



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose last Friday on the back of the performance of selected heavy-weight stocks in the plantation sector. Market breadth ends negatively with 407 gainers against 485 losers. The plantation sector was the percentage gainer leading by an increase of 4.98%, while the healthcare sector was the top loser declining by 0.49%. HEXTECH (5136) was the top gainer increasing by RM1.00 or 6.8%. The FBM KLCI rose by 0.78% to 1,478.54.

We believe that Malaysian stocks will remain volatile in the short term as sell-off in global equities shows no sign of falling off.

ECONOMICS

- **Wall Street ends lower** for third straight day as recession worries rise
- **US bank stocks falter** as recession worries take hold
- **Ringgit to skew towards the downside** against US dollar next week

COMPANY

- ICT outfit **Artroniq (0038)** adopts 30% dividend payout policy
- **Straits Energy (0080)** buys 70% stake in technology firm to drive its digital transformation
- **Ibraco (5084)** unit sets up JVCo for ready-mix concrete biz
- **Ranhill Utilities (5272)** declares 0.5 sen first interim dividend
- **VS Industry (6963)** sees 1Q net profit jump 54% to RM60.7m, declares 0.5 sen dividend
- **F&N (3689)** announces final single-tier final dividend of 33 sen

EXPRESSO FOR THE DAY

- **Technical Watch – Hap Seng (3034)** – Entry Price RM5.65, Target Price RM6.22, Stop Loss RM5.37, Support RM5.97, Resistance RM6.83
- **Technical Watch – IOI Corp (1961)** – Entry Price RM3.98, Target Price RM4.38, Stop Loss RM3.40, Support RM3.78, Resistance RM4.10

Local		(%)
FBMKLCI	1,478.50	0.8
Volume (mil)	3,328.30	31.3
Value (RM'mil)	2,240.90	17.5
Gainers	407	
Losers	485	
Unchanged	414	
Foreign		(%)
Dow Jones	32,920.5	(0.8)
Nasdaq CI	10,705.4	(1.0)
S&P 500	3,852.4	(1.1)
FTSE 100	7,332.1	(1.3)
Nikkei 225	27,527.1	(1.9)
Shanghai CI	3,167.9	(0.0)
HSI	19,450.7	0.4
STI	3,240.8	(1.0)
Most Active	RM	Chg
SAPNRG	0.040	(0.005)
MUIIND	0.085	0.000
TOPGLOV	0.725	(0.010)
MQTECH	0.060	0.010
ICON	0.095	0.000
Top Gainer	RM	Chg
HEXTECH	15.600	1.000
KLK	21.760	0.740
NESTLE	139.000	0.700
UTDPLT	15.480	0.460
SIMEPLT	4.770	0.420
Top Loser	RM	Chg
IHH	5.800	(0.100)
WPRTS	3.500	(0.100)
PETDAG	21.840	(0.080)
SAM	4.800	(0.080)
PARAGON	1.800	(0.070)
Other Stats		(%)
USD/MYR	4.42	0.20
USD/RMB	6.97	0.00
Brent (USD/barrel)	79.04	(2.67)
Gold (USD/troy oz)	1,793.08	0.91
CPO (RM/metric t)	3,906.0	0.44



DAILY NEWSWATCH

ECONOMICS

US stocks dropped for a third straight session and suffered a second straight week of losses on Friday (Dec 16) as fears continued to mount that the Federal Reserve's campaign to arrest inflation would tilt the economy into a recession. (The Edge)

Shares of US banks are taking a beating in December, as worries over an expected recession and weakening profit margins dull the industry's appeal. (The Edge)

Bullish expectations for the ringgit would be put on hold next week, with the currency's movement leaning towards the downside at between 4.42 and 4.44 against the US dollar, said an analyst. (The Edge)

COMPANY

Artroniq Bhd (0038) has adopted a dividend policy that aims to distribute at least 30% of the company's profit after tax, excluding unrealised income from adjustments due to accounting policy that are non-cash, as a dividend for 2023 to its shareholders. (The Edge)

Straits Energy Resources Bhd's (0080) 75%-owned subsidiary Straits Technology Solutions Sdn Bhd is buying a 70% stake in broadband internet solutions provider Macro Lynx Sdn Bhd for RM700,000 cash. (The Edge)

Ranhill Utilities Bhd (5272) has announced a first interim dividend of 0.5 sen per share for the financial year ending Dec 31, 2022. (The Edge)

Property developer **Ibraco Bhd's (5084)** unit Ibraco Construction Sdn Bhd has set up a joint venture company with supplier of asphalt concrete and ready-mixed concrete Kamunting Premix Plant Sdn Bhd. (The Edge)

VS Industry Bhd's (6963) net profit for the first quarter ended Oct 31, 2022 jumped 54% to RM60.71 million, from RM39.39 million a year earlier, due mainly to higher sales orders from existing key customers. (The Edge)

Fraser & Neave Holdings Bhd (3689) has declared a final single-tier dividend of 33 sen per share for the financial year ended Sept 30, 2022. (The Edge)



Hap Seng Consolidated Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: HAP MK | KLSE Stock Code: 3034

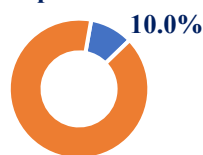
Main Market
Industrial Product & Services
Subsector – Diversfd Industrials
Current Price: RM5.65
Target Price: RM6.22

Investment Highlights

On a downtrend, the stock is currently trading below 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 crossover 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	20.6	20.4	15.4
P/B	2.3	2.6	2.5
P/CF	12.4	43.8	32.9
P/S	2.9	3.1	2.6

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

Company Overview

Hap Seng Consolidated Berhad is an investment holding company. The Company, through its subsidiaries, operates oil palm and cocoa plantations, trades heavy equipment and motor vehicles, fabricates and sells commercial trailers and tankers, provides leasing and money lending, and manufactures agricultural fertilizers, agro-chemicals, building materials, and plantation supplies.



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Entry Price	RM6.28
Market Cap (m)	RM15,635.1
52w high	RM8.30
52w low	RM5.75
Stop Loss	RM5.37
Immediate Support	RM5.97
Immediate Resistance	RM6.83 (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)	1,329,794.2



IOI Corporation Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: IOI MK | KLSE Stock Code: 1961

Main Market Plantation Subsector – Plantation

Current Price: RM3.98

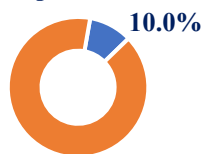
Target Price: RM4.38

Investment Highlights

On a sideways the stock is currently trading above the MA20. We think that there is a potential reversal supported by bullish engulfing coupled with a strong momentum on the stock (RSI >55).

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: 9
Holds: 7
Sells: 3

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.2	28.0	31.5
P/BV	2.4	2.6	3.1
P/CF	23.2	23.5	19.5
P/S	2.0	2.8	2.4

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

Company Overview

IOI Corporation Berhad cultivates and processes oil palm and rubber. The Company also, through its subsidiaries, operates in property development and investment, provides landscape services, and sells ornamental plants and turfing grass. IOI Corporation also manufactures industrial and medical gases, and provides building, engineering, and construction services.



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Entry Price	RM3.98
Market Cap (m)	RM24,707.7
52w high	RM4.76
52w low	RM3.58
Stop Loss	RM3.40
Immediate Support	RM3.78
Immediate Resistance	RM4.10 (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)	8,569,856.5



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
21/11/2022	Allianz	1163	13.400	13.720	11.460	14.740	-0.1	2.4	-
21/11/2022	BermazAuto	5248	1.940	2.190	1.660	2.130	0.5	12.9	TP Achieved
22/11/2022	BAT	4162	10.520	11.260	8.990	11.570	-0.5	7.0	-
23/11/2022	CIMB	1023	5.510	5.780	4.710	6.060	0.5	4.9	-
23/11/2022	CYL	2116	1.000	1.190	0.850	1.090	5.3	19.0	TP Achieved
23/11/2022	BerjayaFood	5196	1.080	1.020	0.920	1.190	0.0	-5.6	SL Triggered
24/11/2022	PChem	5183	8.780	8.510	7.510	9.660	0.6	-3.1	-
24/11/2022	PressMetal	8896	4.830	4.900	4.130	5.310	-0.6	1.4	-
25/11/2022	Greatech	0208	4.590	5.030	3.920	5.050	0.6	9.6	TP Achieved
25/11/2022	Bursa	1818	7.000	6.760	5.990	7.700	0.7	-3.4	-
29/11/2022	Padini	7052	3.350	3.240	2.860	3.690	-1.2	-3.3	-
29/11/2022	Bursa	7293	2.350	2.500	2.010	2.590	0.8	6.4	-
30/11/2022	Pantech	5125	0.720	0.745	0.620	0.790	-1.3	3.5	-
30/11/2022	Agmo	0258	0.740	0.770	0.630	0.810	-3.1	4.1	-
1/12/2022	Hibiscus	5199	1.110	1.100	0.950	1.220	0.0	-0.9	-
1/12/2022	Coraza	0240	0.720	0.820	0.620	0.800	-0.6	13.9	TP Achieved
2/12/2022	MPI	3867	31.700	30.500	27.100	34.870	0.0	-3.8	-
2/12/2022	Dufu	7233	1.950	1.900	1.670	2.150	-1.6	-2.6	-
5/12/2022	PowerRoot	7237	2.360	2.180	2.020	2.600	0.0	-7.6	-
5/12/2022	Heineken	3255	25.980	25.300	22.210	28.580	0.4	-2.6	-
6/12/2022	Bonia	9288	2.460	2.300	2.100	2.700	-1.7	-6.5	-
6/12/2022	Master-Pack	7029	2.410	2.480	2.060	2.650	1.2	2.9	-
7/12/2022	LPI	8621	13.020	13.080	11.130	14.320	-0.2	0.5	-
7/12/2022	AME	5293	1.370	1.310	1.170	1.510	-0.8	-4.4	-
8/12/2022	SDS	0212	0.800	0.785	0.680	0.880	-0.6	-1.9	-
8/12/2022	Aemulus	0181	0.480	0.500	0.410	0.520	0.0	4.2	-
9/12/2022	Ajiya	7609	1.740	1.650	1.490	1.910	1.9	-5.2	-
9/12/2022	Signature	7246	2.950	2.580	2.510	3.220	-1.9	-12.5	SL Triggered
12/12/2022	Vitrox	0097	7.940	7.800	6.790	8.730	0.0	-1.8	-
12/12/2022	AMMB	1015	4.220	4.180	3.610	4.640	-0.7	-0.9	-
13/12/2022	Kotra	0002	6.050	6.680	5.170	6.660	4.2	10.4	TP Achieved
13/12/2022	PPB	4065	17.820	17.840	15.240	19.600	1.9	0.1	-
14/12/2022	F&N	3689	22.120	21.800	18.910	24.330	-1.4	-1.4	-
14/12/2022	HarnLen	7501	1.970	1.920	1.680	2.170	-1.5	-2.5	-
15/12/2022	QLResources	7084	5.650	5.620	4.830	6.220	-0.2	-0.5	-
15/12/2022	PublicBank	1295	4.440	4.380	3.800	4.880	0.0	-1.4	-
16/12/2022	BAT	4162	11.320	11.260	9.680	12.450	-0.5	-0.5	-
16/12/2022	PressMetal	8869	4.930	4.900	4.220	5.420	-0.6	-0.6	-
19/12/2022	HapSeng	3034	5.650	6.280	5.370	6.220	1.8	11.2	TP Achieved
19/12/2022	IoiCorp	1961	3.980	3.980	3.400	4.380	7.9	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
RCE Capital Bhd	Finance	1.680	0.14	8.6
YTL Hospitality REIT	REIT	0.905	0.08	8.6
British American Tobacco Malay	Consumer	11.260	0.91	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	1.510	0.10	6.8
Al-'Aqar Healthcare REIT	REIT	1.210	0.08	6.8
AmFirst REIT	REIT	0.345	0.02	6.6
Uchi Technologies Bhd	Industrial	3.400	0.22	6.6
Malayan Banking Bhd	Finance	8.720	0.55	6.4
Pavilion REIT	REIT	1.230	0.08	6.3
Sunway REIT	REIT	1.450	0.09	6.1
YTL Power International Bhd	Utilities	0.740	0.04	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	(5.7)	21.3	14.8	17.5	14.8	13.1	
Finance	6.4	13.0	11.5	12.3	11.9	9.8	
Property	(7.3)	13.8	8.6	11.5	8.6	9.6	
Plantation	7.4	94.6	9.2	43.4	9.2	15.0	
Consumer	1.0	25.6	14.6	22.0	14.6	16.3	
Technology	(32.1)	29.8	19.1	24.5	23.3	22.5	
Construction	(1.9)	22.2	9.5	17.1	9.5	11.7	
Energy	12.4	-	-	-	8.8	9.5	
Health care	(31.1)	52.6	24.5	38.5	24.5	25.4	
Ind Prod	(10.6)	38.6	10.1	23.7	10.1	12.6	
REIT	(2.9)	-	-	-	20.0	15.0	
Telco	(10.0)	25.1	22.5	23.8	22.5	18.1	
Transportations	(0.9)	-	-	-	-	16.4	
Utilities	(1.1)	-	-	-	12.7	12.2	

Source: Bloomberg



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