



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose yesterday as market remains optimistic over strength in Wall Street and Asian equity markets. Market breadth ends negatively with 411 gainers against 485 losers. The energy sector was the top percentage gainer leading by an increase of 0.94%, while the health care sector was the top loser declining by 0.46%. Nestle (4707) was the top gainer increasing by RM0.90 or 0.7%. The FBM KLCI increased by 8.37% to 1,478.49.

Our forecasts on Malaysian stocks are bearish for the week following the decline in Wall Street stocks over the overnight announcement of interest rate hikes by the US FED.

ECONOMICS

- Morgan Stanley lifts **China GDP forecast** on reopening, easing
- **Global semicon equipment** sales to hit record US\$108.5 billion this year, says SEMI
- **Global banking sector** credit losses to be US\$2.1 trillion over three years to end-2024, says S&P
- **Global trade** set to reach almost US\$32 trillion this year, says UN
- **US** to add more than 30 Chinese companies to **trade blacklist**

COMPANY

- Mercedes-Benz gears up powertrain network for EVs from 2024
- Capital A's Teleport raises new growth capital of US\$50m

EXPRESSO FOR THE DAY

- **Technical Watch – QL Resources (7084)** – Entry Price RM5.65, Target Price RM6.22, Stop Loss RM4.83, Support RM5.37, Resistance RM5.60
- **Technical Watch – Public Bank (1295)** – Entry Price RM4.44, Target Price RM4.88, Stop Loss RM3.80, Support RM4.22, Resistance RM4.52

Local		(%)
FBMKLCI	1,483.20	0.9
Volume (mil)	2,514.60	(6.4)
Value (RM'mil)	1,904.00	3.6
Gainers	411	
Losers	485	
Unchanged	388	

Foreign		(%)
Dow Jones	33,966.4	(0.4)
Nasdaq CI	11,170.9	(0.8)
S&P 500	3,995.3	(0.6)
FTSE 100	7,495.9	(0.1)
Nikkei 225	28,156.2	0.7
Shanghai CI	3,176.5	0.0
HSI	19,673.5	0.4
STI	3,278.6	0.2

Most Active	RM	Chg
SNS	0.250	0.025
VELESTO	0.165	0.010
YEWLEE	0.390	0.030
TOPGLOV	0.785	(0.040)
TWL	0.035	0.000

Top Gainer	RM	Chg
TIMECOM	5.200	0.250
TECGUAN	1.390	0.080
VITROX	7.810	0.080
YSPSAH	2.490	0.060
TAKAFUL	3.510	0.040

Top Loser	RM	Chg
TAANN	3.980	(0.080)
TM	5.300	(0.070)
WPRTS	3.550	(0.060)
TEXCHEM	2.280	(0.050)
SOLUTN	0.290	(0.040)

Other Stats		(%)
USD/MYR	4.39	(0.82)
USD/RMB	6.95	(0.02)
Brent (USD/barrel)	82.70	2.50
Gold (USD/troy oz)	1,807.48	(0.19)
CPO (RM/metric t)	3,896.5	2.32



DAILY NEWSWATCH

ECONOMICS

Morgan Stanley economists upgraded their forecast for **China's gross domestic product growth in 2023** on expectations that the rapid reopening from Covid zero and continued steps to ease policy will boost the economy. (The Edge)

Global sales of total semiconductor manufacturing equipment by original equipment manufacturers are forecast to reach a new high of US\$108.5 billion in 2022, rising 5.9% from the previous industry record of US\$102.5 billion in 2021, according to the US-based Semiconductor Equipment & Materials International (SEMI). (The Edge)

Global banking sector credit losses will amount to around US\$2.1 trillion over the three years to end-2024, according to S&P Global Ratings. In a statement on Tuesday (Dec 13), the global rating agency said its base case sees higher but manageable credit losses ahead for banks across the globe. (The Edge)

Global trade is set to reach almost US\$32 trillion (RM140.77 trillion) this year, but inflation has reversed some of the gains made in recent months, according to the United Nations Conference on Trade and Development (UNCTAD). (The Edge)

The Biden administration plans to put Yangtze Memory Technologies and **more than 30 other Chinese companies** on a **trade blacklist** that would prevent them from buying certain American components, deepening tensions between the world's two economic superpowers. (The Edge)

COMPANY

Mercedes-Benz laid out on Wednesday an over €1 billion (US\$1.06 billion) plan to adapt its global production network for electric powertrain systems — including battery assembly, electric drive units, and axles — from 2024. (The Edge)

Capital A Bhd's logistics venture Teleport has raised new growth capital of US\$50 million (RM220 million) from large institutional credit investors to extend its cross-border delivery capabilities in all key Southeast Asian markets. (The Edge)



QL Resources Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: QLG MK | KLSE Stock Code: 7084

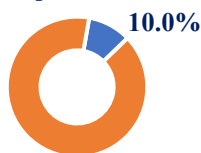
Main Market
Consumer Product & Services
Subsector – Agricultural Product
Current Price: RM5.65
Target Price: RM6.22

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 >60).

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



Buys: 4
Holds: 7
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	48.4	50.5	37.7
P/B	5.4	5.6	4.4
P/CF	25.4	30.8	26.5
P/S	2.7	2.9	2.3

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

Company Overview

QL Resources Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and sells fishmeal, surimi, and surimi based products, distributes animal feed raw materials, animal health products, and layer farming, and cultivates oil palm and crude palm oil milling.



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Entry Price	RM5.65
Market Cap (m)	RM13,750.2
52w high	RM5.73
52w low	RM4.48
Stop Loss	RM4.83
Immediate Support	RM5.37
Immediate Resistance	RM5.60 (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)	810,843.5



Public Bank Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PBK MK | KLSE Stock Code: 1295

Main Market
Financial Services
Subsector – Banking

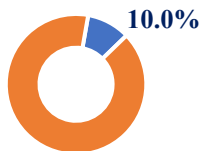
Current Price: RM4.44
Target Price: RM4.88

Investment Highlights

On a sideways the stock is currently trading above the MA20. We think that there is a potential upside supported by bullish engulfing coupled with a rising momentum on the stock (RSI >50).

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



Buy: 9
Hold: 8
Sell: 3

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	14.7	13.7	12.8
P/BV	1.7	1.7	1.9
P/CF	3.7	11.5	13.7
P/S	4.2	3.8	3.6

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

Company Overview

Public Bank Berhad provides a range of banking and financial services which include leasing and factoring, stock and futures broking, financing for the purchase of licensed public vehicles, and other financial services. The Group's overseas operations include branches in Hong Kong, Sri Lanka, Laos, Cambodia, and Vietnam.



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Entry Price	RM4.44
Market Cap (m)	RM86,183.5
52w high	RM4.79
52w low	RM3.98
Stop Loss	RM3.80
Immediate Support	RM4.22
Immediate Resistance	RM4.52 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	33,038,940.0



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
16/11/2022	BerjayaFood	5196	1.050	0.990	0.900	1.160	0.0	-5.7	-
16/11/2022	MSC	5916	1.700	1.580	1.450	1.870	-1.3	-7.1	SL Triggered
17/11/2022	Genetech	0104	2.420	2.730	2.070	2.660	1.1	12.8	TP Achieved
17/11/2022	TNB	5347	8.480	9.340	7.250	9.330	1.4	10.1	TP Achieved
21/11/2022	Allianz	1163	13.400	13.820	11.460	14.740	-0.1	3.1	-
21/11/2022	BermazAuto	5248	1.940	2.240	1.660	2.130	1.8	15.5	TP Achieved
22/11/2022	BAT	4162	10.520	11.260	8.990	11.570	-0.2	7.0	-
23/11/2022	CIMB	1023	5.510	5.830	4.710	6.060	1.2	5.8	-
23/11/2022	CYL	2116	1.000	1.120	0.850	1.090	10.9	12.0	TP Achieved
23/11/2022	BerjayaFood	5196	1.080	0.990	0.920	1.190	0.0	-8.3	SL Triggered
24/11/2022	PChem	5183	8.780	8.500	7.510	9.660	0.2	-3.2	-
24/11/2022	PressMetal	8896	4.830	4.860	4.130	5.310	1.8	0.6	-
25/11/2022	Greatech	0208	4.590	5.160	3.920	5.050	2.0	12.4	TP Achieved
25/11/2022	Bursa	1818	7.000	6.720	5.990	7.700	0.3	-4.0	-
29/11/2022	Padini	7052	3.350	3.340	2.860	3.690	0.3	-0.3	-
29/11/2022	Bursa	7293	2.350	2.480	2.010	2.590	0.4	5.5	-
30/11/2022	Pantech	5125	0.720	0.765	0.620	0.790	0.0	6.3	-
30/11/2022	Agmo	0258	0.740	0.770	0.630	0.810	2.7	4.1	-
1/12/2022	Hibiscus	5199	1.110	1.090	0.950	1.220	2.8	-1.8	-
1/12/2022	Coraza	0240	0.720	0.835	0.620	0.800	3.1	16.0	TP Achieved
2/12/2022	MPI	3867	31.700	30.700	27.100	34.870	2.4	-3.2	-
2/12/2022	Dufu	7233	1.950	1.960	1.670	2.150	0.0	0.5	-
5/12/2022	PowerRoot	7237	2.360	2.190	2.020	2.600	-2.2	-7.2	-
5/12/2022	Heineken	3255	25.980	25.700	22.210	28.580	0.9	-1.1	-
6/12/2022	Bonia	9288	2.460	2.400	2.100	2.700	1.7	-2.4	-
6/12/2022	Master-Pack	7029	2.410	2.390	2.060	2.650	2.1	-0.8	-
7/12/2022	LPI	8621	13.020	13.060	11.130	14.320	1.4	0.3	-
7/12/2022	AME	5293	1.370	1.320	1.170	1.510	-0.8	-3.6	-
8/12/2022	SDS	0212	0.800	0.800	0.680	0.880	1.3	0.0	-
8/12/2022	Aemulus	0181	0.480	0.505	0.410	0.520	7.4	5.2	-
9/12/2022	Ajiya	7609	1.740	1.570	1.490	1.910	-6.5	-9.8	-
9/12/2022	Signature	7246	2.950	2.720	2.510	3.220	-1.8	-7.8	-
12/12/2022	Vitrox	0097	7.940	7.850	6.790	8.730	0.5	-1.1	-
12/12/2022	AMMB	1015	4.220	4.240	3.610	4.640	1.7	0.5	-
13/12/2022	Kotra	0002	6.050	6.630	5.170	6.660	1.7	9.6	-
13/12/2022	PPB	4065	17.820	17.680	15.240	19.600	0.7	-0.8	-
14/12/2022	F&N	3689	22.120	22.000	18.910	24.330	-0.5	-0.5	-
14/12/2022	HarnLen	7501	1.970	1.980	1.680	2.170	0.5	0.5	-
15/12/2022	QLResources	7084	5.650	5.650	4.830	6.220	2.4	0.0	-
15/12/2022	PublicBank	1295	4.440	4.440	3.800	4.880	2.1	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	0.890	0.08	8.8
British American Tobacco Malay	Consumer	11.260	0.92	8.2
UOA REIT	REIT	1.140	0.09	7.5
RCE Capital Bhd	Finance	1.960	0.14	7.4
Tambun Indah Land Bhd	Property	0.785	0.06	7.4
Capitaland Malaysia Trust	REIT	0.525	0.04	7.4
Matrix Concepts Holdings Bhd	Property	1.500	0.10	6.9
Al-'Aqar Healthcare REIT	REIT	1.230	0.08	6.7
Uchi Technologies Bhd	Industrial	3.370	0.22	6.5
AmFirst REIT	REIT	0.350	0.02	6.5
Pavilion REIT	REIT	1.230	0.08	6.3
Malayan Banking Bhd	Finance	8.770	0.55	6.3
Sunway REIT	REIT	1.470	0.09	6.1
YTL Power International Bhd	Utilities	0.760	0.05	5.9

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	(5.4)	21.3	14.8	17.5	14.8	13.1	
Finance	7.1	13.0	11.5	12.3	11.9	9.9	
Property	(6.7)	13.8	8.6	11.5	8.6	9.7	
Plantation	2.9	94.6	8.9	43.3	8.9	14.3	
Consumer	1.0	25.6	14.7	22.0	14.7	16.2	
Technology	(31.0)	29.8	19.1	24.5	23.7	23.0	
Construction	(1.3)	22.2	9.7	17.1	9.7	11.8	
Energy	13.0	-	-	-	8.7	9.4	
Health care	(29.4)	52.6	24.8	38.7	24.8	25.1	
Ind Prod	(10.5)	38.6	10.0	23.7	10.0	12.6	
REIT	(2.8)	-	-	-	20.1	15.0	
Telco	(7.7)	25.1	22.7	23.9	22.7	18.5	
Transportations	(2.9)	-	-	-	-	16.3	
Utilities	(0.3)	-	-	-	12.8	12.3	

Source: Bloomberg

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