-2.3	-
3/11/2022	PetDag	5681	22.200	21.440	18.980	24.420	-3.2	-3.4	-
3/11/2022	SKP	7155	1.670	1.630	1.430	1.840	-0.6	-2.4	-
4/11/2022	Unisem	5005	2.780	2.610	2.380	3.060	0.4	-6.1	SL Triggered
4/11/2022	Carlsberg	2836	22.240	21.780	19.020	24.460	-1.0	-2.1	-
7/11/2022	Inari	0166	2.560	2.530	2.190	2.820	-1.9	-1.2	-
7/11/2022	QLRes	7084	5.340	5.410	4.570	5.870	-0.2	1.3	-
8/11/2022	GenP	2291	6.280	6.500	5.370	6.910	-0.8	3.5	-
8/11/2022	Digi	6947	3.880	3.790	3.320	4.270	0.3	-2.3	-
9/11/2022	Jentayu	5673	0.670	0.695	0.570	0.730	-0.7	3.7	-
9/11/2022	Telekom	4863	5.450	5.450	4.660	6.000	-0.7	0.0	-
10/11/2022	Tropicana	5401	1.380	1.380	1.180	1.520	1.5	0.0	-
10/11/2022	PMBTech	7172	4.050	4.280	3.460	4.460	-0.9	5.7	-
11/11/2022	GasMsia	5209	3.390	3.350	2.900	3.730	0.9	-1.2	-
11/11/2022	ChinHin	5273	2.990	3.280	2.560	3.290	-3.0	9.7	TP Achieved
14/11/2022	MPI	5401	26.100	26.800	22.320	28.710	-0.1	2.7	-
14/11/2022	Greatech	0208	3.910	3.820	3.340	4.300	-0.3	-2.3	-
15/11/2022	Ajaya	7609	1.490	1.600	1.270	1.640	1.9	7.4	-
15/11/2022	Affin	5185	2.350	2.350	2.010	2.590	0.0	0.0	-
16/11/2022	BerjayaFood	5196	1.050	1.080	0.900	1.160	4.9	2.9	-
16/11/2022	MSC	5916	1.700	1.480	1.450	1.870	-8.6	-12.9	SL Triggered
17/11/2022	Genetech	0104	2.420	2.430	2.070	2.660	-1.6	0.4	-
17/11/2022	TNB	5347	8.480	8.440	7.250	9.330	0.4	-0.5	-
21/11/2022	Allianz	1163	13.400	13.360	11.460	14.740	-0.3	-0.3	-
21/11/2022	BermazAuto	5248	1.940	1.910	1.660	2.130	1.1	-1.5	-
22/11/2022	BAT	4162	10.520	10.680	8.990	11.570	1.5	1.5	-
23/11/2022	CIMB	1023	5.510	5.510	4.710	6.060	0.0	0.0	-
23/11/2022	CYL	2116	1.000	0.995	0.850	1.090	12.4	-0.5	-
23/11/2022	BerjayaFood	5196	1.080	1.080	0.920	1.190	4.9	0.0	-
24/11/2022	PChem	5183	8.780	8.700	7.510	9.660	0.7	-0.9	-
24/11/2022	PressMetal	8869	4.830	4.720	4.130	5.310	0.4	-2.3	-

*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	1.760	0.18	10.2
YTL Hospitality REIT	REIT	0.890	0.08	8.5
British American Tobacco Malay	Consumer	10.820	0.89	8.2
Tambun Indah Land Bhd	Property	0.715	0.06	8.0
UOA REIT	REIT	1.130	0.09	7.6
Capitaland Malaysia Trust	REIT	0.545	0.04	7.2
Pharmaniaga Bhd	Consumer	0.530	0.04	7.0
YTL Power International Bhd	Utilities	0.670	0.05	6.9
Al-'Aqar Healthcare REIT	REIT	1.220	0.08	6.7
Malayan Banking Bhd	Finance	8.550	0.57	6.7
Pavilion REIT	REIT	1.190	0.08	6.6
Uchi Technologies Bhd	Industrial	3.290	0.21	6.4
Sunway REIT	REIT	1.410	0.09	6.2
AmFirst REIT	REIT	0.370	0.02	6.2
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	(7.9)	21.3	15.4	17.6	15.4	12.7	
Finance	3.9	13.0	11.5	12.4	12.5	9.4	
Property	(11.3)	13.8	9.9	11.8	9.9	8.6	
Plantation	4.8	94.6	8.7	43.3	8.7	14.0	
Consumer	(3.6)	25.6	14.4	21.9	14.4	15.7	
Technology	(38.5)	29.8	19.1	23.9	20.3	19.7	
Construction	(3.9)	22.2	9.7	17.1	9.7	11.5	
Energy	5.7	-	-	-	7.2	8.9	
Health care	(29.4)	52.6	22.6	37.6	22.6	24.4	
Ind Prod	(11.3)	38.6	10.1	23.7	10.1	12.6	
REIT	(4.1)	-	-	-	19.9	14.9	
Telco	(11.2)	26.0	25.1	25.5	26.0	17.9	
Transportations	(8.7)	-	-	-	-	15.8	
Utilities	(4.5)	-	-	-	12.4	12.0	

Source: Bloomberg



Disclaimers

This report is prepared primarily for the use of Mercury Securities' clients in Malaysia and not for publication purposes, notwithstanding its public dissemination via external financial information providers such as Bloomberg LP. This report should not be reproduced, altered in any way, transmitted to, copied, or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Mercury Securities. Mercury Securities, companies and individuals related to it accept no liability whatsoever for the actions of third parties in this respect.

This research report is prepared for general circulation and for information purposes, only and under no circumstances, should it be considered or intended as an offer to sell or a solicitation of an offer to buy the stocks or securities referred to in the report. Investors should note that the price, values or fundamentals of any securities may fluctuate over time. Past performance of any securities may not be an accurate guide to its future performance.

This report is not intended to provide personal investment advice and does not take into account the investment objectives, financial situation and risk appetite of persons who may receive or read this report. Investors are advised to trade at their own absolute discretion, and to seek financial, legal and other pertinent professional advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

Any information, views, opinions, recommendations, and advice in this report are given in good faith but without any legal responsibility or liability to Mercury Securities and connected parties. Information contained in this report has been obtained from public sources believed to be reliable, but such sources are not independently verified by Mercury Securities and consequently no representation is made as to the accuracy or completeness of this information, and it should not be relied upon as such. The views, recommendations and opinions in this research report are our own as of the date hereof and are subject to change without prior notice.

Mercury Securities expressly disclaims any obligation to update or revise any views, recommendations, forward looking statements, and forecasts in a timely manner to reflect new information, events, or circumstances after the date of this report publication or to reflect the occurrence of unanticipated events. Our views and recommendations are based on our own analysis of publicly available information. A subject company's fundamentals and prospects are subject to various risks and uncertainties that could cause its actual performance to differ from our opinion.

As such, Mercury Securities and its directors, officers, associates, connected parties and employees shall not be liable for any direct, indirect, or consequential losses or damages that may arise from the use of or reliance on this research report.

Disclosures

Mercury Securities Sdn Bhd Registration No. 198401000672 (113193-W) is a Participating Organisation of Bursa Malaysia Securities Berhad and a principal holding a Capital Markets Services Licence ("CMSL") issued by the Securities Commission ("SC") of Malaysia. Its research analysts hold a Capital Markets Services Representative's Licence ("CMSRL"). Principals holding a CMSL and representatives holding a CMSRL are regulated by SC in accordance with the Capital Markets and Services Act 2007 ("CMSA").

Mercury Securities, companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks or securities in the markets mentioned. Some of the subject companies covered by Mercury Securities for research purposes may be a client of Mercury Securities in the past, current or may be a potential client in the future. Possible business dealings may include, but is not limited to share trading, market making, underwriting, corporate finance and corporate advisory services.

Published and printed by:

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
