



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose last Friday in line with rebound on global equity market last week. Market breadth was positive with 501 gainers against 304 losers. The telecommunications & media sector was the top gainer leading by an increase of 0.84%, while the healthcare sector was the top loser declining by -0.69%. Heineken (3255) was the top gainer increasing by RM0.58 or 2.2%. The FBM KLCI rose by 0.28% to 1,500.33.

We believe that Malaysian stocks will maintain a bullish momentum on in line with strength in global equity market.

ECONOMICS

- Leading **Index down** 0.4% y-o-y to 110.5 points in Nov 2022 – DOSM
- **Headline inflation eased to six-month low of 3.8%** in December

COMPANY

- **Wesports's (5246)** 4Q net profit rises 5% to RM235.04 mil, declares dividend 7.46 sen
- **TNB (5347)** seals £72m refinancing package for its UK offshore wind investment
- **KNM (7164)** plans RM18.4 mil private placement for working capital, regularisation plan
- **Green Packet (0082)** disposes unit Xendity for RM17.5m cash

EXPRESSO FOR THE DAY

- **Technical Watch – Kotra (0002)** – Entry Price RM6.09, Target Price RM6.70, Stop Loss RM5.21, Support RM5.79, Resistance RM6.68
- **Technical Watch – Genetech (0104)** – Entry Price RM2.61, Target Price RM2.87, Stop Loss RM2.23, Support RM2.48, Resistance RM2.80

Local		(%)
FBMKLCI	1,500.30	0.3
Volume (mil)	2,336.60	(6.5)
Value (RM'mil)	1,714.60	(9.8)
Gainers	501	
Losers	304	
Unchanged	428	

Foreign		(%)
Dow Jones	33,648.9	1.0
Nasdaq CI	11,341.3	2.7
S&P 500	4,013.0	1.9
FTSE 100	7,757.4	0.3
Nikkei 225	27,299.2	0.6
Shanghai CI	3,264.8	0.8
HSI	22,044.7	1.8
STI	3,293.7	0.5

Most Active	RM	Chg
VELESTO	0.200	(0.005)
TAWIN	0.060	0.000
REACH	0.055	(0.005)
SCOPE	0.220	0.010
SUNVIEW	0.670	0.070

Top Gainer	RM	Chg
HEIM	26.920	0.580
F&N	24.280	0.340
MPI	3.440	0.340
KESM	7.050	0.250
PETDAG	23.080	0.200

Top Loser	RM	Chg
PANAMY	22.900	(0.100)
KHIND	3.100	(0.080)
SIGN	2.360	(0.070)
FRONTKN	3.300	(0.060)
UWC	4.120	(0.060)

Other Stats		(%)
USD/MYR	4.29	(0.52)
USD/RMB	6.79	0.25
Brent (USD/barrel)	86.65	1.71
Gold (USD/troy oz)	1,934.10	(0.32)
CPO (RM/metric t)	3,859.5	0.27

**DAILY NEWSWATCH****ECONOMICS**

Malaysia's Leading Index (LI) decreased 0.4% to 110.5 points in November 2022 compared to 110.9 points a year earlier, according to the Department of Statistics of Malaysia (DOSM). In a statement on Friday (Jan 20), Malaysia's chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the decrease was due to real money supply, M1, Bursa Malaysia Industrial Index, number of housing units approved, expected sales value, manufacturing and number of new companies registered. (The Edge)

Inflation, as measured by the consumer price index, **eased to a six-month low of 3.8%** in December 2022 as compared to 4.0% in November, the Department of Statistics Malaysia (DOSM) said on Friday (Jan 20). (The Edge)

COMPANY

Westports Holdings Bhd's (5246) net profit rose 5.46% to RM235.04 million for the fourth quarter ended Dec 31, 2022 (4QFY2022) from RM222.88 million a year earlier, due to investment tax allowance. Westports' revenue for the quarter under review inched up 3.42% to RM521.14 million against RM503.9 million a year ago. (The Edge)

Tenaga Nasional Bhd's (5347) unit has secured a £72 million refinance package from Mizuho Bank Ltd and National Westminster Bank Plc for offshore wind investment by Blyth Offshore Demonstrator Ltd (BODL). (The Edge)

KNM Group Bhd (7164) has proposed a private placement to raise as much as RM18.38 million for working capital requirements and expenses related to the restructuring and formulation of its regularisation plan. In a bourse filing, the Practice Note 17 (PN17) outfit said the placement will entail the issuance of up to 367.64 million new shares — 10% of its total share base of 3.68 billion shares — to third-party investors to be identified later, at an issue price to be determined later. (The Edge)

Green Packet Bhd (0082) is selling its entire 100% stake in software development company Xendity Sdn Bhd to Innov8tif Holdings Sdn Bhd, for RM17.5 million in cash. (The Edge)



Kotra Industries Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: KTRI MK | KLSE Stock Code: 0002

Main Market
Health Care

Subsector – Pharmaceuticals

Current Price: RM6.09

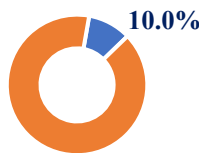
Target Price: RM6.70

Investment Highlights

On an uptrend, the stock is currently trading below the MA20. We think there is a potential upside supported by marubozu with a strong momentum on the stock (RSI >50).

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: 2
Holds: 1
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.7	12.4	15.9
P/B	2.3	1.9	1.5
P/CF	7.6	7.3	7.3
P/S	2.7	2.1	1.6

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

Company Overview

Kotra Industries Berhad makes therapeutic products including anti-inflammatory, analgesic, antacids, cold and antitussive, anthelmintics, antidiabetics, antiasthmatics, dermatological preparations, mouth and throat preparations, antiameobics, antihistamines, anti-emetics, and antivertigo. The Company also produces OTC products, energy drink booster, and mineral water.



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Entry Price	RM6.09
Market Cap (m)	RM901.3
52w high	RM6.97
52w low	RM3.35
Stop Loss	RM5.21
Immediate Support	RM5.79
Immediate Resistance	RM6.68 (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)	85,661.3



Genetech Technology Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: GENE MK | KLSE Stock Code: 0104

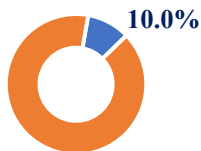
**Main Market
Technology
Subsector – Technology Equipmt**
Current Price: RM2.61
Target Price: RM2.87

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 rising momentum on the stock (RSI >50).

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



Buy: 4
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	70.6	42.6	75.6
P/BV	28.5	12.0	6.6
P/CF	12.9	11.6	7.2
P/S	7.1	3.2	1.9

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

Company Overview

Genetech Technology Berhad designs and develops both customized and standardized industrial automated equipments for high technology related manufacturing companies. The Company also provides integrated engineering solutions that incorporates mechanical, engineering and software functions.



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Entry Price	RM2.61
Market Cap (m)	RM1,778.1
52w high	RM2.97
52w low	RM1.51
Stop Loss	RM2.23
Immediate Support	RM2.48
Immediate Resistance	RM2.80 (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)	8,152,658.8



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
22/12/2022	GenP	2291	6.040	5.960	5.160	6.640	-0.2	-1.3	-
22/12/2022	Scomnet	0001	1.670	1.560	1.430	1.840	0.0	-6.6	-
23/12/2022	7-Eleven	2289	1.990	2.070	1.700	2.190	1.5	4.0	SL Triggered
23/12/2022	RHBBank	4579	5.740	5.680	4.910	6.310	0.0	-1.0	-
27/12/2022	SuperMax	7106	0.910	0.840	0.780	1.000	-1.2	-7.7	-
27/12/2022	GenP	2291	6.400	5.960	5.470	7.040	-0.2	-6.9	-
28/12/2022	BIMB	5258	2.730	2.480	2.330	3.000	-0.8	-9.2	-
28/12/2022	Allianz	1163	14.200	14.760	12.140	15.620	0.5	3.9	-
29/12/2022	SMI	4375	0.610	1.120	0.520	0.670	-2.6	83.6	TP Achieved
29/12/2022	RHBBank	1066	5.750	5.680	4.920	6.330	0.0	-1.2	-
30/12/2022	Bonia	9288	2.270	2.600	1.940	2.500	0.4	14.5	TP Achieved
30/12/2022	PetDag	5681	23.000	23.080	19.670	25.300	0.9	0.3	-
3/1/2023	Atech	5302	1.990	2.350	1.700	2.190	0.0	18.1	TP Achieved
3/1/2023	Pentamaster	7160	4.570	5.000	3.910	5.030	0.4	9.4	TP Achieved
4/1/2023	AbleGlobal	7167	1.450	1.460	1.240	1.600	-1.4	0.7	-
4/1/2023	Tomei	7230	1.120	1.130	0.960	1.230	3.7	0.9	-
5/1/2023	CFM	8044	2.900	2.830	2.480	3.190	0.7	-2.4	-
5/1/2023	HapSeng	3034	6.590	7.180	5.630	7.250	2.3	9.0	-
6/1/2023	UMW	4588	3.630	3.750	3.100	3.990	0.5	3.3	-
6/1/2023	Digi	6947	3.960	4.170	3.390	4.360	-0.7	5.3	-
9/1/2023	AeonCredit	5139	12.780	12.880	10.930	14.060	1.1	0.8	-
9/1/2023	Dialog	7277	2.580	2.550	2.210	2.840	-0.8	-1.2	-
10/1/2023	KYM	8362	0.600	0.600	0.510	0.660	2.6	0.0	-
10/1/2023	AncomNylex	4758	1.140	1.180	0.970	1.250	0.0	3.5	-
11/1/2023	Padini	7052	3.550	3.550	3.040	3.910	0.3	0.0	-
11/1/2023	MBM	5983	3.450	3.450	2.950	3.800	0.6	0.0	-
12/1/2023	Unisem	5005	2.920	3.110	2.500	3.210	1.0	6.5	-
12/1/2023	Frontken	0128	3.310	3.300	2.830	3.640	-1.8	-0.3	-
13/1/2023	PressMetal	8869	5.080	5.280	4.340	5.590	-0.2	3.9	-
13/1/2023	7-Eleven	5250	1.900	2.070	1.620	2.090	1.5	8.9	-
16/1/2023	Padini	1631	3.670	3.550	3.140	4.040	0.3	-3.3	-
16/1/2023	Pentamaster	1988	4.990	5.000	4.270	5.490	0.4	0.2	-
17/1/2023	Bonia	9288	2.620	2.600	2.240	2.880	0.4	-0.8	-
17/1/2023	Axiata	6888	3.050	3.100	2.610	3.360	1.3	1.6	-
18/1/2023	Misc	3816	7.390	7.390	6.320	8.130	0.3	0.0	-
18/1/2023	Dufu	7233	1.900	1.950	1.620	2.090	-1.5	2.6	-
19/1/2023	AeonCredit	5139	12.740	12.880	10.890	14.010	1.1	1.1	-
19/1/2023	Genting	3182	4.940	4.940	4.220	5.430	0.0	0.0	-
20/1/2023	Kotra	0002	6.090	6.090	5.210	6.700	1.3	0.0	-
20/1/2023	Genetec	0104	2.610	2.610	2.230	2.870	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 (%)
SHL Consolidated Bhd	Property	1.810	0.18	9.9
RCE Capital Bhd	Finance	1.830	0.18	9.8
YTL Hospitality REIT	REIT	0.950	0.08	8.4
British American Tobacco Malay	Consumer	11.920	0.91	7.6
UOA REIT	REIT	1.170	0.09	7.4
Uchi Technologies Bhd	Industrial	3.140	0.23	7.3
Tambun Indah Land Bhd	Property	0.800	0.06	7.3
Matrix Concepts Holdings Bhd	Property	1.490	0.10	6.9
Capitaland Malaysia Trust	REIT	0.565	0.04	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
Malayan Banking Bhd	Finance	8.800	0.55	6.3
Hong Leong Industries Bhd	Industrial	8.990	0.55	6.1
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	0.3	21.3	14.8	17.5	14.8	12.6	
Finance	0.2	13.0	11.5	12.3	11.8	9.5	
Property	3.8	13.8	8.7	11.6	8.7	8.7	
Plantation	(2.9)	94.6	9.1	43.4	9.1	15.9	
Consumer	2.4	25.6	14.9	22.0	14.9	15.4	
Technology	6.2	29.8	7.3	21.3	7.3	21.4	
Construction	3.3	22.2	9.9	17.1	9.9	11.6	
Energy	9.0	-	-	-	9.4	11.1	
Health care	(3.0)	52.6	25.0	38.8	25.0	24.6	
Ind Prod	3.6	38.6	10.4	23.7	10.4	12.3	
REIT	5.2	-	-	-	20.6	15.4	
Telco	0.8	25.1	24.2	24.6	24.2	18.2	
Transportations	7.1	-	-	-	-	16.1	
Utilities	(0.3)	-	-	-	12.9	12.1	

Source: Bloomberg



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Published and printed by:

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