



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell yesterday as the plantation stocks took a dive from Friday's gains. Market breadth ends negatively with 393 gainers against 495 losers. The transportation & logistic sector was the only percentage gainer leading by an increase of 1.29%, while plantation sector is the top loser declining by 2.36%. HEXTECH (5136) was the top gainer for the second consecutive day increasing by RM1.04 or 6.7%. The FBM KLCI fell by 0.1% to 1,477.09.

We think that Malaysian stocks will remain bearish following the decline in US stock indexes as fears of a recession worsens.

ECONOMICS

- **Malaysia's November trade up 15.6%** to RM238b; economists warn of slower global growth impact next year
- **Asian foreign exchange climbs** on easing rates outlook, China's policy support
- **Oil climbs** on optimism over China's demand recovery

COMPANY

- **Yinson (7293)** gets another contract extension worth RM15.03 mil for Adoon FPSO
- Japanese chipmaker **Renesas** halts Beijing plant as Covid-19 spreads
- **Petronas** sees stable activity outlook but expects energy market uncertainty to continue
- **LG Energy Solution** to invest US\$3.1 bil in South Korea battery facility

EXPRESSO FOR THE DAY

- **Technical Watch – IHH (5225)** – Entry Price RM5.90, Target Price RM6.49, Stop Loss RM5.04, Support RM5.61, Resistance RM5.60
- **Technical Watch – Gamuda (5398)** – Entry Price RM3.70, Target Price RM4.07, Stop Loss RM3.16, Support RM3.52, Resistance RM4.52

| Local | | (%) |
|----------------|----------|--------|
| FBMKLCI | 1,477.10 | (0.1) |
| Volume (mil) | 3,020.70 | (9.2) |
| Value (RM'mil) | 1,789.80 | (20.1) |
| Gainers | 393 | |
| Losers | 495 | |
| Unchanged | 415 | |

| Foreign | | (%) |
|-------------|----------|-------|
| Dow Jones | 32,920.5 | (0.8) |
| Nasdaq CI | 10,705.4 | (1.2) |
| S&P 500 | 3,852.4 | (0.5) |
| FTSE 100 | 7,368.0 | 0.4 |
| Nikkei 225 | 27,237.6 | (1.1) |
| Shanghai CI | 3,107.1 | (1.9) |
| HSI | 19,352.8 | (0.5) |
| STI | 3,256.6 | 0.5 |

| Most Active | RM | Chg |
|-------------|-------|---------|
| ASB | 0.205 | (0.015) |
| SUNVIEW | 0.615 | 0.110 |
| BORNOIL | 0.025 | 0.000 |
| YEWLEE | 0.425 | 0.050 |
| COSMOS | 0.655 | 0.160 |

| Top Gainer | RM | Chg |
|------------|--------|-------|
| HEXTECH | 16.640 | 1.040 |
| MPI | 31.060 | 0.560 |
| PETDAG | 22.280 | 0.440 |
| INFOTEC | 1.020 | 0.175 |
| COSMOS | 0.655 | 0.160 |

| Top Loser | RM | Chg |
|-----------|---------|---------|
| NESTLE | 137.000 | (2.000) |
| PPB | 17.460 | (0.380) |
| SIMEPLT | 4.430 | (0.340) |
| CHINTEK | 8.300 | (0.290) |
| KLK | 21.500 | (0.260) |

| Other Stats | | (%) |
|--------------------|----------|--------|
| USD/MYR | 4.43 | 0.07 |
| USD/RMB | 6.97 | 0.08 |
| Brent (USD/barrel) | 79.98 | 1.30 |
| Gold (USD/troy oz) | 1,797.76 | (0.23) |
| CPO (RM/metric t) | 3,907.0 | 0.03 |



DAILY NEWSWATCH

ECONOMICS

Malaysia's November 2022 trade rose by 15.6% year-on-year (y-o-y) to RM238.17 billion, marking the twenty-second straight month of double digit annual growth, according to Malaysia External Trade Development Corporation (Matrade). (The Edge)

Most Asian currencies firmed on Monday (Dec 19), lifted by prospects of slowing rate hikes and China's policy support for the economy, while Chinese markets weakened after the country reported its first Covid-19-related deaths since a recent easing in virus curbs. (The Edge)

Oil prices reclaimed ground on Monday after tumbling more than US\$2 a barrel in the previous session as optimism from China's reopening and oil demand recovery outweighed concerns of a global recession. (The Edge)

COMPANY

Yinson Holdings Bhd (7293) has secured another contract extension worth RM15.03 million, for charter of its Adoon floating production storage and offloading (FPSO), which is stationed at the Antan field off Nigeria. (The Edge)

Japan's Renesas Electronics Corp has suspended work at its Beijing chip plant because of Covid-19 infections and will keep it closed for several days, it said on Monday, one of the first suspensions by a major foreign manufacturer. (The Edge)

Petronas said that they can anticipate a positive outlook for drilling rigs, well services and underwater services in the next three years due to the repair and maintenance activities required, Petroleum Nasional Bhd (Petronas) said in its latest Activity Outlook report. (The Edge)

South Korean battery maker **LG Energy Solution** said on Monday it plans to invest four trillion won (RM13.61 billion or US\$3.1 billion) from this year to 2026 in a facility making batteries for electric vehicles and other goods. (The Edge)



IHH Healthcare Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: IHH MK | KLSE Stock Code: 5225

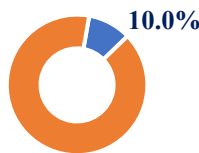
Main Market
Health Care
Subsector – HealthCare Providers
Current Price: RM5.90
Target Price: RM6.49

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 >45).

A contracting 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: 18
Holds: 3
Sells: 0

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|------|------------|------------|-------------|
| P/E | 58.7 | 128.0 | 88.5 |
| P/B | 2.3 | 2.2 | 2.1 |
| P/CF | 18.0 | 20.5 | 24.0 |
| P/S | 3.3 | 3.5 | 4.3 |

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

Company Overview

IHH Healthcare Bhd provides healthcare services. The Company operates hospitals as well as medical centers, clinics and ancillary healthcare businesses across multiple countries, including Singapore, Malaysia, Turkey, The Peoples Republic of China, India, Hong Kong, Vietnam, Macedonia and Brunei.



Ronnie Tan
ronnie-tan@mersec.com.my

| | |
|----------------------------|---------------------------------|
| Entry Price | RM5.90 |
| Market Cap (m) | RM51,955.7 |
| 52w high | RM7.34 |
| 52w low | RM5.44 |
| Stop Loss | RM5.04 |
| Immediate Support | RM5.61 |
| Immediate Resistance | RM6.00 (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) | 4,554,131.5 |



Gamuda Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: GAM MK | KLSE Stock Code: 5398

Main Market Construction Subsector – Construction

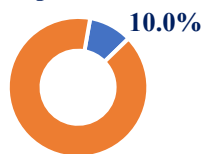
Current Price: RM3.70
Target Price: RM4.07

Investment Highlights

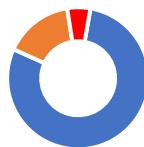
On a sideways the stock is currently trading below the MA20. We think that there is a potential upside supported by marubozu coupled with a rising momentum on the stock (RSI >45).

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: 15
Holds: 3
Sells: 1

Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|-------------|------------|------------|-------------|
| P/E | 17.2 | 15.1 | 14.1 |
| P/BV | 0.8 | 0.9 | 1.1 |
| P/CF | 6.2 | 16.5 | 89.6 |
| P/S | 2.0 | 1.9 | 2.7 |

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

Company Overview

Gamuda Berhad is an investment holding and civil engineering construction company. Through its subsidiaries, the Company provides earthwork construction, manufactures and supplies road surfacing materials, and operates quarry and road laying projects. Gamuda also has operation in hiring and rental of plant and machinery, develops properties, and manufactures and sells paper.



Ronnie Tan
ronnie-tan@mersec.com.my

| | |
|----------------------------|---------------------------------|
| Entry Price | RM3.70 |
| Market Cap (m) | RM9,671.4 |
| 52w high | RM3.70 |
| 52w low | RM2.50 |
| Stop Loss | RM3.16 |
| Immediate Support | RM3.52 |
| Immediate Resistance | RM3.98 (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) | 4,773,363.7 |



TECHNICAL ANALYSIS SCOREBOARD

| Date | Stock | Code | Entry (RM) | Prev Close (RM) | Stop Loss (RM) | TP (RM) | Day Change (%) | Gain/Loss from TP (%) | Remark |
|------------|-------------|------|------------|-----------------|----------------|---------|----------------|-----------------------|--------------|
| 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 | - |
| 20/12/2022 | IHH | 5225 | 5.900 | 5.800 | 5.040 | 6.490 | -1.7 | -1.7 | - |
| 20/12/2022 | Gamuda | 5398 | 3.700 | 3.610 | 3.160 | 4.070 | 0.0 | -2.4 | - |

*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 | 1.880 | 0.18 | 9.6 |
| RCE Capital Bhd | Finance | 1.680 | 0.14 | 8.6 |
| YTL Hospitality REIT | REIT | 0.915 | 0.08 | 8.5 |
| British American Tobacco Malay | Consumer | 11.280 | 0.91 | 8.1 |
| UOA REIT | REIT | 1.140 | 0.09 | 7.5 |
| Capitaland Malaysia Trust | REIT | 0.530 | 0.04 | 7.4 |
| Tambun Indah Land Bhd | Property | 0.790 | 0.06 | 7.3 |
| Matrix Concepts Holdings Bhd | Property | 1.490 | 0.10 | 6.9 |
| Al-'Aqar Healthcare REIT | REIT | 1.230 | 0.08 | 6.7 |
| AmFirst REIT | REIT | 0.345 | 0.02 | 6.6 |
| Uchi Technologies Bhd | Industrial | 3.380 | 0.22 | 6.6 |
| Malayan Banking Bhd | Finance | 8.710 | 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 |

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 | (5.8) | 21.3 | 14.8 | 17.5 | 14.8 | 13.1 | |
| Finance | 6.4 | 13.0 | 11.5 | 12.3 | 11.9 | 9.8 | |
| Property | (7.4) | 13.8 | 8.6 | 11.5 | 8.6 | 9.6 | |
| Plantation | 4.9 | 94.6 | 9.0 | 43.4 | 9.0 | 14.7 | |
| Consumer | 0.9 | 25.6 | 14.6 | 22.0 | 14.6 | 16.3 | |
| Technology | (32.4) | 29.8 | 19.1 | 24.5 | 23.2 | 22.4 | |
| Construction | (1.4) | 22.2 | 9.6 | 17.1 | 9.6 | 11.8 | |
| Energy | 11.8 | - | - | - | 8.8 | 9.5 | |
| Health care | (30.6) | 52.6 | 24.7 | 38.6 | 24.7 | 25.6 | |
| Ind Prod | (10.6) | 38.6 | 10.1 | 23.7 | 10.1 | 12.6 | |
| REIT | (2.5) | - | - | - | 20.1 | 15.1 | |
| Telco | (9.2) | 25.1 | 22.7 | 23.9 | 22.7 | 18.3 | |
| Transportations | 0.4 | - | - | - | - | 16.6 | |
| Utilities | (1.3) | - | - | - | 12.7 | 12.2 | |

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

Email: mercurykl@mersec.com.my
