



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rebounded yesterday with strengths seen across most sectors. Market breadth was positive with 589 gainers against 377 losers. The transportation & logistics sector was the percentage gainer again for the second consecutive day leading by an increase of 3.5%, while the health care sector was the top loser declining by -0.56%. HEXTECH (5136) was the top gainer for the day increasing by RM5.00 or 20.6%. The FBM KLCI rose by 0.9% to 1,493.40.

We expect Malaysian stocks to continue to trend higher on the back of increased market optimism.

ECONOMICS

- Asia stocks on track to enter bull market as China rally extends
- BNM international reserves up at US\$114.6b as at Dec 30
- Malaysia likely to see weaker GDP growth of 4.1% on high-base effect, weakening external environment in 2023, says SERC

COMPANY

- Petronas Chemicals (5183) to divest 25% stake in Petronas Chemicals Fertiliser Sabah to state unit
- Volvo Car Malaysia closes 2022 with record high sales, spurred by new EV launches
- AEM (7146) opens new RM65m manufacturing plant in Penang
- AWC (7579) enters MOU with Indonesian investment firm for green energy opportunities in Malaysia
- BTM Resources' (7188) six-for-one rights issue with free warrants 10.19% undersubscribed

EXPRESSO FOR THE DAY

- Technical Watch – AEONCR (5139) – Entry Price RM12.78, Target Price RM14.06, Stop Loss RM10.93, Support RM12.14, Resistance RM13.33
- Technical Watch – Dialog (7277) – Entry Price RM2.58, Target Price RM2.84, Stop Loss RM2.21, Support RM2.45, Resistance RM2.48

Local		(%)
FBMKLCI	1,493.40	0.9
Volume (mil)	3,175.70	0.4
Value (RM'mil)	1,918.50	18.6
Gainers	589	
Losers	377	
Unchanged	358	

Foreign		(%)
Dow Jones	33,517.7	(0.3)
Nasdaq CI	10,635.7	0.6
S&P 500	3,892.1	(0.1)
FTSE 100	7,724.9	0.3
Nikkei 225	25,973.9	0.0
Shanghai CI	3,176.1	0.6
HSI	21,388.3	1.9
STI	3,305.7	0.9

Most Active	RM	Chg
L&PBHD	0.570	0.060
NYLEX	0.415	0.040
VELESTO	0.160	0.010
SWSCAP	0.355	0.030
RGB	0.200	0.010

Top Gainer	RM	Chg
MPI	31.160	1.160
PETDAG	21.000	0.400
MISC	22.700	0.280
PETGAS	7.490	0.280
UTDPLT	17.280	0.180

Top Loser	RM	Chg
SUNMOW	0.610	(0.290)
RVIEW	3.380	(0.110)
UMW	3.550	(0.080)
SIGN	2.400	(0.070)
TM	5.230	(0.070)

Other Stats		(%)
USD/MYR	4.37	(0.67)
USD/RMB	6.77	(0.82)
Brent (USD/barrel)	79.78	1.54
Gold (USD/troy oz)	1,871.80	0.33
CPO (RM/metric t)	4,045.0	(2.88)

**DAILY NEWSWATCH****ECONOMICS**

**Asia's benchmark stock index** was on track to enter a bull market, as China's reopening and a weakening dollar lure investors back to the region. The MSCI Asia Pacific Index climbed as much as 1.9% on Monday, taking its advance from an Oct 24 low to more than 20%. Gauges in Hong Kong, Taiwan and South Korea led gains in the session, while Japan was closed for a holiday. (The Edge)

**Bank Negara Malaysia's (BNM) international reserves** rose to US\$114.6 billion (RM501.72 billion) as at Dec 30, 2022, from US\$110.3 billion as at Dec 15, according to the central bank. (The Edge)

**Malaysia's economy is set to go through a "slow and normalisation" growth** of 4.1% this year, down from an estimated 8.5% last year, reflecting largely the normalisation of technical high-base effects and a weakening external environment, according to Socio-Economic Research Centre (SERC). (The Edge)

**COMPANY**

**Petronas Chemicals Group Bhd (5183)** has inked a heads of agreement to sell a 25% stake in its wholly owned Petronas Chemicals Fertiliser Sabah Sdn Bhd (PCFSB) to SMJ Sdn Bhd, a wholly owned Sabah state government company. (The Edge)

**Volvo Car Malaysia** closed its 2022 with a record high sales of 3,194 units — up 43% from the previous year — marking its seventh consecutive year of sales growth. The final month of December was also its most successful month of the year, as it sold more than 395 units, according to a statement from the automotive company. (The Edge)

Singapore-based **AEM Holdings Ltd (7146)**, a semiconductor test solutions provider, has opened its new RM65 million manufacturing plant in Penang. AEM Microtronics (M) Sdn Bhd chief executive officer Chandran Nair said the manufacturing plant, spanning 365,000 square feet (sq ft) located at the Prai Industrial Park, includes an assembly area, a quality assurance section, warehouse and a research and development lab. (The Edge)

Engineering services company **AWC Bhd (7579)** has entered into a memorandum of understanding (MOU) with an Indonesian company to jointly explore investment opportunities in renewable and green energy in Malaysia. (The Edge)

Wood processing firm **BTM Resources Bhd's (7188)** six-for-one rights issue at eight sen each, with free detachable warrants, has been under-subscribed by 10.19%. (The Edge)

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# Aeon Credit Services M Berhad

## Technical Watch - "BUY on Potential Reversal"

Bloomberg: ACSM MK | KLSE Stock Code: 5139

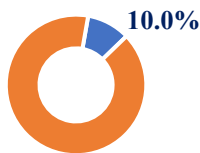
**Main Market**  
**Financial Services**  
**Subsector – Other Financials**  
**Current Price: RM12.78**  
**Target Price: RM14.06**

### Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think there is a potential reversal supported by a bullish engulfing with a rising momentum on the stock (RSI >50).

A contracting Bollinger bands suggests lower volatility and lower potential upside moving forward. Trading within the 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: 6**  
**Holds: 0**  
**Sells: 1**

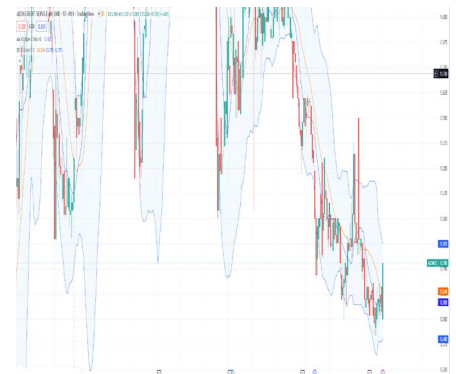
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.6	9.7	9.0
P/B	1.7	1.9	2.2
P/CF	4.0	5.8	5.8
P/S	1.5	1.8	1.9

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

### Company Overview

Aeon Credit Service M Bhd provides consumer financing products. The Company offers products such as easy payment, personal financing, and credit cards.



**Ronnie Tan**  
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Entry Price	RM12.78
Market Cap (m)	RM3,262.8
<b>52w high</b>	RM16.38
<b>52w low</b>	RM12.42
Stop Loss	RM10.93
Immediate Support	RM12.14
Immediate Resistance	RM13.33 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	114,428.2



# Dialog Group Berhad

## Technical Watch - "BUY on Potential Upside"

Bloomberg: DLG MK | KLSE Stock Code: 7277

Main Market  
Energy  
Subsector – Enrgy Infra, Eq & S

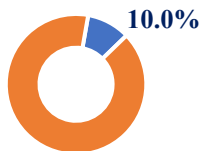
Current Price: RM2.58  
Target Price: RM2.84

### 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 >70).

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: 15  
Holds: 2  
Sells: 0

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	27.0	30.6	30.3
P/BV	2.8	3.9	3.9
P/CF	30.2	36.8	33.6
P/S	7.6	7.3	5.2

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

### Company Overview

Dialog Group Berhad operates as a holding company. The Company, through its subsidiaries, provides engineering, procurement, fabrication, construction, maintenance, operations, and project management services. Dialog Group also owns upstream fields, as well as retails petroleum to oil, gas, and petrochemical industries. Dialog Group serves customers worldwide.



Ronnie Tan  
ronnie-tan@mersec.com.my

Entry Price	RM2.58
Market Cap (m)	RM14,557.8
52w high	RM2.92
52w low	RM1.71
Stop Loss	RM2.21
Immediate Support	RM2.45
Immediate Resistance	RM2.48 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	6,090,579.1



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
12/12/2022	Vitrox	0097	7.940	7.760	6.790	8.730	2.1	-2.3	-
12/12/2022	AMMB	1015	4.220	4.160	3.610	4.640	1.5	-1.4	-
13/12/2022	Kotra	0002	6.050	6.100	5.170	6.660	-3.2	0.8	TP Achieved
13/12/2022	PPB	4065	17.820	17.620	15.240	19.600	0.7	-1.1	-
14/12/2022	F&N	3689	22.120	21.920	18.910	24.330	0.4	-0.9	-
14/12/2022	HarnLen	7501	1.970	0.860	1.680	2.170	0.0	-56.3	-
15/12/2022	QLResources	7084	5.650	5.710	4.830	6.220	1.8	1.1	-
15/12/2022	PublicBank	1295	4.440	4.310	3.800	4.880	0.2	-2.9	-
16/12/2022	BAT	4162	11.320	11.280	9.680	12.450	-0.2	-0.4	-
16/12/2022	PressMetal	8869	4.930	4.930	4.220	5.420	0.4	0.0	-
19/12/2022	HapSeng	3034	5.650	6.700	5.370	6.220	1.5	18.6	TP Achieved
19/12/2022	IoiCorp	1961	3.980	4.010	3.400	4.380	2.6	0.8	-
20/12/2022	IHH	5225	5.900	6.080	5.040	6.490	0.3	3.1	-
20/12/2022	Gamuda	5398	3.700	3.940	3.160	4.070	2.6	6.5	-
21/12/2022	HLFG	1082	18.780	18.860	16.060	20.660	1.3	0.4	-
21/12/2022	SEQB	9822	4.860	4.970	4.160	5.350	0.2	2.3	-
22/12/2022	KeinHing	7199	2.050	2.310	1.750	2.260	0.4	12.7	TP Achieved
22/12/2022	Maybank	1155	8.780	8.800	7.510	9.660	0.3	0.2	-
23/12/2022	GenP	2291	6.040	6.050	5.160	6.640	0.3	0.2	-
23/12/2022	Scomnet	0001	1.670	1.560	1.430	1.840	0.0	-6.6	-
27/12/2022	7-Eleven	2289	1.990	1.800	1.700	2.190	0.0	-9.5	SL Triggered
27/12/2022	RHBBank	4579	5.740	5.760	4.910	6.310	1.2	0.3	-
28/12/2022	SuperMax	7106	0.910	0.845	0.780	1.000	-1.2	-7.1	-
28/12/2022	GenP	2291	6.400	6.050	5.470	7.040	0.3	-5.5	-
29/12/2022	BIMB	5258	2.730	2.580	2.330	3.000	-1.1	-5.5	-
29/12/2022	Allianz	1163	14.200	14.600	12.140	15.620	2.7	2.8	-
30/12/2022	SMI	4375	0.610	0.795	0.520	0.670	18.7	30.3	TP Achieved
30/12/2022	RHBBank	1066	5.750	5.760	4.920	6.330	1.2	0.2	-
3/1/2023	Bonia	9288	2.270	2.350	1.940	2.500	-0.4	3.5	-
3/1/2023	PetDag	5681	23.000	22.700	19.670	25.300	1.8	-1.3	-
4/1/2023	Atech	5302	1.990	2.160	1.700	2.190	-1.8	8.5	-
4/1/2023	Pentamaster	7160	4.570	4.690	3.910	5.030	2.2	2.6	-
5/1/2023	AbleGlobal	7167	1.450	1.470	1.240	1.600	0.7	1.4	-
5/1/2023	Tomei	7230	1.120	1.140	0.960	1.230	5.6	1.8	-
6/1/2023	CFM	8044	2.900	2.670	2.480	3.190	2.7	-7.9	-
6/1/2023	HapSeng	3034	6.590	6.700	5.630	7.250	1.5	1.7	-
9/1/2023	UMW	4588	3.630	3.550	3.100	3.990	-2.2	-2.2	-
9/1/2023	Digi	6947	3.960	4.020	3.390	4.360	1.5	1.5	-
10/1/2023	AeonCredit	5139	12.780	12.780	10.930	14.060	1.9	0.0	-
10/1/2023	Dialog	7277	2.580	2.580	2.210	2.840	6.6	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	1.750	0.18	10.3
SHL Consolidated Bhd	Property	1.800	0.18	10.0
YTL Hospitality REIT	REIT	0.910	0.08	8.6
British American Tobacco Malay	Consumer	11.280	0.91	8.1
Tambun Indah Land Bhd	Property	0.780	0.06	7.4
UOA REIT	REIT	1.160	0.09	7.4
Capitaland Malaysia Trust	REIT	0.545	0.04	7.2
Uchi Technologies Bhd	Industrial	3.270	0.23	7.0
Matrix Concepts Holdings Bhd	Property	1.510	0.10	6.8
Al-'Aqar Healthcare REIT	REIT	1.230	0.08	6.7
AmFirst REIT	REIT	0.355	0.02	6.4
YTL Power International Bhd	Utilities	0.730	0.05	6.3
Malayan Banking Bhd	Finance	8.800	0.55	6.3
Pavilion REIT	REIT	1.250	0.08	6.2
Hong Leong Industries Bhd	Industrial	9.140	0.55	6.0

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	(0.1)	21.3	14.8	17.5	14.8	12.5	
Finance	0.1	13.0	11.5	12.3	11.8	9.5	
Property	1.8	13.8	8.6	11.5	8.6	8.5	
Plantation	(1.6)	94.6	9.2	43.4	9.2	16.2	
Consumer	1.1	25.6	14.8	22.0	14.8	15.1	
Technology	1.9	29.8	19.1	24.4	22.9	20.5	
Construction	2.4	22.2	9.9	17.1	9.9	11.7	
Energy	2.5	-	-	-	9.1	10.8	
Health care	(1.8)	52.6	25.0	38.8	25.0	24.4	
Ind Prod	0.4	38.6	10.1	23.7	10.1	12.0	
REIT	1.8	-	-	-	20.3	14.8	
Telco	(1.5)	25.1	22.5	23.8	22.5	16.9	
Transportations	10.6	-	-	-	-	16.9	
Utilities	0.2	-	-	-	13.0	12.1	

Source: Bloomberg

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