



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined yesterday as profit-taking activities on selected heavyweights took place amidst cautious sentiment. Market breadth was negative with 411 gainers against 485 losers. The construction sector was the top gainer leading by an increase of 1.3%, while the utilities sector was the top loser declining by -0.6%. HEXTECH (5136) was the top gainer increasing by RM0.88 or 3.6%. The FBM KLCI fell by 0.1% to 1,493.56.

We opine that Malaysian stocks will be less volatile amid mixed sentiment on regional market.

ECONOMICS

- Cost-of-living, inflation, debt crises top three global risks for Malaysia — WEF report

COMPANY

- ACE-Market listed **Wellspire (0271)** climbs 87% on maiden trading day
- **KAB (0193)** to acquire first biogas power plant in Kedah for RM15 mil
- **MST Golf** seeks Main Market listing
- **UMW (4588)** racked up record sales of 383,054 vehicles in 2022 due to robust demand

EXPRESSO FOR THE DAY

- **Technical Watch – Padini (7052)** – Entry Price RM3.67, Target Price RM4.04, Stop Loss RM3.14, Support RM3.49, Resistance RM3.56
- **Technical Watch – Pentamaster (7160)** – Entry Price RM4.99, Target Price RM5.49, Stop Loss RM4.27, Support RM4.74, Resistance RM4.91

Local		(%)
FBMKLCI	1,493.60	(0.1)
Volume (mil)	3,922.90	15.2
Value (RM'mil)	2,034.60	0.8
Gainers	411	
Losers	485	
Unchanged	386	

Foreign		(%)
Dow Jones	34,302.6	0.0
Nasdaq CI	11,079.2	0.0
S&P 500	3,999.1	0.0
FTSE 100	7,860.1	0.2
Nikkei 225	25,822.3	(1.1)
Shanghai CI	3,227.6	1.0
HSI	21,746.7	0.0
STI	3,283.6	(0.3)

Most Active	RM	
SAPNRG	0.050	0.005
WELLS	0.430	0.200
REVENUE	0.750	0.265
VELESTO	0.180	0.005
SERBADK	0.015	(0.005)

Top Gainer	RM	Chg
HEXTECH	25.100	0.880
HEIM	26.500	0.700
F&N	24.500	0.600
NESTLE	135.500	0.500
AJI	14.220	0.420

Top Loser	RM	Chg
KLK	21.760	(0.420)
AIRPORT	7.070	(0.130)
CYL	1.060	(0.120)
RVIEW	3.350	(0.100)
REDIDEA	0.060	(0.090)

Other Stats		(%)
USD/MYR	4.32	(0.40)
USD/RMB	6.74	(0.56)
Brent (USD/barrel)	88.46	(0.96)
Gold (USD/troy oz)	1,918.01	(0.22)
CPO (RM/metric t)	3,836.0	(0.34)



DAILY NEWSWATCH

ECONOMICS

Cost-of-living, rapid or sustained inflation, and debt crises were identified as the top three global risks for Malaysia in the Executive Opinion Survey (EOS) accompanying the Global Risks Report 2023 by the World Economic Forum (WEF). According to the report, cost of living is the top risk globally, with the greatest impact (severity) over a two-year period. Meanwhile, the global risk that ranked first by severity over the long term (10 years) is failure to mitigate climate change. (The Edge)

COMPANY

Newly ACE-Market listed **Wellspire Holdings Bhd (0271)** ended its maiden trading day at 43 sen on Monday (Jan 16), up 20 sen or 86.96% versus its initial public offering (IPO) price of 23 sen. (The Edge)

Kejuruteraan Asastera Bhd (0193) is acquiring the entire stake in Future Biomass Gasification Sdn Bhd (FBG) and its biogas power plant asset for a total of RM15 million. (The Edge)

MST Golf Group Bhd is seeking a listing on the Main Market of Bursa Malaysia, according to its prospectus exposure published on the Securities Commission's website last Wednesday (Jan 11). (The Edge)

UMW Holdings Bhd (4588) racked up record sales of 383,054 vehicles in 2022, 46% higher than the 262,685 vehicles sold in 2021, which was affected by the full movement control order. Both UMW Toyota Motor (UMWT) and UMW's associate company Perusahaan Otomobil Kedua Sdn Bhd (Perodua) surpassed their sales targets for the year, mainly due to the robust demand driven by the sales tax exemption as well as the exciting new models launched during the year. (The Edge)



Padini Holdings Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: PAD MK | KLSE Stock Code: 7052

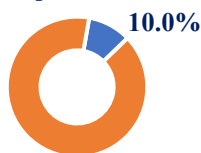
Main Market
Consumer Products & Services
Subsector – Retailers
Current Price: RM3.67
Target Price: RM4.04

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 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: 7
Holds: 3
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	43.0	27.0	18.9
P/B	2.4	2.9	2.8
P/CF	15.1	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.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM3.67
Market Cap (m)	RM2,414.5
52w high	RM3.79
52w low	RM2.77
Stop Loss	RM3.14
Immediate Support	RM3.49
Immediate Resistance	RM3.56 (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



Pentamaster Corporation Bhd

Technical Watch - “BUY on Potential Upside”

Bloomberg: PENT MK | KLSE Stock Code: 7160

Main Market
Technology
Subsector – Tech Equipment

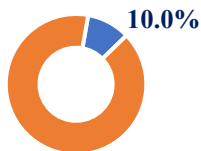
Current Price: RM4.99
Target Price: RM5.49

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a three white soldier coupled with a strong momentum on the stock (RSI >75).

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: 7
Holds: 2
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	44.8	33.9	26.1
P/BV	6.0	5.0	3.4
P/CF	43.3	31.4	26.5
P/S	6.8	5.1	3.2

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

Company Overview

Pentamaster Corporation Berhad is an investment holding company. The Company, through its subsidiaries, manufactures automated and semi-automated machines and equipment, designs and manufactures precision machinery components, as well as assembles and installs computerized automation systems and equipment.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM4.99
Market Cap (m)	RM3,549.5
52w high	RM5.03
52w low	RM2.67
Stop Loss	RM4.27
Immediate Support	RM4.74
Immediate Resistance	RM4.91 (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)	5,231,193.5



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
16/12/2022	HapSeng	3034	5.650	6.990	5.370	6.220	0.6	23.7	TP Achieved
16/12/2022	IoiCorp	1961	3.980	3.950	3.400	4.380	-1.0	-0.8	-
19/12/2022	IHH	5225	5.900	5.970	5.040	6.490	-0.3	1.2	-
19/12/2022	Gamuda	5398	3.700	3.930	3.160	4.070	1.8	6.2	-
20/12/2022	HLFG	1082	18.780	18.900	16.060	20.660	-0.4	0.6	-
20/12/2022	SEQB	9822	4.860	4.900	4.160	5.350	0.0	0.8	-
21/12/2022	KeinHing	7199	2.050	2.080	1.750	2.260	-3.7	1.5	TP Achieved
21/12/2022	Maybank	1155	8.780	8.780	7.510	9.660	-0.9	0.0	-
22/12/2022	GenP	2291	6.040	6.030	5.160	6.640	-0.2	-0.2	-
22/12/2022	Scomnet	0001	1.670	1.600	1.430	1.840	-0.6	-4.2	-
23/12/2022	7-Eleven	2289	1.990	1.950	1.700	2.190	2.6	-2.0	SL Triggered
23/12/2022	RHBBank	4579	5.740	5.760	4.910	6.310	-0.2	0.3	-
27/12/2022	SuperMax	7106	0.910	0.840	0.780	1.000	3.1	-7.7	-
27/12/2022	GenP	2291	6.400	6.030	5.470	7.040	-0.2	-5.8	-
28/12/2022	BIMB	5258	2.730	2.500	2.330	3.000	0.0	-8.4	-
28/12/2022	Allianz	1163	14.200	14.620	12.140	15.620	0.0	3.0	-
29/12/2022	SMI	4375	0.610	1.060	0.520	0.670	2.9	73.8	TP Achieved
29/12/2022	RHBBank	1066	5.750	5.760	4.920	6.330	-0.2	0.2	-
30/12/2022	Bonia	9288	2.270	2.530	1.940	2.500	4.5	11.5	TP Achieved
30/12/2022	PetDag	5681	23.000	22.440	19.670	25.300	0.2	-2.4	-
3/1/2023	Atech	5302	1.990	2.150	1.700	2.190	0.0	8.0	-
3/1/2023	Pentamaster	7160	4.570	4.990	3.910	5.030	1.8	9.2	-
4/1/2023	AbleGlobal	7167	1.450	1.450	1.240	1.600	-2.0	0.0	-
4/1/2023	Tomei	7230	1.120	1.130	0.960	1.230	-1.7	0.9	-
5/1/2023	CFM	8044	2.900	2.860	2.480	3.190	-2.1	-1.4	-
5/1/2023	HapSeng	3034	6.590	6.990	5.630	7.250	0.6	6.1	-
6/1/2023	UMW	4588	3.630	3.800	3.100	3.990	1.1	4.7	-
6/1/2023	Digi	6947	3.960	4.150	3.390	4.360	0.0	4.8	-
9/1/2023	AeonCredit	5139	12.780	13.000	10.930	14.060	0.6	1.7	-
9/1/2023	Dialog	7277	2.580	2.530	2.210	2.840	-2.7	-1.9	-
10/1/2023	KYM	8362	0.600	0.580	0.510	0.660	-6.5	-3.3	-
10/1/2023	AncomNylex	4758	1.140	1.190	0.970	1.250	0.0	4.4	-
11/1/2023	Padini	7052	3.550	3.670	3.040	3.910	4.0	3.4	-
11/1/2023	MBM	5983	3.450	3.450	2.950	3.800	0.0	0.0	-
12/1/2023	Unisem	5005	2.920	3.030	2.500	3.210	2.7	3.8	-
12/1/2023	Frontken	0128	3.310	3.330	2.830	3.640	2.8	0.6	-
13/1/2023	PressMetal	8869	5.080	5.200	4.340	5.590	2.4	2.4	-
13/1/2023	7-Eleven	5250	1.900	1.950	1.620	2.090	2.6	2.6	-
16/1/2023	Padini	1631	3.670	3.670	3.140	4.040	4.0	0.0	-
16/1/2023	Pentamaster	1988	4.990	4.990	4.270	5.490	1.8	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	1.840	0.18	9.8
YTL Hospitality REIT	REIT	0.930	0.08	8.4
British American Tobacco Malay	Consumer	11.900	0.91	7.6
UOA REIT	REIT	1.170	0.09	7.4
Uchi Technologies Bhd	Industrial	3.170	0.23	7.3
Tambun Indah Land Bhd	Property	0.800	0.06	7.3
Capitaland Malaysia Trust	REIT	0.545	0.04	7.2
Matrix Concepts Holdings Bhd	Property	1.500	0.10	6.9
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	8.780	0.55	6.3
Hong Leong Industries Bhd	Industrial	9.070	0.55	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	(0.1)	21.3	14.8	17.5	14.8	12.6	
Finance	0.4	13.0	11.5	12.3	11.9	9.5	
Property	2.4	13.8	8.6	11.5	8.6	8.6	
Plantation	(2.6)	94.6	9.1	43.4	9.1	16.0	
Consumer	2.0	25.6	14.9	22.0	14.9	15.3	
Technology	5.4	29.8	7.3	21.3	7.3	21.3	
Construction	3.1	22.2	9.9	17.1	9.9	11.6	
Energy	5.8	-	-	-	9.4	11.2	
Health care	(2.7)	52.6	25.2	38.9	25.2	24.7	
Ind Prod	2.8	38.6	10.3	23.7	10.3	12.2	
REIT	3.6	-	-	-	20.7	15.1	
Telco	(0.6)	25.1	22.8	24.0	22.8	17.3	
Transportations	7.1	-	-	-	-	16.0	
Utilities	(0.5)	-	-	-	12.9	12.0	

Source: Bloomberg



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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
