



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell off yesterday as investors remained cautious on fears of another US interest rate hike. Market breadth was negative with 368 gainers against 471 losers. The construction sector was the top gainer leading by an increase of 0.33%, while the health care sector was the top loser declining for the third day by -1.45%. F&N (3689) was the top gainer for the day increasing by RM0.22 or 1.0%. The FBM KLCI declined by 0.56% to 1,485.13.

We expect Malaysian stocks to remain volatile in the short term as investors perform profit-taking activities on overvalued stocks.

ECONOMICS

- **Malaysia's job market** to improve in 2023 amid external concerns, says MIDF Research
- **Labour market** continues recovery, number of unemployed dips to 600,900

COMPANY

- **Haily (0237)** wins RM38 mil contract to build shop offices in JB
- ACE Market-bound **TT Vision's (0272)** IPO oversubscribed by 89.15 times
- **Tex Cycle (0089)** to sell two factories for RM19 mil
- **Kelington (0151)** bags RM170 mil construction job at chip manufacturing facility in Kuching
- **Nestcon's (0235)** unit wins RM200m job to build 47-storey mixed development

EXPRESSO FOR THE DAY

- **Technical Watch – KYM (8362)** – Entry Price RM0.60, Target Price RM0.66, Stop Loss RM0.51, Support RM0.57, Resistance RM0.61
- **Technical Watch – ANCOM Nylex (4758)** – Entry Price RM1.14, Target Price RM1.25, Stop Loss RM0.97, Support RM1.08, Resistance RM1.10

Local		(%)
FBMKLCI	1,485.10	(0.6)
Volume (mil)	3,175.70	0.5
Value (RM'mil)	1,910.80	(0.4)
Gainers	368	
Losers	471	
Unchanged	436	

Foreign		(%)
Dow Jones	33,635.7	0.4
Nasdaq CI	10,716.6	0.8
S&P 500	3,903.6	0.3
FTSE 100	7,694.5	(0.4)
Nikkei 225	26,175.6	0.0
Shanghai CI	3,169.5	(0.2)
HSI	21,331.5	(0.3)
STI	3,262.9	(1.3)

Most Active	RM	Chg
L&PBHD	0.580	0.010
CYPARK	0.700	0.045
TOPGLOV	0.850	(0.020)
BJCORP	0.350	0.020
TANCO	0.385	0.040

Top Gainer	RM	Chg
F&N	22.140	0.220
TEXCYCL	0.625	0.190
HEIM	24.940	0.180
CARLSBG	23.120	0.160
CFM	2.820	0.150

Top Loser	RM	Chg
NESTLE	137.500	(2.000)
IMASPRO	5.340	(0.410)
HEXTECH	28.880	(0.400)
AJI	13.800	(0.360)
HLFG	18.580	(0.280)

Other Stats		(%)
USD/MYR	4.37	(0.02)
USD/RMB	6.77	0.11
Brent (USD/barrel)	79.80	1.14
Gold (USD/troy oz)	1,871.80	0.21
CPO (RM/metric t)	3,936.5	(2.68)

**DAILY NEWSWATCH****ECONOMICS**

The labour market is expected to strengthen further in 2023, underpinned by upbeat momentum in the domestic economy and modest expansion in the external sector, said MIDF Research. It noted that Malaysia's average jobless rate is expected to descend from 3.8% in 2022 to 3.5% in 2023, but slightly higher than the pre-pandemic level of 3.3%. (The Edge)

The labour market is on a steady path to recovery with the unemployment rate in the country showing a downward trend with only 600,900 persons in November 2022, compared with 602,000 in October 2022, said the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin in a statement on Tuesday (Jan 10) said the unemployment rate remained at 3.6%, claiming the positive outlook was because of the development of current economic activities in the country. (The Edge)

COMPANY

Haily Group Bhd (0237) has won a RM37.85 million contract to build commercial properties for the Crest@Austin development in Johor Bahru. The construction specialist said its wholly-owned unit Haily Construction Sdn Bhd accepted the letter of award from RDC Arkitek Sdn Bhd. (The Edge)

TT Vision Holdings Bhd, (0272) which is en route for a listing on Bursa Malaysia ACE Market, announced that its initial public offering (IPO) of 23.4 million new shares was oversubscribed by 89.15 times by Malaysian investors. The company's IPO involves 84.5 million new shares, of which 43 million have been allocated for private placement, plus an offer for sale of 10.5 million shares from existing shareholders. (The Edge)

Tex Cycle Technology (M) Bhd (0089) has proposed to dispose of two detached factories in Puchong for RM19 million, noting that they have increased in value since their acquisition in 2004. "The proposed disposal is expected to result in a gain on disposal of approximately RM13.72 million," the group said in a Bursa Malaysia filing. (The Edge)

End-to-end integrated engineering services provider **Kelington Group Bhd (0151)** has secured a RM170 million contract to undertake construction works at an integrated chip manufacturing facility at the Sama Jaya Free Industrial Zone in Kuching, Sarawak. The contract was awarded to its wholly-owned subsidiary Kelington Technologies Sdn Bhd by "a global supplier of micro-electronic semiconductor solutions", the group said in a stock exchange filing. (The Edge)

Nestcon Bhd's (0235) unit secured a RM200 million contract to build a 47-storey mixed commercial development comprising 320 serviced apartment and 354 strata office with facilities at Jalan Liew Weng Chee here. Nestcon said the 41-month contract was awarded by Armada Istimewa Sdn Bhd for undertaking the construction and completion of earthworks, piling and pile caps, retaining wall, substructure, main building works and infrastructure works for the project. (The Edge)



KYM Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: KYM MK | KLSE Stock Code: 8362

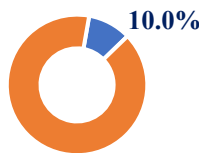
Main Market
Industrial Products & Services
Subsector – Packaging Materials
Current Price: RM0.60
Target Price: RM0.66

Investment Highlights

On a downtrend, 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).

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



Buy: 0
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	46.8	40.8	44.9
P/B	0.8	0.7	0.9
P/CF	14.9	11.2	14.1
P/S	0.8	0.7	0.7

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

Company Overview

KYM Holdings Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and trades corrugated fiber boards, carton boxes, paper bags, and invests in property. KYM Holdings also operates resort, provides recreational and sports facilities, manages property, and provides general construction services.



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Entry Price	RM0.60
Market Cap (m)	RM91.1
52w high	RM0.89
52w low	RM0.31
Stop Loss	RM0.51
Immediate Support	RM0.57
Immediate Resistance	RM0.61 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	274,038.1



Ancom Nylex Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: ANCOMNY MK | KLSE Stock Code: 4758

Main Market
Industrial Products & Services
Subsector – Chemicals

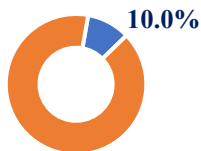
Current Price: RM1.14
Target Price: RM1.25

Investment Highlights

On a sideways, 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: 1
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	26.1	17.5	25.3
P/BV	1.7	0.9	0.6
P/CF	61.7	28.6	15.7
P/S	0.3	0.2	0.1

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

Company Overview

Ancom Nylex Berhad manufactures and sells chemical products. The Company offers agricultural and industrial chemicals, as well as offers sanitizing, logistic, digital and out-of-home advertising, and information technology services. Ancom Nylex serves customers in Malaysia.



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Entry Price	RM1.14
Market Cap (m)	RM1,025.2
52w high	RM1.37
52w low	RM0.84
Stop Loss	RM0.97
Immediate Support	RM1.08
Immediate Resistance	RM1.10 (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)	4,763,943.4



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
13/12/2022	Kotra	0002	6.050	6.120	5.170	6.660	0.3	1.2	TP Achieved
13/12/2022	PPB	4065	17.820	17.520	15.240	19.600	-0.6	-1.7	-
14/12/2022	F&N	3689	22.120	22.140	18.910	24.330	1.0	0.1	-
14/12/2022	HarnLen	7501	1.970	0.840	1.680	2.170	-2.3	-57.4	SL Triggered
15/12/2022	QLResources	7084	5.650	5.800	4.830	6.220	1.6	2.7	-
15/12/2022	PublicBank	1295	4.440	4.300	3.800	4.880	-0.2	-3.2	-
16/12/2022	BAT	4162	11.320	11.260	9.680	12.450	-0.2	-0.5	-
16/12/2022	PressMetal	8869	4.930	4.920	4.220	5.420	-0.2	-0.2	-
19/12/2022	HapSeng	3034	5.650	6.710	5.370	6.220	0.1	18.8	TP Achieved
19/12/2022	IoiCorp	1961	3.980	3.960	3.400	4.380	-1.2	-0.5	-
20/12/2022	IHH	5225	5.900	6.030	5.040	6.490	-0.8	2.2	-
20/12/2022	Gamuda	5398	3.700	3.930	3.160	4.070	-0.3	6.2	-
21/12/2022	HLFG	1082	18.780	18.580	16.060	20.660	-1.5	-1.1	-
21/12/2022	SEQB	9822	4.860	4.960	4.160	5.350	-0.2	2.1	-
22/12/2022	KeinHing	7199	2.050	2.360	1.750	2.260	2.2	15.1	TP Achieved
22/12/2022	Maybank	1155	8.780	8.790	7.510	9.660	-0.1	0.1	-
23/12/2022	GenP	2291	6.040	6.020	5.160	6.640	-0.5	-0.3	-
23/12/2022	Scomnet	0001	1.670	1.570	1.430	1.840	0.6	-6.0	-
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	5.720	4.910	6.310	-0.7	-0.3	-
28/12/2022	SuperMax	7106	0.910	0.820	0.780	1.000	-3.0	-9.9	-
28/12/2022	GenP	2291	6.400	6.020	5.470	7.040	-0.5	-5.9	-
29/12/2022	BIMB	5258	2.730	2.530	2.330	3.000	-1.9	-7.3	-
29/12/2022	Allianz	1163	14.200	14.620	12.140	15.620	0.1	3.0	-
30/12/2022	SMI	4375	0.610	0.850	0.520	0.670	6.9	39.3	TP Achieved
30/12/2022	RHBBank	1066	5.750	5.720	4.920	6.330	-0.7	-0.5	-
3/1/2023	Bonia	9288	2.270	2.350	1.940	2.500	0.0	3.5	-
3/1/2023	PetDag	5681	23.000	22.740	19.670	25.300	0.2	-1.1	-
4/1/2023	Atech	5302	1.990	2.140	1.700	2.190	-0.9	7.5	-
4/1/2023	Pentamaster	7160	4.570	4.680	3.910	5.030	-0.2	2.4	-
5/1/2023	AbleGlobal	7167	1.450	1.500	1.240	1.600	2.0	3.4	-
5/1/2023	Tomei	7230	1.120	1.140	0.960	1.230	0.0	1.8	-
6/1/2023	CFM	8044	2.900	2.820	2.480	3.190	5.6	-2.8	-
6/1/2023	HapSeng	3034	6.590	6.710	5.630	7.250	0.1	1.8	-
9/1/2023	UMW	4588	3.630	3.630	3.100	3.990	2.3	0.0	-
9/1/2023	Digi	6947	3.960	3.980	3.390	4.360	-1.0	0.5	-
10/1/2023	AeonCredit	5139	12.780	12.840	10.930	14.060	0.5	0.5	-
10/1/2023	Dialog	7277	2.580	2.550	2.210	2.840	-1.2	-1.2	-
11/1/2023	KYM	8362	0.600	0.600	0.510	0.660	11.1	0.0	-
11/1/2023	AncomNylex	4758	1.140	1.140	0.970	1.250	7.5	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	0.920	0.08	8.5
British American Tobacco Malay	Consumer	11.260	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	0.540	0.04	7.2
Uchi Technologies Bhd	Industrial	3.270	0.23	7.0
Matrix Concepts Holdings Bhd	Property	1.500	0.10	6.9
Al-'Aqar Healthcare REIT	REIT	1.240	0.08	6.6
AmFirst REIT	REIT	0.355	0.02	6.4
YTL Power International Bhd	Utilities	0.730	0.05	6.3
Pavilion REIT	REIT	1.240	0.08	6.3
Malayan Banking Bhd	Finance	8.790	0.55	6.3
Pharmaniaga Bhd	Consumer	0.530	0.03	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	(0.7)	21.3	14.7	17.4	14.7	12.5	
Finance	(0.1)	13.0	11.5	12.3	11.8	9.4	
Property	1.5	13.8	8.6	11.5	8.6	8.5	
Plantation	(2.3)	94.6	9.1	43.4	9.1	16.0	
Consumer	1.0	25.6	14.7	22.0	14.7	15.1	
Technology	1.3	29.8	7.0	21.2	7.0	20.4	
Construction	2.7	22.2	9.9	17.1	9.9	11.8	
Energy	2.6	-	-	-	9.2	10.9	
Health care	(3.2)	52.6	25.1	38.8	25.1	24.5	
Ind Prod	0.4	38.6	10.1	23.7	10.1	12.0	
REIT	2.0	-	-	-	20.4	14.9	
Telco	(2.0)	25.1	22.5	23.8	22.5	16.9	
Transportations	9.7	-	-	-	-	16.7	
Utilities	0.2	-	-	-	13.0	12.1	

Source: Bloomberg



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Published and printed by:

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