



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks ended flat yesterday as market sentiment remained cautious leading up to the year end. Market breadth ends negatively with 392 gainers against 491 losers. The health care sector was the percentage gainer again leading by an increase of 3.76%, while the financial services sector was the top loser declining by 1.62%. KLK (2445) was the top gainer for the day increasing by RM0.54 or 2.5%. The FBM KLCI slightly rose by 0.01% to 1,474.69.

We believe that Malaysian stocks will continue to trend less volatily in the short term until the year ends as market maintains cautiousness.

ECONOMICS

- German businesses expect only mild recession as disruptions ease
- Most Asian currencies, stocks rise on easing of Chinese Covid-19 curbs

COMPANY

- DS Sigma's IPO (0269) oversubscribed by 25.77 times
- KNM (7164) triggers another default
- G Capital (7676) inks 21-year renewable energy PPA with TNB for 8MW mini-hydropower plant in Perak
- Techbond (5289) buys adhesives, chemicals producing unit from PPB, Robert Kuok for RM57 mil
- Ranhill Utilities (5272) wins RM38.5 mil job from JKR to upgrade Lumut navy base's piping system

EXPRESSO FOR THE DAY

- Technical Watch – Supermax (7106) – Entry Price RM0.91, Target Price RM1.00, Stop Loss RM0.78, Support RM0.86, Resistance RM0.98
- Technical Watch – Genting Plantation (2291) – Entry Price RM6.40, Target Price RM7.04, Stop Loss RM5.47, Support RM6.08, Resistance RM6.55

Local		(%)
FBMKLCI	1,474.70	0.0
Volume (mil)	3,055.20	44.4
Value (RM'mil)	1,848.70	50.0
Gainers	392	
Losers	491	
Unchanged	374	

Foreign		(%)
Dow Jones	33,241.6	0.1
Nasdaq CI	10,353.2	(1.4)
S&P 500	3,829.3	(0.4)
FTSE 100	7,473.0	0.0
Nikkei 225	26,447.9	0.8
Shanghai CI	3,095.6	1.6
HSI	19,593.1	0.0
STI	3,266.4	0.3

Most Active	RM	Chg
TOPGLOV	0.925	0.105
BORNOIL	0.025	0.000
MTRONIC	0.020	(0.005)
ASB	0.175	0.000
CYPARK	0.440	0.055

Top Gainer	RM	Chg
KLK	21.740	0.540
GENP	6.400	0.370
BKAWAN	21.640	0.260
F&N	21.400	0.260
HEIM	25.620	0.260

Top Loser	RM	Chg
INFOTEC	0.835	(0.165)
SIGN	2.390	(0.150)
MAYBANK	8.640	(0.140)
PBBANK	4.300	(0.140)
DKSH	4.420	(0.130)

Other Stats		(%)
USD/MYR	4.42	(0.00)
USD/RMB	6.96	(0.43)
Brent (USD/barrel)	84.83	1.08
Gold (USD/troy oz)	1,813.69	0.86
CPO (RM/metric t)	3,890.5	0.10

**DAILY NEWSWATCH****ECONOMICS**

German companies expect only a mild recession next year despite headwinds from the energy crisis, raw material shortages and a tepid global economy, a survey of major associations published by Reuters on Tuesday (Dec 27) showed. "The last quarter of 2022 and the start of 2023 are likely to be accompanied by a decline in economic activity," said Siegfried Russwurm, president of the Federation of German Industries (BDI). "However, we expect only a slight slump." (The Edge)

Most Asian currencies and stocks were higher on Tuesday (Dec 27) in a holiday-shortened week, with the South Korean won hitting a six-month high and Chinese stocks rising, after the country said it would further ease some of its quarantine rules. The South Korean won gained 0.6%, while the country's stock benchmark rose 0.5%. The Shanghai Stock Exchange jumped about 0.9%. (The Edge)

COMPANY

The initial public offering (IPO) of ACE Market-bound corrugated paper packaging products provider **DS Sigma Holdings Bhd (0269)** has been oversubscribed by 25.77 times. In a statement on Tuesday (Dec 27), DS Sigma said it received a total of 13,031 applications seeking 642.58 million shares with a value of RM353.41 million, for the 24 million new shares it made available for the Malaysian public. (The Edge)

Cash-strapped **KNM Group Bhd (7164)**, which announced a default on three credit facilities totalling RM417.6 million earlier this month, has triggered another default, this time on the principal repayment of US\$3.4 million (RM15.04 million) — with an outstanding interest of US\$16,104 — due to Bank of China (Malaysia) Bhd. (The Edge)

G Capital Bhd's (7676) 96%-owned subsidiary Gunung Hydropower Sdn Bhd has signed a 21-year renewable energy power purchase agreement (PPA) with Tenaga Nasional Bhd (TNB). Under the deal, the utilities giant will buy electricity generated by GCap's Perak mini-hydropower plant at a feed-in-tariff (FiT) rate of 24.6 sen per kilowatt hour (kWh). (The Edge)

Techbond Group Bhd (5289) is spending RM57.25 million cash to acquire a company that produces adhesives and its related chemicals under the business empire of tycoon Robert Kuok. The industrial adhesives producer entered into an agreement to buy a 99.57% stake in Malayan Adhesives and Chemicals Sdn Bhd (MAC) from Chemquest Sdn Bhd, which is 55% owned by PPB Group Bhd and 45% owned by Kuok Brothers Sdn Bhd. (The Edge)

Ranhill Utilities Bhd's (5272) unit secured a RM38.5 million contract from the Public Works Department (JKR) to upgrade the piping system for treated water supply at the Royal Malaysian Navy Base in Lumut, Perak. (The Edge)



Supermax Corporation Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: SUCB MK | KLSE Stock Code: 7106

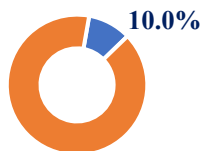
Main Market
Health Care
Subsector – Health Care EQS
Current Price: RM0.91
Target Price: RM1.00

Investment Highlights

On a reversal, the stock is currently trading above the MA20. We think there is a potential breakout of the resistance supported by three white soldiers 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



Buy: 0
Hold: 3
Sell: 7

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	4.7	13.2	12.3
P/B	1.3	2.5	1.8
P/CF	5.3	8.9	8.8
P/S	1.1	1.9	1.5

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

Company Overview

Supermax Corporation Berhad is an investment holding company whose subsidiaries manufacture, sell, and export various type of latex gloves around the world.



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Entry Price	RM0.91
Market Cap (m)	RM2,406.8
52w high	RM1.56
52w low	RM0.64
Stop Loss	RM0.78
Immediate Support	RM0.86
Immediate Resistance	RM0.98 (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)	14,879,374.8



Genting Plantation Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: GENP MK | KLSE Stock Code: 2291

Main Market

Plantation Subsector – Plantation

Current Price: RM6.40

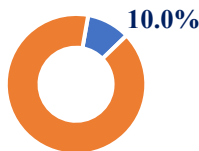
Target Price: RM7.04

Investment Highlights

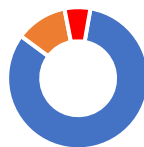
On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a marubozu coupled with a strong momentum on the stock (RSI >65).

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 to hold and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 5

Holds: 10

Sells: 2

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.5	34.1	29.7
P/BV	1.3	1.5	1.6
P/CF	10.3	24.1	22.8
P/S	2.3	3.1	3.9

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

Company Overview

Genting Plantations Berhad is an investment holding company which operates plantations. The Company, through its subsidiaries, also develops and invests in properties, processes fresh fruit bunches, trades rubber wood, provides palm oil mill management services, and operates golf course.



Ronnie Tan

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Entry Price	RM6.40
Market Cap (m)	RM5,742.1
52w high	RM9.48
52w low	RM5.50
Stop Loss	RM5.47
Immediate Support	RM6.08
Immediate Resistance	RM6.55 (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)	2,103,312.3



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
30/11/2022	Pantech	5125	0.720	0.740	0.620	0.790	2.1	2.8	-
30/11/2022	Agmo	0258	0.740	0.685	0.630	0.810	-7.4	-7.4	-
1/12/2022	Hibiscus	5199	1.110	1.110	0.950	1.220	1.8	0.0	-
1/12/2022	Coraza	0240	0.720	0.760	0.620	0.800	-6.2	5.6	TP Achieved
2/12/2022	MPI	3867	31.700	29.660	27.100	34.870	0.7	-6.4	-
2/12/2022	Dufu	7233	1.950	1.820	1.670	2.150	-0.5	-6.7	-
5/12/2022	PowerRoot	7237	2.360	2.080	2.020	2.600	-0.5	-11.9	SL Triggered
5/12/2022	Heineken	3255	25.980	25.620	22.210	28.580	1.0	-1.4	-
6/12/2022	Bonia	9288	2.460	2.230	2.100	2.700	1.4	-9.3	SL Triggered
6/12/2022	Master-Pack	7029	2.410	2.480	2.060	2.650	-2.0	2.9	-
7/12/2022	LPI	8621	13.020	12.780	11.130	14.320	-0.5	-1.8	-
7/12/2022	AME	5293	1.370	1.290	1.170	1.510	2.4	-5.8	-
8/12/2022	SDS	0212	0.800	0.715	0.680	0.880	-8.3	-10.6	SL Triggered
8/12/2022	Aemulus	0181	0.480	0.480	0.410	0.520	-4.0	0.0	-
9/12/2022	Ajiya	7609	1.740	1.600	1.490	1.910	3.9	-8.0	SL Triggered
9/12/2022	Signature	7246	2.950	2.390	2.510	3.220	-5.9	-19.0	SL Triggered
12/12/2022	Vitrox	0097	7.940	7.650	6.790	8.730	-0.1	-3.7	-
12/12/2022	AMMB	1015	4.220	4.140	3.610	4.640	-2.4	-1.9	-
13/12/2022	Kotra	0002	6.050	6.490	5.170	6.660	2.2	7.3	TP Achieved
13/12/2022	PPB	4065	17.820	17.580	15.240	19.600	-0.1	-1.3	-
14/12/2022	F&N	3689	22.120	21.400	18.910	24.330	1.2	-3.3	-
14/12/2022	HarnLen	7501	1.970	1.960	1.680	2.170	-4.4	-0.5	-
15/12/2022	QLResources	7084	5.650	5.570	4.830	6.220	0.4	-1.4	-
15/12/2022	PublicBank	1295	4.440	4.300	3.800	4.880	-3.2	-3.2	-
16/12/2022	BAT	4162	11.320	11.300	9.680	12.450	-0.7	-0.2	-
16/12/2022	PressMetal	8869	4.930	4.790	4.220	5.420	2.4	-2.8	-
19/12/2022	HapSeng	3034	5.650	6.350	5.370	6.220	-0.3	12.4	TP Achieved
19/12/2022	IoiCorp	1961	3.980	4.040	3.400	4.380	3.6	1.5	-
20/12/2022	IHH	5225	5.900	6.180	5.040	6.490	0.5	4.7	-
20/12/2022	Gamuda	5398	3.700	3.810	3.160	4.070	1.3	3.0	-
21/12/2022	HLFG	1082	18.780	18.620	16.060	20.660	0.1	-0.9	-
21/12/2022	SEQB	9822	4.860	4.800	4.160	5.350	0.2	-1.2	-
22/12/2022	KeinHing	7199	2.050	2.130	1.750	2.260	0.0	3.9	-
22/12/2022	Maybank	1155	8.780	8.640	7.510	9.660	-1.6	-1.6	-
23/12/2022	GenP	2291	6.040	6.400	5.160	6.640	6.1	6.0	-
23/12/2022	Scomnet	0001	1.670	1.610	1.430	1.840	-1.8	-3.6	-
27/12/2022	7-Eleven	2289	1.990	1.940	1.700	2.190	-2.5	-2.5	-
27/12/2022	RHBBank	4579	5.740	5.650	4.910	6.310	-1.6	-1.6	-
28/12/2022	SuperMax	7106	0.910	0.910	0.780	1.000	9.0	0.0	-
28/12/2022	GenP	2291	6.400	6.400	5.470	7.040	6.1	0.0	-

*SL= Stop Loss

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
RCE Capital Bhd	Finance	1.670	0.18	10.8
SHL Consolidated Bhd	Property	1.800	0.18	10.0
YTL Hospitality REIT	REIT	0.920	0.08	8.5
British American Tobacco Malay	Consumer	11.300	0.91	8.1
Tambun Indah Land Bhd	Property	0.760	0.06	7.6
UOA REIT	REIT	1.150	0.09	7.5
Capitaland Malaysia Trust	REIT	0.540	0.04	7.2
Matrix Concepts Holdings Bhd	Property	1.480	0.10	7.0
Uchi Technologies Bhd	Industrial	3.370	0.23	6.8
Al-'Aqar Healthcare REIT	REIT	1.210	0.08	6.8
AmFirst REIT	REIT	0.345	0.02	6.6
Pavilion REIT	REIT	1.200	0.08	6.5
YTL Power International Bhd	Utilities	0.730	0.05	6.3
Malayan Banking Bhd	Finance	8.640	0.55	6.4
Sunway REIT	REIT	1.470	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	(5.9)	21.3	14.6	17.4	14.6	12.9	
Finance	5.1	13.0	11.5	12.3	11.7	9.7	
Property	(8.4)	13.8	8.5	11.5	8.5	9.4	
Plantation	6.7	94.6	9.2	43.4	9.2	15.0	
Consumer	1.0	25.6	14.6	22.0	14.6	16.3	
Technology	(33.6)	29.8	19.1	24.4	22.7	22.2	
Construction	(0.4)	22.2	9.7	17.1	9.7	12.0	
Energy	11.9	-	-	-	8.8	10.1	
Health care	(24.0)	52.6	26.5	39.6	26.5	28.6	
Ind Prod	(11.1)	38.6	10.0	23.7	10.0	12.3	
REIT	(2.6)	-	-	-	20.1	15.0	
Telco	(9.3)	25.1	22.6	23.8	22.6	18.2	
Transportations	(1.2)	-	-	-	-	16.1	
Utilities	(0.6)	-	-	-	12.8	12.3	

Source: Bloomberg

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