



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose yesterday lifted by strength in energy counters. Market breadth was positive with 572 gainers against 340 losers. The energy sector was the top gainer leading by an increase of 2.24%, while the transportation & logistics sector was the top loser declining by -1.32%. F&N (3689) was the top gainer for the day again increasing by RM1.24 or 5.6%. The FBM KLCI rose by 0.18% to 1,487.87.

We believe Malaysian stocks will rise due to inclines in the broader regional market.

ECONOMICS

- **November wholesale, retail trade** up 13.9% to RM133.9b — DOSM
- **November IPI** up 4.8%, with expansion in mining, manufacturing and electricity sectors — DOSM
- **November manufacturing sales** up 11.8% to RM159.2b — DOSM

COMPANY

- **E&O (3417)** fixes ICULS issue price at 23.5 sen; proceeds of up to RM220 mil to be used to fund projects
- **Favelle Favco (7229)** bags three contracts totalling RM45.5 mil
- **Minetech (7219)** bags RM37.7m contract to build 3MW mini-hydro power plant in Terengganu
- **SCIB (9237)** plans private placement to raise up to RM10.9 mil to repay bank borrowings, fund working capital

EXPRESSO FOR THE DAY

- **Technical Watch – Padini (7052)** – Entry Price RM3.55, Target Price RM3.91, Stop Loss RM3.04, Support RM3.37, Resistance RM3.50
- **Technical Watch – MBBM (5983)** – Entry Price RM3.45, Target Price RM3.80, Stop Loss RM2.95, Support RM3.28, Resistance RM3.40

Local		(%)
FBMKLCI	1,487.90	0.2
Volume (mil)	3,575.70	12.0
Value (RM'mil)	2,176.90	13.9
Gainers	572	
Losers	340	
Unchanged	390	

Foreign		(%)
Dow Jones	33,704.1	0.8
Nasdaq CI	10,742.6	1.8
S&P 500	3,919.3	1.3
FTSE 100	7,741.9	0.4
Nikkei 225	26,446.0	1.0
Shanghai CI	3,161.8	(0.2)
HSI	21,436.1	0.5
STI	3,271.5	0.3

Most Active	RM	Chg
VELESTO	0.165	0.005
MYEG	0.890	0.025
HONGSENG	0.150	(0.005)
NYLEX	0.450	0.000
HIAPTEK	0.315	0.025

Top Gainer	RM	Chg
F&N	23.380	1.240
MPI	31.600	0.380
IMASPRO	5.700	0.360
HLFG	18.860	0.280
HEIM	25.200	0.260

Top Loser	RM	Chg
HEXTECH	26.300	(2.580)
TENAGA	9.400	(0.130)
HEXTAR	2.250	(0.110)
RAPID	16.000	(0.100)
IHH	5.960	(0.070)

Other Stats		(%)
USD/MYR	4.37	(0.05)
USD/RMB	6.77	(0.21)
Brent (USD/barrel)	80.34	3.57
Gold (USD/troy oz)	1,883.41	(0.07)
CPO (RM/metric t)	3,862.0	(1.89)

**DAILY NEWSWATCH****ECONOMICS**

Malaysia's wholesale and retail trade sales expanded 13.9% year-on-year (y-o-y) to RM133.9 billion in November 2022, mainly boosted by the growth in the retail trade sub-sector, said the Department of Statistics Malaysia (DOSM). (The Edge)

Malaysia's industrial production index (IPI) rose by 4.8% in November 2022 against 4.6% in the previous month, reinforced by an expansion in the mining, manufacturing and electricity sectors, the Department of Statistics Malaysia (DOSM) said on Wednesday (Jan 11). (The Edge)

The manufacturing sector continued its double-digit growth to record RM159.2 billion in sales in November 2022, an increase of 11.8% year-on-year (y-o-y), the Department of Statistics Malaysia (DOSM) said. (The Edge)

COMPANY

Eastern and Oriental Bhd (3417) has fixed the rights issue of irredeemable convertible unsecured loan stocks (ICULS) at an issue price of 23.5 sen per unit. The conversion price of ICULS has also been fixed at 23.5 sen each, and the conversion ratio is one ICULS for one new share, said E&O in a Bursa Malaysia filing. E&O aims to raise between RM178.22 million and RM255.76 million fresh capital from the subscription to rights issue, excluding the conversion. (The Edge)

Crane manufacturer Favelle Favco Bhd's (7229) subsidiaries have secured three purchase orders, totalling RM45.5 million from Nov 11, 2022 until Wednesday. In a filing with Bursa Malaysia, Favelle Favco said its wholly-owned unit, Favelle Favco Cranes (M) Sdn Bhd, had bagged two offshore crane supply contracts with Malaysia Marine and Heavy Engineering Sdn Bhd and Ocean Might Sdn Bhd. (The Edge)

Minetech Resources Bhd's (7219) unit has secured a RM36.71 million contract from Tesdec Hydropower Sdn Bhd to build a mini-hydro power plant in Besut, Terengganu, from January this year till May 2027. This came after both parties entered into a Memorandum of Understanding (MOU) in December last year to collaborate in the development of a 30MW mini-hydro project in Terengganu. (The Edge)

Sarawak Consolidated Industries Bhd (9237) plans to raise as much as RM10.98 million via a private placement, mainly for repayment of bank borrowings and fund its working capital requirements. The proposed exercise will entail the placement of not more than 10% of its issued shares at a price to be determined later, the precast concrete product maker said in a bourse filing. (The Edge)



Padini Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PAD MK | KLSE Stock Code: 7052

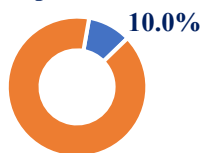
Main Market
Consumer Products & Services
Subsector – Retailers
Current Price: RM3.55
Target Price: RM3.91

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by three white soldiers 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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 7
Holds: 3
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	43.3	27.0	18.9
P/B	2.3	2.9	2.8
P/CF	15.5	14.8	11.7
P/S	1.8	1.6	1.3

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

Company Overview

Padini Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and retails garments, shoes, ancillary products, and accessories.



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Entry Price	RM3.55
Market Cap (m)	RM2,335.6
52w high	RM3.79
52w low	RM2.77
Stop Loss	RM3.04
Immediate Support	RM3.37
Immediate Resistance	RM3.50 (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)	997,175.8



MBM Resources Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: MBM MK | KLSE Stock Code: 5983

Main Market
Consumer Products & Services
Subsector – Automotive

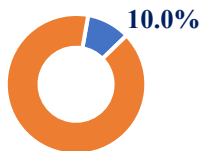
Current Price: RM3.45
Target Price: RM3.80

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: 8
Holds: 1
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	5.9	5.7	7.0
P/BV	0.6	0.6	0.5
P/CF	10.9	8.4	10.2
P/S	0.7	0.6	0.5

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

Company Overview

MBM Resources Berhad is an investment holding company. The Company, through its subsidiaries, trades, markets, and distributes motor vehicles and related spare parts as well as provides hire purchase and lease financing facilities. MBM Resources also repairs motor vehicles.



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Entry Price	RM3.45
Market Cap (m)	RM1,348.6
52w high	RM3.55
52w low	RM2.87
Stop Loss	RM2.95
Immediate Support	RM3.28
Immediate Resistance	RM3.40 (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)	403,704.8



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
14/12/2022	F&N	3689	22.120	23.380	18.910	24.330	5.6	5.7	-
14/12/2022	HarnLen	7501	1.970	0.875	1.680	2.170	4.2	-55.6	SL Triggered
15/12/2022	QLResources	7084	5.650	5.790	4.830	6.220	-0.2	2.5	-
15/12/2022	PublicBank	1295	4.440	4.310	3.800	4.880	0.2	-2.9	-
16/12/2022	BAT	4162	11.320	11.300	9.680	12.450	0.4	-0.2	-
16/12/2022	PressMetal	8869	4.930	4.950	4.220	5.420	0.6	0.4	-
19/12/2022	HapSeng	3034	5.650	6.840	5.370	6.220	1.9	21.1	TP Achieved
19/12/2022	IoiCorp	1961	3.980	3.970	3.400	4.380	0.3	-0.3	-
20/12/2022	IHH	5225	5.900	5.960	5.040	6.490	-1.2	1.0	-
20/12/2022	Gamuda	5398	3.700	3.940	3.160	4.070	0.3	6.5	-
21/12/2022	HLFG	1082	18.780	18.860	16.060	20.660	1.5	0.4	-
21/12/2022	SEQB	9822	4.860	5.020	4.160	5.350	1.2	3.3	-
22/12/2022	KeinHing	7199	2.050	2.290	1.750	2.260	-3.0	11.7	TP Achieved
22/12/2022	Maybank	1155	8.780	8.830	7.510	9.660	0.5	0.6	-
23/12/2022	GenP	2291	6.040	6.060	5.160	6.640	0.7	0.3	-
23/12/2022	Scomnet	0001	1.670	1.620	1.430	1.840	3.2	-3.0	-
27/12/2022	7-Eleven	2289	1.990	1.770	1.700	2.190	-1.7	-11.1	SL Triggered
27/12/2022	RHBBank	4579	5.740	5.750	4.910	6.310	0.5	0.2	-
28/12/2022	SuperMax	7106	0.910	0.810	0.780	1.000	-1.2	-11.0	-
28/12/2022	GenP	2291	6.400	6.060	5.470	7.040	0.7	-5.3	-
29/12/2022	BIMB	5258	2.730	2.530	2.330	3.000	0.0	-7.3	-
29/12/2022	Allianz	1163	14.200	14.640	12.140	15.620	0.1	3.1	-
30/12/2022	SMI	4375	0.610	0.870	0.520	0.670	2.4	42.6	TP Achieved
30/12/2022	RHBBank	1066	5.750	5.750	4.920	6.330	0.5	0.0	-
3/1/2023	Bonia	9288	2.270	2.370	1.940	2.500	0.9	4.4	-
3/1/2023	PetDag	5681	23.000	22.740	19.670	25.300	0.0	-1.1	-
4/1/2023	Atech	5302	1.990	2.160	1.700	2.190	0.9	8.5	-
4/1/2023	Pentamaster	7160	4.570	4.750	3.910	5.030	1.5	3.9	-
5/1/2023	AbleGlobal	7167	1.450	1.490	1.240	1.600	-0.7	2.8	-
5/1/2023	Tomei	7230	1.120	1.160	0.960	1.230	1.8	3.6	-
6/1/2023	CFM	8044	2.900	2.870	2.480	3.190	1.8	-1.0	-
6/1/2023	HapSeng	3034	6.590	6.840	5.630	7.250	1.9	3.8	-
9/1/2023	UMW	4588	3.630	3.600	3.100	3.990	-0.8	-0.8	-
9/1/2023	Digi	6947	3.960	4.100	3.390	4.360	3.0	3.5	-
10/1/2023	AeonCredit	5139	12.780	13.060	10.930	14.060	1.7	2.2	-
10/1/2023	Dialog	7277	2.580	2.580	2.210	2.840	1.2	0.0	-
11/1/2023	KYM	8362	0.600	0.585	0.510	0.660	-2.5	-2.5	-
11/1/2023	AncomNylex	4758	1.140	1.160	0.970	1.250	1.8	1.8	-
12/1/2023	Padini	7052	3.550	3.550	3.040	3.910	2.0	0.0	-
12/1/2023	MBM	5983	3.450	3.450	2.950	3.800	3.6	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	1.800	0.18	10.0
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	0.785	0.06	7.4
UOA REIT	REIT	1.170	0.09	7.4
Capitaland Malaysia Trust	REIT	0.535	0.04	7.3
Uchi Technologies Bhd	Industrial	3.260	0.23	7.1
Matrix Concepts Holdings Bhd	Property	1.510	0.10	6.8
Al-'Aqar Healthcare REIT	REIT	1.240	0.08	6.6
AmFirst REIT	REIT	0.355	0.02	6.4
Pavilion REIT	REIT	1.230	0.08	6.3
YTL Power International Bhd	Utilities	0.730	0.05	6.3
Malayan Banking Bhd	Finance	8.830	0.55	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	(0.5)	21.3	14.7	17.4	14.7	12.5	
Finance	0.4	13.0	11.5	12.3	11.9	9.5	
Property	1.7	13.8	8.6	11.5	8.6	8.5	
Plantation	(2.1)	94.6	9.1	43.4	9.1	16.1	
Consumer	1.2	25.6	14.7	22.0	14.7	15.2	
Technology	2.5	29.8	7.1	21.2	7.1	20.7	
Construction	3.2	22.2	9.9	17.1	9.9	11.8	
Energy	4.9	-	-	-	9.4	11.2	
Health care	(3.4)	52.6	25.1	38.8	25.1	24.5	
Ind Prod	0.8	38.6	10.1	23.7	10.1	12.1	
REIT	2.0	-	-	-	20.4	14.9	
Telco	(1.5)	25.1	22.8	23.9	22.8	17.0	
Transportations	8.3	-	-	-	-	16.1	
Utilities	0.0	-	-	-	13.0	12.1	

Source: Bloomberg



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