



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell yesterday as the sell-offs occur across most sectors. Market breadth ends negatively with 328 gainers against 544 losers. The telecommunications & media sector was the percentage gainer leading by an increase of 0.66%, while the industrial products & services sector was the top loser declining by 1.93%. HLFG (1082) was the top gainer for the day increasing by RM0.28 or 1.5%. The FBM KLCI fell by 0.67% to 1,467.32.

We think that Malaysian stocks will trend lower on the back of weaker performance of equities in Asian market.

ECONOMICS

- **Palm oil retreats** on signs of weaker demand for Malaysian exports
- **GDP growth** in 2022 likely to surpass earlier forecast of 6.5% to 7.0%, says Anwar

COMPANY

- **UWC's (5292)** 1Q profit up 27% on stronger US dollar, capacity
- **Poh Kong (5080)** earnings up nearly three times y-o-y on stronger demand for gold, but down 47% q-o-q
- **Leform (0266)** rises to all-time high of 26 sen after bagging West Coast Expressway subcontract
- Shareholders green-light **Opcom's (0035)** RM90 mil acquisition, diversification into telecom infra biz
- **MAHB** records 5.2 mil domestic passenger movements in November, 60% of pre-pandemic volume

EXPRESSO FOR THE DAY

- **Technical Watch – HLFG (1082)** – Entry Price RM18.78, Target Price RM20.66, Stop Loss RM16.06, Support RM17.84, Resistance RM18.66
- **Technical Watch – Sam E & E (9822)** – Entry Price RM4.86, Target Price RM5.35, Stop Loss RM4.16, Support RM4.62, Resistance RM4.88

Local		(%)
FBMKLCI	1,467.30	(0.7)
Volume (mil)	2,774.40	(8.2)
Value (RM'mil)	1,782.80	(0.4)
Gainers	328	
Losers	544	
Unchanged	400	

Foreign		(%)
Dow Jones	32,849.7	0.3
Nasdaq CI	10,547.1	0.0
S&P 500	3,821.6	0.1
FTSE 100	7,370.6	0.1
Nikkei 225	26,568.0	(2.5)
Shanghai CI	3,073.8	(1.1)
HSI	19,094.8	(1.3)
STI	3,254.0	(0.1)

Most Active	RM	Chg
LEFORM	0.235	0.020
ASB	0.185	(0.020)
SERBADK	0.015	0.000
SUNVIEW	0.595	(0.020)
YEWLEE	0.430	0.005

Top Gainer	RM	Chg
HLFG	18.780	0.280
LEBTECH	0.930	0.210
MSNIAGA	1.450	0.170
PANAMY	23.000	0.160
MASTER	2.590	0.150

Top Loser	RM	Chg
MPI	30.560	(0.500)
PCHEM	8.180	(0.330)
PPB	17.180	(0.280)
BKAWAN	21.620	(0.240)
HEIM	25.000	(0.240)

Other Stats		(%)
USD/MYR	4.43	0.13
USD/RMB	6.96	(0.26)
Brent (USD/barrel)	79.77	(0.04)
Gold (USD/troy oz)	1,817.93	1.70
CPO (RM/metric t)	3,907.0	0.23

**DAILY NEWSWATCH****ECONOMICS**

Palm oil slipped after two days of gains, as a drop in exports from Malaysia stoked concern about weaker demand.

Malaysia's palm oil exports fell 4.5% in the first 20 days of December from a month ago, according to Intertek Testing Services. Shipments to China tumbled by more than 60%, raising concern about the outlook for cooking oil demand, as the country's swift abandonment of Covid Zero has seen infections explode. (The Edge)

Malaysia's gross domestic product (GDP) growth for this year is very likely to exceed the earlier projection of between 6.5% and 7.0%, according to Prime Minister Datuk Seri Anwar Ibrahim. Anwar, who is also the finance minister, said sentiment remains positive at the end of 2022 with encouraging economic performance, following the reopening of the economy amid the transition to the Covid-19 endemic phase. (The Edge)

COMPANY

UWC Bhd's (5292) net profit grew 27% in the 1QFY2023, thanks to the appreciation of the US dollar against the ringgit and an expansion in capacity to cater for the rising order book from the semiconductor industry. (The Edge)

Poh Kong Holdings Bhd's (5080) net profit jumped almost three times year-on-year (y-o-y) for the first quarter ended Oct 31, 2022 (1QFY2023), driven by rising demand for gold jewellery and investment products amid a rebound of the economy. (The Edge)

Shares in **Leform Bhd (0266)** rose in active trade on Tuesday morning (Dec 20), after its 60%-owned subsidiary LF Engineering Sdn Bhd received a letter of acceptance from Ganda Imbuhan Sdn Bhd as a subcontractor for the supply and installation of guard rails for a portion of the West Coast Expressway. (The Edge)

Shareholders of **Opcom Holdings Bhd (0035)** have approved the proposed acquisition of the entire equity interest in T&J Engineering Sdn Bhd (TJE) for RM90 million, as well as its subsequent proposed diversification into the telecommunication network infrastructure solutions business. (The Edge)

Malaysia Airports Holdings Bhd (MAHB) recorded 5.2 million passenger movements for its 39 airports in the country in November, reaching 60% of what was posted for the same month in 2019, before the Covid-19 outbreak in 2020. This was more than double the 2.3 million passenger movements recorded for the same month last year. MAHB said airports in Malaysia recorded 2.9 million domestic passenger movements last month, despite November being a typically slower month. (The Edge)



Hong Leong Financial Group Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: HLFG MK | KLSE Stock Code: 1082

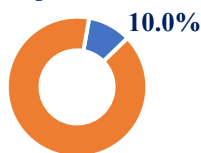
**Main Market
Financial Services
Subsector – Banking**
Current Price: RM18.78
Target Price: RM20.66

Investment Highlights

On a sideways, 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 >65).

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: 3
Holds: 2
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.4	9.2	9.2
P/B	0.9	0.9	1.0
P/CF	5.2	4.8	3.8
P/S	2.3	2.1	1.9

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

Company Overview

Hong Leong Financial Group Berhad is a banking and financial services holding company. The Company provides a range of services including commercial and consumer banking, investment banking, and insurance broking. Through its subsidiaries, Hong Leong Financial underwrites life/general insurance, provides funds management, corporate advisory, and stock and share broking services.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM18.78
Market Cap (m)	RM21,507.7
52w high	RM20.38
52w low	RM16.94
Stop Loss	RM16.06
Immediate Support	RM17.84
Immediate Resistance	RM18.66 (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)	465,509.2



Sam Engineering & Equipment (M) Bhd

Technical Watch - "BUY on Potential Reversal"

Bloomberg: SEQB MK | KLSE Stock Code: 9822

Main Market
Industrial Products & Services
Subsector – Industrial Mat,C,Eq

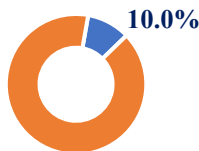
Current Price: RM4.86
Target Price: RM5.35

Investment Highlights

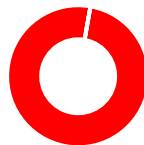
On a downtrend the stock is currently trading above the MA20. We think that there is a potential reversal supported by marubozu coupled with a rising momentum on the stock (RSI >55).

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 hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 0
Holds: 0
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	27.6	18.6	14.1
P/BV	3.0	2.2	1.6
P/CF	12.4	13.2	225.0
P/S	1.9	1.5	1.1

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

Company Overview

Sam Engineering & Equipment (M) Bhd manufactures production equipment and aerospace products. The Company produces manufacturing machinery including test handlers, laser mark handlers, material handling systems, vision inspection and automation solutions, and offers metal machining and sheet metal fabrication services..



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM4.86
Market Cap (m)	RM2,632.1
52w high	RM6.43
52w low	RM2.76
Stop Loss	RM4.16
Immediate Support	RM4.62
Immediate Resistance	RM4.88 (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
23/11/2022	CYL	2116	1.000	1.110	0.850	1.090	-6.7	11.0	TP Achieved
23/11/2022	BerjayaFood	5196	1.080	1.015	0.920	1.190	0.0	-6.0	SL Triggered
24/11/2022	PChem	5183	8.780	8.670	7.510	9.660	1.5	-1.3	-
24/11/2022	PressMetal	8896	4.830	4.832	4.130	5.310	0.0	0.0	-
25/11/2022	Greatech	0208	4.590	5.020	3.920	5.050	9.1	9.4	TP Achieved
25/11/2022	Bursa	1818	7.000	6.950	5.990	7.700	0.7	-0.7	-
29/11/2022	Padini	7052	3.350	3.355	2.860	3.690	-1.7	0.1	-
29/11/2022	Bursa	7293	2.350	2.370	2.010	2.590	0.9	0.9	-
30/11/2022	Pantech	5125	0.720	0.735	0.620	0.790	2.1	2.1	-
30/11/2022	Agmo	0258	0.740	0.745	0.630	0.810	2.1	0.7	-
1/12/2022	Hibiscus	5199	1.110	1.130	0.950	1.220	1.8	1.8	-
1/12/2022	Coraza	0240	0.720	0.790	0.620	0.800	9.0	9.7	TP Achieved
2/12/2022	MPI	3867	31.700	31.593	27.100	34.870	14.0	-0.3	-
2/12/2022	Dufu	7233	1.950	1.950	1.670	2.150	14.0	0.0	-
5/12/2022	PowerRoot	7237	2.360	2.249	2.020	2.600	-1.3	-4.7	-
5/12/2022	Heineken	3255	25.980	25.480	22.210	28.580	1.9	-1.9	-
6/12/2022	Bonia	9288	2.460	2.231	2.100	2.700	7.7	-9.3	-
6/12/2022	Master-Pack	7029	2.410	2.380	2.060	2.650	-2.5	-1.2	-
7/12/2022	LPI	8621	13.020	12.720	11.130	14.320	0.3	-2.3	-
7/12/2022	AME	5293	1.370	1.340	1.170	1.510	0.0	-2.2	-
8/12/2022	SDS	0212	0.800	0.745	0.680	0.880	-0.7	-6.9	-
8/12/2022	Aemulus	0181	0.480	0.470	0.410	0.520	4.4	-2.1	-
9/12/2022	Ajiya	7609	1.740	1.750	1.490	1.910	0.0	0.6	-
9/12/2022	Signature	7246	2.950	2.800	2.510	3.220	-1.8	-5.1	SL Triggered
12/12/2022	Vitrox	0097	7.940	7.590	6.790	8.730	4.0	-4.4	-
12/12/2022	AMMB	1015	4.220	4.140	3.610	4.640	0.7	-1.9	-
13/12/2022	Kotra	0002	6.050	5.730	5.170	6.660	5.5	-5.3	TP Achieved
13/12/2022	PPB	4065	17.820	17.100	15.240	19.600	-0.6	-4.0	-
14/12/2022	F&N	3689	22.120	21.000	18.910	24.330	0.1	-5.1	-
14/12/2022	HarnLen	7501	1.970	2.050	1.680	2.170	2.5	4.1	-
15/12/2022	QLResources	7084	5.650	5.600	4.830	6.220	0.5	-0.9	-
15/12/2022	PublicBank	1295	4.440	4.429	3.800	4.880	-0.7	-0.2	-
16/12/2022	BAT	4162	11.320	11.340	9.680	12.450	0.4	0.2	-
16/12/2022	PressMetal	8869	4.930	4.832	4.220	5.420	0.0	-2.0	-
19/12/2022	HapSeng	3034	5.650	6.476	5.370	6.220	0.6	14.6	TP Achieved
19/12/2022	IoiCorp	1961	3.980	3.850	3.400	4.380	0.8	-3.3	-
20/12/2022	IHH	5225	5.900	5.790	5.040	6.490	-0.2	-1.9	-
20/12/2022	Gamuda	5398	3.700	3.560	3.160	4.070	-0.8	-3.8	-
21/12/2022	HLFG	1082	18.780	18.760	16.060	20.660	1.3	-0.1	-
21/12/2022	SEQB	9822	4.860	5.190	4.160	5.350	-2.1	6.8	-

*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	1.850	0.18	9.7
RCE Capital Bhd	Finance	1.680	0.14	8.6
YTL Hospitality REIT	REIT	0.920	0.08	8.5
British American Tobacco Malay	Consumer	11.360	0.91	8.0
UOA REIT	REIT	1.150	0.09	7.5
Capitaland Malaysia Trust	REIT	0.535	0.04	7.3
Tambun Indah Land Bhd	Property	0.765	0.06	7.6
Matrix Concepts Holdings Bhd	Property	1.490	0.10	6.9
Al-'Aqar Healthcare REIT	REIT	1.220	0.08	6.7
AmFirst REIT	REIT	0.345	0.02	6.6
Uchi Technologies Bhd	Industrial	3.370	0.22	6.6
Malayan Banking Bhd	Finance	8.700	0.55	6.4
Pavilion REIT	REIT	1.220	0.08	6.4
YTL Power International Bhd	Utilities	0.730	0.05	6.2
Sunway REIT	REIT	1.450	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	(6.4)	21.3	14.5	17.4	14.5	12.8	
Finance	6.3	13.0	11.5	12.3	11.8	9.8	
Property	(8.0)	13.8	8.6	11.5	8.6	9.5	
Plantation	4.1	94.6	9.0	43.4	9.0	14.5	
Consumer	0.4	25.6	14.6	22.0	14.6	16.2	
Technology	(33.2)	29.8	19.1	24.4	22.8	22.0	
Construction	(2.2)	22.2	9.5	17.1	9.5	11.7	
Energy	11.3	-	-	-	8.8	9.4	
Health care	(30.7)	52.6	24.7	38.7	24.7	25.6	
Ind Prod	(12.3)	38.6	9.9	23.6	9.9	12.3	
REIT	(2.7)	-	-	-	20.1	15.0	
Telco	(8.6)	25.1	23.0	24.0	23.0	18.4	
Transportations	(0.2)	-	-	-	-	16.1	
Utilities	(1.0)	-	-	-	12.7	12.2	

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
