



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined yesterday on the back of investor caution following weak regional market performance. Market breadth ends negatively with 368 gainers against 532 losers. The transportation and logistics sector was the top percentage gainer leading by an increase of 1.53%, while the utilities sector was the top loser declining by 1.15%. MPI (3867) was the top gainer increasing by RM0.80 or 2.8%. The FBM KLCI declined by 0.19% to 1,474.38.

We expect Malaysian stocks to trend higher mid-week on bargain-hunting activities for undervalued stocks.

ECONOMICS

- Foreign selling of Malaysian equities doubled to RM731.8m last week, says MIDF
- Economists expect sluggish IPI growth to remain until 1H2023 on slower global economic growth
- Manufacturing sales up 12.9% to RM158.9b in October, says DOSM

COMPANY

- EMS provider **NationGate** aims to raise RM165.5m from ACE Market IPO
- Magni-Tech (7087)** sees 46% rise in 2Q net profit, declares 2.3 sen dividend
- Maxis' **(6012)** regional core network infrastructure improves connectivity in East Malaysia
- MIDA and CREST ink MOU with **Dassault Systems** to propel towards Industry 4.0 readiness
- UMW (4588)** sold 39,034 vehicles in November as UMWT and Perodua hit record sales

EXPRESSO FOR THE DAY

- Technical Watch – Kotra (0002)** – Entry Price RM6.05, Target Price RM6.06, Stop Loss RM5.17, Support RM5.75, Resistance RM5.76
- Technical Watch – PPB (4065)** – Entry Price RM17.82, Target Price RM19.60, Stop Loss RM15.24, Support RM16.93, Resistance RM17.59

Local		(%)
FBMKLCI	1,474.40	(0.2)
Volume (mil)	2,522.20	(22.2)
Value (RM'mil)	1,519.00	(21.7)
Gainers	368	
Losers	532	
Unchanged	377	

Foreign		(%)
Dow Jones	34,005.0	1.6
Nasdaq CI	11,143.7	1.3
S&P 500	3,990.6	1.4
FTSE 100	7,446.0	(0.4)
Nikkei 225	27,842.3	(0.2)
Shanghai CI	3,179.0	(0.9)
HSI	19,463.6	(2.2)
STI	3,239.7	(0.2)

Most Active	RM	Chg
ASB	0.180	0.015
PTRB	0.520	0.025
AT	0.015	(0.005)
SCOPE	0.205	0.015
TAWIN	0.060	(0.005)

Top Gainer	RM	Chg
MPI	29.800	0.800
NESTLE	137.400	0.600
BKAWAN	21.300	0.480
KOTRA	6.050	0.450
F&N	21.600	0.340

Top Loser	RM	Chg
LPI	12.800	(0.320)
PETDAG	21.940	(0.260)
VITROX	7.730	(0.210)
TECGUAN	1.310	(0.140)
TENAGA	9.200	(0.130)

Other Stats		(%)
USD/MYR	4.42	0.30
USD/RMB	6.98	0.28
Brent (USD/barrel)	78.18	2.73
Gold (USD/troy oz)	1,781.41	(0.88)
CPO (RM/metric t)	3,933.5	(1.30)



## DAILY NEWSWATCH

### ECONOMICS

Foreign selling of Malaysian equities extended for the fourth consecutive week, jumping to RM731.8 million last week from RM301.2 million the prior week. In its weekly fund flow report on Monday (Dec 12), the MIDF Research team said every trading day last week was a net selling day by foreigners. (The Edge)

Economists expect a further slowdown of industrial production growth until year end and into the first half of 2023 (1H2023) due to the ongoing slowdown in global growth. (The Edge)

The manufacturing sector recorded RM158.9 billion in sales in October 2022, an increase of 12.9% year-on-year, said the Department of Statistics Malaysia (DOSM). (The Edge)

### COMPANY

Electronics manufacturing services (EMS) provider **NationGate Holdings Bhd** is seeking to raise RM165.5 million in its initial public offering, where the bulk of the proceeds will be used to repay bank borrowings. (The Edge)

**Magni-Tech Industries Bhd's (7087)** net profit for 2QFY2023 rose 46.28% to RM24.98 million, from RM17.08 million a year earlier, helped by a gain of RM16.89 million from the disposal of property. (The Edge)

**Maxis Bhd (6012)** has built a regional core network architecture in East Malaysia, specifically in Kuching and in Kota Kinabalu, to cater to all mobile user traffic and content reach with direct international content connectivity. (The Edge)

The Malaysian Investment Development Authority and Collaborative Research in Engineering and Science and Technology Centre inked a Memorandum of Understanding with **France's Dassault Systèmes Pte Ltd** to prepare small and medium enterprises to adopt Industry 4.0 machinations. (The Edge)

The **UMW (4588)** group's automotive sales surged to a new high in November 2022 as both UMW Toyota Motor and Perodua — UMW's associate company — registered record sales. (The Edge)

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# Kotra Industries Berhad

## Technical Watch - "BUY on Potential Upside"

Bloomberg: KTRI MK | KLSE Stock Code: 0097

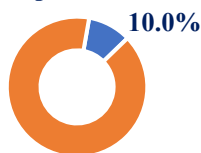
Main Market  
Health Care  
Subsector – Pharmaceuticals  
Current Price: RM6.05  
Target Price: RM6.66

### 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).

An expanding Bollinger bands suggests higher volatility and higher potential upside 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



**Buy: 1**  
**Hold: 2**  
**Sell: 0**

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.9	12.4	15.9
P/B	2.2	1.8	1.5
P/CF	7.4	7.2	7.3
P/S	2.6	2.0	1.5

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

### Company Overview

Kotra Industries Berhad makes therapeutic products including anti-inflammatory, analgesic, antacids, cold and antitussive, anthelmintics, antidiabetics, antiasthmatics, dermatological preparations, mouth and throat preparations, antiameobics, antihistamines, anti-emetics, and antivertigo. The Company also produces OTC products, energy drink booster, and mineral water.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM6.05
Market Cap (m)	RM895.4
52w high	RM6.05
52w low	RM3.00
Stop Loss	RM5.17
Immediate Support	RM5.75
Immediate Resistance	RM5.76 (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)	85,661.3



# PPB Group Berhad

## Technical Watch - "BUY on Potential Upside"

Bloomberg: PEP MK | KLSE Stock Code: 4065

Main Market  
Consumer Product & Services  
Subsector – Food & Beverages

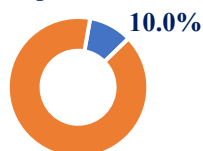
Current Price: RM17.82  
Target Price: RM19.60

### Investment Highlights

On an uptrend the stock is currently trading above the MA20. We think that there is a potential upside supported by three white soldiers coupled with a rising momentum on the stock (RSI >65).

An expanding Bollinger bands suggests higher volatility and higher potential upside 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: 5  
Holds: 0  
Sells: 0

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.1	19.3	17.8
P/BV	1.0	1.1	1.0
P/CF	86.3	58.7	45.5
P/S	5.1	5.3	4.8

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

### Company Overview

PPB Group Berhad is an investment holding company. The Company's operations include grains trading, flour and animal feed milling industry as well as downstream activities including livestock farming, food processing and consumer products distribution with primary focus in Indonesia, Malaysia, China, India and Europe.



Ronnie Tan  
ronnie-tan@mersec.com.my

Entry Price	RM17.82
Market Cap (m)	RM25,350.7
52w high	RM18.72
52w low	RM14.90
Stop Loss	RM15.24
Immediate Support	RM16.93
Immediate Resistance	RM17.59 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	1,010,755.5



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
14/11/2022	MPI	5401	26.100	29.800	22.320	28.710	2.8	14.2	TP Achieved
14/11/2022	Greatech	0208	3.910	5.050	3.340	4.300	-0.8	29.2	TP Achieved
15/11/2022	Ajaya	7609	1.490	1.710	1.270	1.640	-1.7	14.8	TP Achieved
15/11/2022	Affin	5185	2.350	2.040	2.010	2.590	-1.0	-13.2	SL Triggered
16/11/2022	BerjayaFood	5196	1.050	1.010	0.900	1.160	0.0	-3.8	-
16/11/2022	MSC	5916	1.700	1.630	1.450	1.870	0.6	-4.1	SL Triggered
17/11/2022	Genetech	0104	2.420	2.670	2.070	2.660	0.0	10.3	TP Achieved
17/11/2022	TNB	5347	8.480	9.200	7.250	9.330	-1.4	8.5	TP Achieved
21/11/2022	Allianz	1163	13.400	13.780	11.460	14.740	0.7	2.8	-
21/11/2022	BermazAuto	5248	1.940	2.140	1.660	2.130	-2.7	10.3	TP Achieved
22/11/2022	BAT	4162	10.520	11.340	8.990	11.570	0.5	7.8	-
23/11/2022	CIMB	1023	5.510	5.740	4.710	6.060	1.6	4.2	-
23/11/2022	CYL	2116	1.000	1.050	0.850	1.090	-0.9	5.0	TP Achieved
23/11/2022	BerjayaFood	5196	1.080	1.010	0.920	1.190	0.0	-6.5	SL Triggered
24/11/2022	PChem	5183	8.780	8.480	7.510	9.660	-0.6	-3.4	-
24/11/2022	PressMetal	8896	4.830	4.860	4.130	5.310	0.4	0.6	-
25/11/2022	Greatech	0208	4.590	5.050	3.920	5.050	-0.8	10.0	TP Achieved
25/11/2022	Bursa	1818	7.000	6.670	5.990	7.700	-0.6	-4.7	-
29/11/2022	Padini	7052	3.350	3.370	2.860	3.690	-0.9	0.6	-
29/11/2022	Bursa	7293	2.350	2.480	2.010	2.590	1.2	5.5	-
30/11/2022	Pantech	5125	0.720	0.760	0.620	0.790	1.3	5.6	-
30/11/2022	Agmo	0258	0.740	0.750	0.630	0.810	-1.3	1.4	-
1/12/2022	Hibiscus	5199	1.110	1.050	0.950	1.220	0.0	-5.4	-
1/12/2022	Coraza	0240	0.720	0.790	0.620	0.800	-1.3	9.7	TP Achieved
2/12/2022	MPI	3867	31.700	29.800	27.100	34.870	2.8	-6.0	-
2/12/2022	Dufu	7233	1.950	1.950	1.670	2.150	-2.5	0.0	-
5/12/2022	PowerRoot	7237	2.360	2.220	2.020	2.600	0.9	-5.9	-
5/12/2022	Heineken	3255	25.980	25.400	22.210	28.580	0.2	-2.2	-
6/12/2022	Bonia	9288	2.460	2.360	2.100	2.700	-1.7	-4.1	-
6/12/2022	Master-Pack	7029	2.410	2.350	2.060	2.650	-3.3	-2.5	-
7/12/2022	LPI	8621	13.020	12.800	11.130	14.320	-2.4	-1.7	-
7/12/2022	AME	5293	1.370	1.330	1.170	1.510	1.5	-2.9	-
8/12/2022	SDS	0212	0.800	0.750	0.680	0.880	-3.8	-6.3	-
8/12/2022	Aemulus	0181	0.480	0.465	0.410	0.520	0.0	-3.1	-
9/12/2022	Ajiya	7609	1.740	1.710	1.490	1.910	-1.7	-1.7	-
9/12/2022	Signature	7246	2.950	2.850	2.510	3.220	-0.3	-3.4	-
12/12/2022	Vitrox	0097	7.940	7.730	6.790	8.730	-2.6	-2.6	-
12/12/2022	AMMB	1015	4.220	4.220	3.610	4.640	0.0	0.0	-
13/12/2022	Kotra	0002	6.050	6.050	5.170	6.660	8.0	0.0	-
13/12/2022	PPB	4065	17.820	17.820	15.240	19.600	1.8	0.0	-

\*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	1.900	0.18	9.5
YTL Hospitality REIT	REIT	0.885	0.08	8.8
British American Tobacco Malay	Consumer	11.340	0.92	8.1
UOA REIT	REIT	1.130	0.09	7.6
Tambun Indah Land Bhd	Property	0.780	0.06	7.4
Capitaland Malaysia Trust	REIT	0.535	0.04	7.3
Matrix Concepts Holdings Bhd	Property	1.490	0.10	6.9
Al-'Aqar Healthcare REIT	REIT	1.240	0.08	6.6
Uchi Technologies Bhd	Industrial	3.330	0.22	6.6
AmFirst REIT	REIT	0.350	0.02	6.5
Malayan Banking Bhd	Finance	8.700	0.55	6.4
Pavilion REIT	REIT	1.230	0.08	6.3
YTL Power International Bhd	Utilities	0.730	0.05	6.2
Sunway REIT	REIT	1.460	0.09	6.1
Pharmaniaga Bhd	Consumer	0.525	0.03	6.1

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	(5.9)	21.3	14.8	17.5	14.8	13.0	
Finance	6.3	13.0	11.5	12.3	11.8	9.8	
Property	(6.9)	13.8	8.6	11.5	8.6	9.7	
Plantation	3.1	94.6	8.9	43.3	8.9	14.4	
Consumer	0.3	25.6	14.6	22.0	14.6	16.1	
Technology	(32.0)	29.8	19.1	24.5	23.3	22.6	
Construction	0.8	22.2	9.8	17.1	9.8	12.1	
Energy	10.6	-	-	-	8.6	9.3	
Health care	(28.9)	52.6	25.2	38.9	25.2	25.3	
Ind Prod	(10.5)	38.6	10.0	23.7	10.0	12.6	
REIT	(2.8)	-	-	-	20.1	15.0	
Telco	(7.8)	25.1	23.4	24.2	23.4	18.9	
Transportations	(2.8)	-	-	-	-	16.4	
Utilities	(1.9)	-	-	-	12.6	12.1	

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](http://www.mercurysecurities.com.my)Email: [mercurykl@mersec.com.my](mailto:mercurykl@mersec.com.my)

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