



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined yesterday following decline on wall street stocks as fear of interest rate hike looms. Market breadth was negative with 387 gainers against 423 losers. The technology sector was the top gainer leading by an increase of +0.89%, while the utilities sector was the top loser declining by -0.73%. MPI (3867) was the top gainer increasing by RM0.74 or 2.3%. The FBM KLCI fell by -0.26% to 1,495.5.

We think that Malaysian stocks will be bullish in line with strength in Asian equity market.

ECONOMICS

- China's reopening and improving macro factors to fuel Asian equities in 2023

COMPANY

- TT Vision (0272) jumps 276% over IPO price on maiden trading day
- Maybulk (5077) diversifies into commercial shelving business via RM70m acquisition
- Main Market-bound Cape EMS inks underwriting agreement
- Nestcon (0235) awarded RM27m Senai Airport earthworks construction job
- Artroniq (0038) proposes one-for-two bonus issue of warrants

EXPRESSO FOR THE DAY

- Technical Watch – MISC (9288) – Entry Price RM7.39, Target Price RM8.13, Stop Loss RM6.32, Support RM7.02, Resistance RM7.50
- Technical Watch – Dufu (7233) – Entry Price RM1.90, Target Price RM2.09, Stop Loss RM1.62, Support RM1.81, Resistance RM2.04

Local		(%)
FBMKLCI	1,495.50	(0.1)
Volume (mil)	2,703.70	15.2
Value (RM'mil)	2,004.00	0.8
Gainers	387	
Losers	423	
Unchanged	427	
Foreign		(%)
Dow Jones	33,455.1	(1.3)
Nasdaq CI	11,002.3	(0.8)
S&P 500	3,949.6	(1.0)
FTSE 100	7,830.7	(0.3)
Nikkei 225	26,791.1	2.5
Shanghai CI	3,224.4	0.0
HSI	21,678.0	0.5
STI	3,289.6	0.3
Most Active		RM Chg
TTVHB	1.280	0.940
VELESTO	0.185	0.000
DNEX	0.600	0.015
IRIS	0.115	(0.015)
BSLCORP	0.150	(0.035)
Top Gainer		RM Chg
TTVHB	1.280	0.940
MPI	33.240	0.740
TEXCHEM	2.180	0.290
PETDAG	22.520	0.260
APOLLO	4.080	0.210
Top Loser		RM Chg
HEIM	26.080	(0.700)
KLK	21.240	(0.560)
CARLSBG	23.260	(0.400)
HEXTECH	24.160	(0.360)
AEONCR	12.660	(0.300)
Other Stats		(%)
USD/MYR	4.32	(0.25)
USD/RMB	6.76	(0.21)
Brent (USD/barrel)	88.46	(1.23)
Gold (USD/troy oz)	1,904.55	(0.22)
CPO (RM/metric t)	3,826.5	(0.25)



DAILY NEWSWATCH

ECONOMICS

Asian equities are poised to spring back to life this year as investment money is expected to flow back to Asia attracted by the region's strong earnings cycle, weaker US dollar and the prospects of China's full reopening. (The Edge)

COMPANY

TT Vision Holdings Bhd (0272) made an impressive debut on the ACE Market of Bursa Malaysia on Wednesday (Jan 18). The machine vision equipment manufacturer closed at RM1.28 on its maiden trading day — a 276% jump over its initial public offer (IPO) price of 34 sen, making it the second best performing newly listed stock in the past three months after ECA Integrated Solution Bhd. (The Edge)

Dry bulk operator **Malaysian Bulk Carriers Bhd (5077)** has proposed to venture into the business of commercial and industrial shelving through the acquisition of a firm for RM70 million. Maybulk said it has entered into an agreement to buy E Metall Systems Sdn Bhd (EMTS) from its co-owners Grand East Metal (Kulim) Sdn Bhd (70%) and Goh Ting Hong (30%). (The Edge)

Cape EMS Bhd, en route to list on the Main Market of Bursa Malaysia in the first quarter of 2023, has signed an underwriting agreement with Hong Leong Investment Bank Bhd (HLIB) and AmInvestment Bank Bhd for its initial public offering (IPO). (The Edge)

Nestcon Bhd (0235) has been appointed as a contractor to undertake the second phase of the construction of remaining earthworks for the proposed development of Senai Airport City in Johor. In a bourse filing, Nestcon said its wholly-owned subsidiary Nestcon Infra Sdn Bhd (NICB) received the letter of acceptance of tender dated Wednesday (Jan 18) from Senai Airport City Sdn Bhd. (The Edge)

Artroniq Bhd (0038) has proposed a bonus issue of 164.15 million free warrants, on the basis of one warrant for every two shares held. The power cable and ICT products distributor said the entitlement date of the bonus issue would be determined at a later date. (The Edge)



MISC Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: MISC MK | KLSE Stock Code: 3816

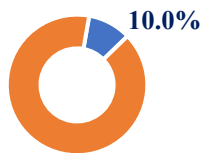
Main Market
Transportation & Logistics
Subsector – Trnsprt & Lgsc Svc
Current Price: RM7.39
Target Price: RM8.13

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by marubozu with a rising momentum on the stock (RSI >55).

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: 6
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.5	18.4	13.9
P/B	0.9	0.8	0.8
P/CF	10.1	6.9	7.7
P/S	2.8	2.9	2.7

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

Company Overview

MISC Berhad owns ships and operates shipping and related services. Through its subsidiaries, the Company provides trucking, warehousing and forwarding service, containers and prime movers repair, and container haulage. MISC Berhad also has operation in trucking and launch operator.



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Entry Price	RM7.39
Market Cap (m)	RM32,987.1
52w high	RM7.92
52w low	RM6.53
Stop Loss	RM6.32
Immediate Support	RM7.02
Immediate Resistance	RM7.50 (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)	2,986,579.8



Dufu Technology Corp Bhd

Technical Watch - “BUY on Potential Upside”

Bloomberg: DUFU MK | KLSE Stock Code: 7233

Main Market
Industrial Products & Services
Subsector – Industrial M, C & Eq

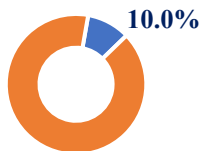
Current Price: RM1.90
Target Price: RM2.09

Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a marubozu coupled with a rising momentum on the stock (RSI >55).

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



Buy: 0
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.7	21.2	15.8
P/BV	5.9	4.3	2.5
P/CF	30.9	25.4	14.4
P/S	5.1	4.0	2.2

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

Company Overview

Dufu Technology Corp Bhd. designs, develops, and manufactures precision machining components, steel molds and stamping components as well as provides marketing and engineering support services.



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Entry Price	RM1.90
Market Cap (m)	RM1,007.0
52w high	RM3.78
52w low	RM1.53
Stop Loss	RM1.62
Immediate Support	RM1.81
Immediate Resistance	RM2.04 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	2,728,276.0



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
20/12/2022	HLFG	1082	18.780	18.940	16.060	20.660	0.2	0.9	20/12/2022
20/12/2022	SEQB	9822	4.860	4.850	4.160	5.350	-1.0	-0.2	20/12/2022
21/12/2022	KeinHing	7199	2.050	2.140	1.750	2.260	2.9	4.4	21/12/2022
21/12/2022	Maybank	1155	8.780	8.780	7.510	9.660	0.0	0.0	21/12/2022
22/12/2022	GenP	2291	6.040	6.040	5.160	6.640	0.2	0.0	22/12/2022
22/12/2022	Scomnet	0001	1.670	1.600	1.430	1.840	0.0	-4.2	22/12/2022
23/12/2022	7-Eleven	2289	1.990	1.970	1.700	2.190	1.0	-1.0	23/12/2022
23/12/2022	RHBBank	4579	5.740	5.720	4.910	6.310	-0.7	-0.3	23/12/2022
27/12/2022	SuperMax	7106	0.910	0.850	0.780	1.000	1.2	-6.6	27/12/2022
27/12/2022	GenP	2291	6.400	6.040	5.470	7.040	0.2	-5.6	27/12/2022
28/12/2022	BIMB	5258	2.730	2.500	2.330	3.000	0.0	-8.4	28/12/2022
28/12/2022	Allianz	1163	14.200	14.700	12.140	15.620	0.5	3.5	28/12/2022
29/12/2022	SMI	4375	0.610	1.070	0.520	0.670	0.9	75.4	29/12/2022
29/12/2022	RHBBank	1066	5.750	5.720	4.920	6.330	-0.7	-0.5	29/12/2022
30/12/2022	Bonia	9288	2.270	2.620	1.940	2.500	3.6	15.4	30/12/2022
30/12/2022	PetDag	5681	23.000	22.260	19.670	25.300	-0.8	-3.2	30/12/2022
3/1/2023	Atech	5302	1.990	2.170	1.700	2.190	0.9	9.0	3/1/2023
3/1/2023	Pentamaster	7160	4.570	5.040	3.910	5.030	1.0	10.3	3/1/2023
4/1/2023	AbleGlobal	7167	1.450	1.450	1.240	1.600	0.0	0.0	4/1/2023
4/1/2023	Tomei	7230	1.120	1.120	0.960	1.230	-0.9	0.0	4/1/2023
5/1/2023	CFM	8044	2.900	2.790	2.480	3.190	-2.4	-3.8	5/1/2023
5/1/2023	HapSeng	3034	6.590	7.000	5.630	7.250	0.1	6.2	5/1/2023
6/1/2023	UMW	4588	3.630	3.780	3.100	3.990	-0.5	4.1	6/1/2023
6/1/2023	Digi	6947	3.960	4.280	3.390	4.360	3.1	8.1	6/1/2023
9/1/2023	AeonCredit	5139	12.780	12.960	10.930	14.060	-0.3	1.4	9/1/2023
9/1/2023	Dialog	7277	2.580	2.580	2.210	2.840	2.0	0.0	9/1/2023
10/1/2023	KYM	8362	0.600	0.600	0.510	0.660	3.4	0.0	10/1/2023
10/1/2023	AncomNylex	4758	1.140	1.180	0.970	1.250	-0.8	3.5	10/1/2023
11/1/2023	Padini	7052	3.550	3.760	3.040	3.910	2.5	5.9	11/1/2023
11/1/2023	MBM	5983	3.450	3.410	2.950	3.800	-1.2	-1.2	11/1/2023
12/1/2023	Unisem	5005	2.920	2.960	2.500	3.210	-2.3	1.4	12/1/2023
12/1/2023	Frontken	0128	3.310	3.340	2.830	3.640	0.3	0.9	12/1/2023
13/1/2023	PressMetal	8869	5.080	5.300	4.340	5.590	1.9	4.3	13/1/2023
13/1/2023	7-Eleven	5250	1.900	1.970	1.620	2.090	1.0	3.7	13/1/2023
16/1/2023	Padini	1631	3.670	3.760	3.140	4.040	2.5	2.5	16/1/2023
16/1/2023	Pentamaster	1988	4.990	5.040	4.270	5.490	1.0	1.0	16/1/2023
17/1/2023	Bonia	9288	2.620	2.620	2.240	2.880	3.6	0.0	17/1/2023
17/1/2023	Axiata	6888	3.050	3.050	2.610	3.360	3.0	0.0	17/1/2023
18/1/2023	Misc	3816	7.390	7.290	6.320	8.130	0.0	-1.4	18/1/2023
18/1/2023	Dufu	7233	1.900	1.790	1.620	2.090	0.0	-5.8	18/1/2023

*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	1.810	0.18	9.9
RCE Capital Bhd	Finance	1.840	0.18	9.8
YTL Hospitality REIT	REIT	0.935	0.08	8.3
British American Tobacco Malay	Consumer	11.800	0.91	7.7
UOA REIT	REIT	1.170	0.09	7.4
Uchi Technologies Bhd	Industrial	3.160	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	1.490	0.10	6.9
Al-'Aqar Healthcare REIT	REIT	1.260	0.08	6.5
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	8.810	0.55	6.3
Hong Leong Industries Bhd	Industrial	9.060	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	(0.0)	21.3	14.8	17.5	14.8	12.6	
Finance	0.0	13.0	11.5	12.3	11.8	9.5	
Property	2.7	13.8	8.7	11.6	8.7	8.6	
Plantation	(3.2)	94.6	9.0	43.4	9.0	15.9	
Consumer	1.7	25.6	14.8	22.0	14.8	15.3	
Technology	5.9	29.8	7.3	21.3	7.3	21.4	
Construction	2.9	22.2	9.8	17.1	9.8	11.5	
Energy	6.6	-	-	-	9.4	11.2	
Health care	(2.8)	52.6	25.2	38.9	25.2	24.7	
Ind Prod	3.5	38.6	10.3	23.7	10.3	12.3	
REIT	3.5	-	-	-	20.7	15.1	
Telco	(0.3)	25.1	24.0	24.5	24.0	18.0	
Transportations	6.6	-	-	-	-	16.0	
Utilities	(0.7)	-	-	-	12.9	12.0	

Source: Bloomberg



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