



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose yesterday in line with growth in the broader global equity markets. Market breadth was negative with 440 gainers against 467 losers. The technology sector was the top gainer leading by an increase of 1.922%, while the transportation & logistics sector was the top loser for the second day in a row declining by -2.54%. MPI (3867) was the top gainer for the day again increasing by RM0.78 or 2.5%. The FBM KLCI rose by 0.79% to 1,488.66.

We expect Malaysian stocks to be bullish following the rise in Wall Street stocks overnight.

ECONOMICS

- Malaysia's GDP growth to ease to 4% this year, says StanChart

COMPANY

- Atlan's (7048) 3Q profit jumps to RM5.9 mil as duty-free biz recovers; pays four sen dividend
- Pantech's (5125) 3Q profit jumps 70% on stronger demand amid economic recovery, pays 1.5 sen dividend
- Careplus (0163) plans 20% private placement to raise up to RM49.8m
- Main Market-bound Kitacon (5310) makes RM8.5m net profit in 3Q
- Genetec (0104) plans RM154.8 mil private placement to fund expansion, working capital

EXPRESSO FOR THE DAY

- Technical Watch – Unisem (5005)** – Entry Price RM2.92, Target Price RM3.21, Stop Loss RM2.50, Support RM2.77, Resistance RM2.97
- Technical Watch – Frontken (0128)** – Entry Price RM3.31, Target Price RM3.64, Stop Loss RM2.83, Support RM3.14, Resistance RM3.33

Local (%)		
FBMKLCI	1,488.70	0.2
Volume (mil)	3,576.50	12.0
Value (RM'mil)	2,755.10	13.9
Gainers	440	
Losers	467	
Unchanged	403	
Foreign (%)		
Dow Jones	34,214.0	0.7
Nasdaq CI	10,998.8	0.6
S&P 500	3,993.2	0.6
FTSE 100	7,794.0	0.9
Nikkei 225	26,449.8	0.0
Shanghai CI	3,163.5	0.1
HSI	21,514.1	0.4
STI	3,267.8	(0.1)
Most Active RM Chg		
NATGATE	1.000	0.620
VELESTO	0.160	(0.005)
HARNLEN	0.830	(0.045)
L&PBHD	0.535	(0.040)
TEXCYCL	0.690	0.090
Top Gainer RM Chg		
MPI	32.380	0.780
NATGATE	1.000	0.620
HEIM	25.800	0.600
F&N	23.840	0.460
IMASPRO	6.000	0.300
Top Loser RM Chg		
HEXTECH	22.200	(4.100)
PETDAG	22.120	(0.620)
KOTRA	5.850	(0.280)
HARISON	6.620	(0.220)
NESTLE	137.300	(0.200)
Other Stats (%)		
USD/MYR	4.36	(0.27)
USD/RMB	6.73	(0.52)
Brent (USD/barrel)	84.19	1.84
Gold (USD/troy oz)	1,897.03	1.15
CPO (RM/metric t)	3,820.0	(1.09)

**DAILY NEWSWATCH****ECONOMICS**

After a strong economic recovery in 2022, **Malaysia's economic growth is expected to slow to 4% in 2023**, down from an estimated 8.8% for 2022, due to a high base effect and the weakening of external demand amid a sluggish global economy, according to Standard Chartered Bank (StanChart) Malaysia. (The Edge)

COMPANY

Autoparts maker and duty-free goods trader **Atlan Holdings Bhd's (7048)** net profit rose to RM5.91 million for the 3QFY2023, Nov from RM1.18 million in the corresponding period in FY2022, as its duty-free segment swung back to profit with the return of retail outlets to full operations. (The Edge)

Pipe maker **Pantech Group Holdings Bhd's (5125)** net profit surged 70.22% to RM34.66m for their 3QFY2023 from RM20.36m a year earlier, as both its manufacturing and trading segments saw increased contributions on stronger demand amid an improving economy. (The Edge)

Glove maker **Careplus Group Bhd (0163)** is planning to place out up to 114.6 million new shares or 20% of its enlarged issued share capital to raise as much as RM49.8m before the end of this year, mainly for capital expenditure and working capital. (The Edge)

Main Market-bound Kumpulan **Kitacon Bhd (5310)**, a design and construction services outfit, reported a net profit of RM8.53 million for 3QFY2022. The group made revenue of RM116.09 million during the quarter, its bourse filing showed. Earnings per share came in at 1.71 sen. (The Edge)

ACE Market-listed **Genetec Technology Bhd (0104)** has proposed to undertake a private placement of up to 10% of the company's total share base to raise as much as RM154.8 million to fund the expansion of its manufacturing facilities and working capital requirements. (The Edge)



Unisem (M) Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: UNI MK | KLSE Stock Code: 5005

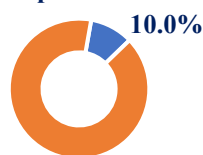
Main Market
Technology
Subsector – Semiconductors
Current Price: RM2.92
Target Price: RM3.21

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 rising momentum on the stock (RSI >60).

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 and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 4
Holds: 2
Sells: 2

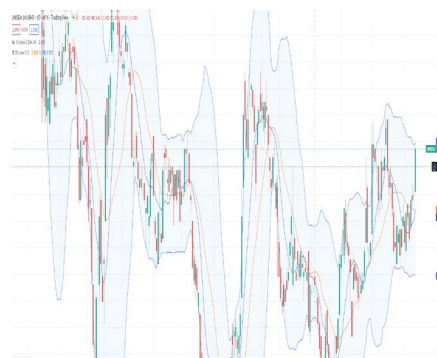
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	26.9	28.9	22.4
P/B	2.4	1.8	1.4
P/CF	14.7	11.0	7.7
P/S	3.4	2.3	1.6

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

Company Overview

Unisem (M) Berhad manufactures semiconductor devices. The Company provides turnkey solutions to its customers in wafer grinding, packaging and testing of integrated circuits, tape and reel, and dropship services. Unisem also provides packaging and testing wide range of leadframe packages.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM2.92
Market Cap (m)	RM4,710.2
52w high	RM3.70
52w low	RM2.07
Stop Loss	RM2.50
Immediate Support	RM2.77
Immediate Resistance	RM2.97 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	3,156,172.0



Frontken Corporation Bhd

Technical Watch - "BUY on Potential Upside"

Bloomberg: FRCB MK | KLSE Stock Code: 0128

Main Market
Technology
Subsector – Semiconductors

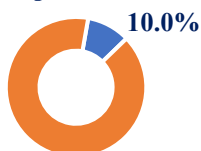
Current Price: RM3.31
Target Price: RM3.64

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 >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



Buys: 4
Holds: 3
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	48.2	35.3	30.5
P/BV	9.5	6.6	3.7
P/CF	31.0	23.1	13.7
P/S	10.1	7.0	3.8

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

Company Overview

Frontken Corporation Bhd. provides surface metamorphosis technology with thermal spray coating processes.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM3.31
Market Cap (m)	RM5,204.7
52w high	RM3.73
52w low	RM2.08
Stop Loss	RM2.83
Immediate Support	RM3.14
Immediate Resistance	RM3.33 (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)	7,943,971.0



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
15/12/2022	QLResources	7084	5.650	5.980	4.830	6.220	3.3	5.8	-
15/12/2022	PublicBank	1295	4.440	4.310	3.800	4.880	0.0	-2.9	-
16/12/2022	BAT	4162	11.320	11.580	9.680	12.450	2.5	2.3	-
16/12/2022	PressMetal	8869	4.930	4.990	4.220	5.420	0.8	1.2	-
19/12/2022	HapSeng	3034	5.650	6.800	5.370	6.220	-0.6	20.4	TP Achieved
19/12/2022	IoiCorp	1961	3.980	3.940	3.400	4.380	-0.8	-1.0	-
20/12/2022	IHH	5225	5.900	5.980	5.040	6.490	0.3	1.4	-
20/12/2022	Gamuda	5398	3.700	3.890	3.160	4.070	-1.3	5.1	-
21/12/2022	HLFG	1082	18.780	18.900	16.060	20.660	0.2	0.6	-
21/12/2022	SEQB	9822	4.860	4.990	4.160	5.350	-0.6	2.7	-
22/12/2022	KeinHing	7199	2.050	2.270	1.750	2.260	-0.9	10.7	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	-0.2	0.2	-
23/12/2022	Scomnet	0001	1.670	1.600	1.430	1.840	-1.2	-4.2	-
27/12/2022	7-Eleven	2289	1.990	1.800	1.700	2.190	1.7	-9.5	SL Triggered
27/12/2022	RHBBank	4579	5.740	5.720	4.910	6.310	-0.5	-0.3	-
28/12/2022	SuperMax	7106	0.910	0.815	0.780	1.000	0.6	-10.4	-
28/12/2022	GenP	2291	6.400	6.050	5.470	7.040	-0.2	-5.5	-
29/12/2022	BIMB	5258	2.730	2.510	2.330	3.000	-0.8	-8.1	-
29/12/2022	Allianz	1163	14.200	14.600	12.140	15.620	-0.3	2.8	-
30/12/2022	SMI	4375	0.610	0.910	0.520	0.670	4.6	49.2	TP Achieved
30/12/2022	RHBBank	1066	5.750	5.720	4.920	6.330	-0.5	-0.5	-
3/1/2023	Bonia	9288	2.270	2.360	1.940	2.500	-0.4	4.0	-
3/1/2023	PetDag	5681	23.000	22.120	19.670	25.300	-2.7	-3.8	-
4/1/2023	Atech	5302	1.990	2.180	1.700	2.190	0.9	9.5	-
4/1/2023	Pentamaster	7160	4.570	4.860	3.910	5.030	2.3	6.3	-
5/1/2023	AbleGlobal	7167	1.450	1.500	1.240	1.600	0.7	3.4	-
5/1/2023	Tomei	7230	1.120	1.140	0.960	1.230	-1.7	1.8	-
6/1/2023	CFM	8044	2.900	2.920	2.480	3.190	1.7	0.7	-
6/1/2023	HapSeng	3034	6.590	6.800	5.630	7.250	-0.6	3.2	-
9/1/2023	UMW	4588	3.630	3.640	3.100	3.990	1.1	0.3	-
9/1/2023	Digi	6947	3.960	4.110	3.390	4.360	0.2	3.8	-
10/1/2023	AeonCredit	5139	12.780	12.920	10.930	14.060	-1.1	1.1	-
10/1/2023	Dialog	7277	2.580	2.590	2.210	2.840	0.4	0.4	-
11/1/2023	KYM	8362	0.600	0.565	0.510	0.660	-3.4	-5.8	-
11/1/2023	AncomNylex	4758	1.140	1.150	0.970	1.250	-0.9	0.9	-
12/1/2023	Padini	7052	3.550	3.560	3.040	3.910	0.3	0.3	-
12/1/2023	MBM	5983	3.450	3.440	2.950	3.800	-0.3	-0.3	-
13/1/2023	Unisem	5005	2.920	2.920	2.500	3.210	3.9	0.0	-
13/1/2023	Frontken	0128	3.310	3.310	2.830	3.640	4.4	0.0	-

*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	1.800	0.18	10.0
RCE Capital Bhd	Finance	1.850	0.18	9.7
YTL Hospitality REIT	REIT	0.935	0.08	8.3
British American Tobacco Malay	Consumer	11.580	0.91	7.9
UOA REIT	REIT	1.160	0.09	7.4
Tambun Indah Land Bhd	Property	0.785	0.06	7.4
Capitaland Malaysia Trust	REIT	0.540	0.04	7.2
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	1.250	0.08	6.6
AmFirst REIT	REIT	0.360	0.02	6.3
YTL Power International Bhd	Utilities	0.730	0.05	6.3
Pavilion REIT	REIT	1.240	0.08	6.3
Malayan Banking Bhd	Finance	8.800	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	(0.5)	21.3	14.7	17.4	14.7	12.5	
Finance	0.2	13.0	11.5	12.3	11.8	9.5	
Property	3.0	13.8	8.7	11.6	8.7	8.7	
Plantation	(2.3)	94.6	9.1	43.4	9.1	16.0	
Consumer	1.3	25.6	14.8	22.0	14.8	15.2	
Technology	4.4	29.8	7.2	21.3	7.2	21.1	
Construction	2.6	22.2	9.9	17.1	9.9	11.7	
Energy	5.2	-	-	-	9.3	11.1	
Health care	(3.5)	52.6	25.1	38.8	25.1	24.5	
Ind Prod	1.1	38.6	10.1	23.7	10.1	12.1	
REIT	2.9	-	-	-	20.5	15.0	
Telco	(1.0)	25.1	22.8	23.9	22.8	17.0	
Transportations	5.5	-	-	-	-	15.8	
Utilities	0.2	-	-	-	13.0	12.1	

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
