



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities fell last Friday, mirroring the performance of the global equity market, as investors worries about the fallout from the biggest bank failure since the financial crisis. Market breadth was negative with 348 gainers against 436 losers. All sectors ended in red last Friday with the energy sector being the top loser declining by -2.93%. Dutch Lady (3026) was the top gainer surging by RM0.42 or +1.6%. The FBM KLCI fell by -1.14% to 1433.08.

We expect Malaysian stocks to decline in line with weaknesses in the equity market globally last week.

ECONOMICS

- **Cement unit price index up 1.9%, steel up 1.5%** in Feb 2023 — DOSM

COMPANY

- **TNB (5347)** unit to install 1.3 MWp solar power system at Seng Hin factory in Kelantan
- **Oppstar (0275)** posts RM4.46 mil net profit in 3Q
- **Betamek (0263)** signs MOU to look into developing battery management system for EVs
- **Kumpulan Perangsang (5843)** inks MOU with consortium on solar energy
- **Pecca (5271)** to acquire 80% stake in Indonesian firm for RM1.88 mil

EXPRESSO FOR THE DAY

- **Technical Watch – AirAsiaX (5238)** – Entry Price RM1.19, Target Price RM1.31, Stop Loss RM1.02, Support RM1.13, Resistance RM1.15
- **Technical Watch – Volcano (0232)** – Entry Price RM0. 88, Target Price RM0.97, Stop Loss RM0.75, Support RM0.84, Resistance RM0. 86

Local		(%)
FBMKLCI	1,433.10	(1.1)
Volume (mil)	2,732.30	2.4
Value (RM'mil)	2,119.60	9.0
Gainers	348	
Losers	436	
Unchanged	382	

Foreign		(%)
Dow Jones	31,909.6	(1.1)
Nasdaq CI	11,138.9	(1.8)
S&P 500	3,861.6	(1.4)
FTSE 100	7,748.4	(1.7)
Nikkei 225	28,144.0	(1.7)
Shanghai CI	3,230.1	(1.4)
HSI	19,319.9	(3.0)
STI	3,177.4	(1.2)

Most Active	RM	Chg
CEB	1.500	0.600
HONGSENG	0.150	0.005
VELESTO	0.215	(0.020)
ASTRO	0.690	0.020
VINVEST	0.220	(0.005)

Top Gainer	RM	Chg
CEB	1.500	0.600
DLADY	27.100	0.420
AJI	14.980	0.260
TOYOVEN	1.410	0.110
BAT	10.660	0.100

Top Loser	RM	Chg
F&N	25.360	(0.920)
MPI	28.200	(0.920)
RAPID	16.800	(0.500)
PPB	16.500	(0.480)
HLFG	18.180	(0.380)

Other Stats		(%)
USD/MYR	4.52	0.03
USD/RMB	6.92	(0.69)
Brent (USD/barrel)	82.78	1.46
Gold (USD/troy oz)	1,868.26	2.03
CPO (RM/metric t)	4,236.5	0.28

**DAILY NEWSWATCH****ECONOMICS**

The Department of Statistics Malaysia (DOSM) said **the unit price index of cement rose by 1.9% in February 2023** as compared with January 2023 due to higher raw material prices as well as energy and shipping costs. In a statement last Friday, DOSM said the average price of cement (ordinary Portland) rose 1.5% to RM21.99 per 50 kilogrammes (kg) from RM21.66/50kg in January 2023. February 2023 also saw the **price index per unit of steel increase by 1.5%** from last month, in tandem with the rise in the prices of iron ore and steel at the global level mainly due to the continuous improvement of industrial demand in China. (The Edge)

COMPANY

Tenaga Nasional Bhd (5347), through its wholly owned subsidiary GSPARX Sdn Bhd (GSPARX), will install a rooftop solar photovoltaic (solar PV) system with 1.3-megawatt peak (MWp) capacity for Seng Hin Rubber (M) Sdn Bhd (Seng Hin) at its factory in Kelantan set to be completed in August 2023. TNB said that through the Supply Agreement with Renewable Energy (Sare) — the initiative to switch to renewable energy (RE) — Seng Hin would be able to enjoy an estimated electricity bill savings of RM18.78 million over 21 years. (The Edge)

Oppstar Bhd (0275), en route to list on the ACE Market of Bursa Malaysia on March 15, posted a net profit of RM4.46 million or earnings per share of 0.7 sen for its third financial quarter ended Dec 31, 2022 (3QFY2023). The integrated circuit (IC) design service provider made a revenue of RM14.61 million during the quarter under review, its Bursa Malaysia filing showed. (The Edge)

Betamek Bhd (0263), the ACE Market-listed electronic manufacturing services (EMS) provider, has inked a deal to expand its vehicle electronic product offerings. The memorandum of understanding (MOU) entered into with Singapore-based semiconductor company Krakatoa Technologies Pte Ltd is aimed at exploring potential collaboration to develop a battery management system-on-a-chip for electric vehicles, said Betamek. (The Edge)

Kumpulan Perangsang Selangor Bhd (5843) has entered into a memorandum of understanding (MOU) to explore the possibility of procuring solar energy from a consortium comprising Worldwide Holdings Bhd and two other firms. The parties will look into signing a long-term corporate green power agreement between KPS and its participating subsidiaries as the off-taker and the consortium via a special purpose vehicle (SPV) as the provider. (The Edge)

Pecca Group Bhd (5271), through its wholly-owned subsidiary Pecca Leather Sdn Bhd, has entered into a shares transfer agreement on March 8 for the acquisition of an 80% equity interest in PT Gemilang Maju Kencana (GMK). The price tag of the acquisition is Indonesian rupiah 6.4 billion or approximately RM1.88 million, which will be fully satisfied by cash via internal funding. GMK, similar to Pecca, is also involved in the business of upholstery leather wrapping and seat covers for the automotive industry in Indonesia. (The Edge)



AirAsia X Berhad

Technical Watch - “BUY on Potential Continuation”

Bloomberg: AAX MK | KLSE Stock Code: 5238

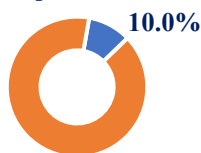
Main Market
Consumer Products & Services
Subsector –Trvl, Leis, Hspitality
Current Price: RM1.19
Target Price: RM1.31

Investment Highlights

On an uptrend the stock is currently trading above the MA20. We think there is a potential continuation supported by a three white soldiers engulfing with a strong momentum on the stock (RSI >80).

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: 1
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	0.0	12.0	20.0
P/B	N/A	1.8	1.8
P/CF	7.2	5.6	4.9
P/S	0.5	0.3	0.3

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

Company Overview

AirAsia X Berhad is a long-haul, low-cost airline based in Malaysia. The Company is an affiliate carrier of the AirAsia Group. AirAsia X offers flights on the Airbus A330-300 aircraft on routes beyond 4 hours flight duration across Asia Pacific and the Middle East.



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Entry Price	RM1.19
Market Cap (m)	RM493.6
52w high	RM1.23
52w low	RM0.36
Stop Loss	RM1.02
Immediate Support	RM1.13
Immediate Resistance	RM1.15 (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)	822,193.1



Volcano Berhad

Technical Watch - “BUY on Potential Breakout”

Bloomberg: VOLCANO MK | KLSE Stock Code: 0232

ACE Market

Industrial Products & Services

Subsector – Industrial Services

Current Price: RM0.88

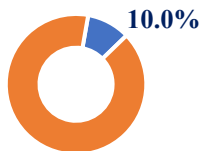
Target Price: RM0.97

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential breakout of the resistances supported by a marubozu 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 hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	26.0	26.0	26.0
P/BV	1.0	1.0	1.0
P/CF	191.4	191.4	191.4
P/S	1.8	1.8	1.8

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

Company Overview

Volcano Berhad provides brand identification and injection molding solutions. The Company offers metal and non-metal nameplates and plastic injection moulded parts for electrical and electronic, automotive, food, furniture, aerospace, and label industries. Volcano serves customers in Malaysia and Thailand.



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Entry Price	RM0.88
Market Cap (m)	RM145.2
52w high	RM0.90
52w low	RM0.38
Stop Loss	RM0.75
Immediate Support	RM0.84
Immediate Resistance	RM0.86 (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)	227,909.5



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
14/2/2023	Unisem	5005	3.270	3.020	2.800	3.600	1.7	-7.6	SL Triggered
14/2/2023	PowerRoot	7237	1.990	2.027	1.700	2.190	0.0	1.9	TP Achieved
15/2/2023	MRDIY	4731	3.600	3.620	3.08	3.96	0.0	0.6	-
15/2/2023	Volcano	8869	5.250	4.960	4.49	5.78	-2.4	-5.5	-
16/2/2023	MRDIY	4832	1.860	1.700	1.590	2.050	2.4	-8.6	SL Triggered
16/2/2023	Volcano	9896	0.860	0.880	0.730	0.940	2.9	2.3	SL Triggered
17/2/2023	MISC	3816	7.480	7.250	6.400	8.230	-1.8	-3.1	-
17/2/2023	Nylex(M)	4944	0.630	0.505	0.540	0.690	-8.2	-19.8	SL Triggered
20/2/2023	Keihin	7199	2.800	1.800	2.390	3.080	-0.6	-35.7	SL Triggered
20/2/2023	Atech	5302	2.950	2.950	2.520	3.250	-1.3	0.0	-
21/2/2023	Supermax	7106	0.830	0.765	0.640	0.910	-3.2	-7.8	SL Triggered
21/2/2023	VS Industry	6963	0.925	0.850	0.790	1.020	-1.2	-8.1	-
22/2/2023	MPI	3867	29.920	28.200	25.580	32.910	-3.2	-5.7	-
22/2/2023	PICORP	7201	0.330	0.115	0.290	0.370	-14.8	-65.2	SL Triggered
23/2/2023	JayaTiasa	4383	0.720	0.700	0.620	0.790	-5.4	-2.8	-
23/2/2023	Hextech	5136	27.300	24.980	23.340	30.030	-0.9	-8.5	-
24/2/2023	FocusPoint	0157	1.430	1.410	1.220	1.570	0.0	-1.4	-
24/2/2023	Genetec	0104	2.790	2.760	2.650	3.070	-2.5	-1.1	-
27/2/2023	MFCB	3069	3.700	3.560	3.160	4.070	0.0	-3.8	-
27/2/2023	PIE	7095	3.270	3.500	2.800	3.600	-0.3	7.0	-
28/2/2023	FarmFresh	5306	1.570	1.540	1.340	1.730	-1.3	-1.9	-
28/2/2023	CMS	2852	1.340	1.190	1.150	1.470	-3.3	-11.2	SL Triggered
1/3/2023	MISC	3816	7.560	7.250	6.460	8.320	-1.8	-4.1	-
1/3/2023	CIMB	1023	5.610	5.300	4.800	6.170	-1.3	-5.5	-
2/3/2023	D&O	7204	4.690	4.480	4.010	5.160	-1.5	-4.5	-
2/3/2023	Dufu	7233	2.150	2.140	1.840	2.370	-2.7	-0.5	-
3/3/2023	ECA	0267	1.050	1.030	0.900	1.160	-1.9	-1.9	-
3/3/2023	Axiata	6888	3.210	3.100	2.740	3.530	-1.3	-3.4	-
6/3/2023	CitaGlobal	7245	1.520	1.410	1.300	1.670	-2.1	-7.2	-
6/3/2023	UMWH	4588	3.900	3.680	3.330	4.290	-2.9	-5.6	-
7/3/2023	Coraza	0240	1.020	0.915	5.360	0.870	-3.7	-10.3	SL Triggered
7/3/2023	Signature	7246	2.650	2.480	2.270	2.920	-1.2	-6.4	-
8/3/2023	IHH	5225	5.950	5.870	5.090	6.550	-1.5	-1.3	-
8/3/2023	Dialog	7277	2.400	2.380	2.050	4.970	-1.7	-0.8	-
9/3/2023	Umedic	0256	0.870	0.830	0.740	0.960	-4.6	-4.6	-
9/3/2023	Telekom	4863	5.020	4.960	4.290	5.520	0.6	-1.2	-
10/3/2023	Kobay	6971	2.620	2.560	2.240	2.880	-2.3	-2.3	-
10/3/2023	HLI	3301	9.080	9.000	7.760	9.990	-0.9	-0.9	-
13/3/2023	AirAsiaX	5238	1.190	1.190	1.020	1.310	4.4	0.0	-
13/3/2023	Volcano	0232	0.880	0.880	0.750	0.970	2.9	0.0	-

*SL= Stop Loss

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
Pharmaniaga Bhd	Consumer	0.320	0.04	12.2
SHL Consolidated Bhd	Property	1.850	0.18	9.7
British American Tobacco Malay	Consumer	10.660	0.97	9.1
YTL Hospitality REIT	REIT	0.965	0.08	8.3
UOA REIT	REIT	1.140	0.09	7.6
Magnum Bhd	Consumer	1.180	0.09	7.4
Tambun Indah Land Bhd	Property	0.840	0.06	7.1
Capitaland Malaysia Trust	REIT	0.520	0.04	7.1
Malayan Banking Bhd	Finance	8.700	0.62	7.1
AmFirst REIT	REIT	0.340	0.02	6.7
Sunway REIT	REIT	1.540	0.10	6.5
Matrix Concepts Holdings Bhd	Property	1.480	0.10	6.4
Pavilion REIT	REIT	1.350	0.08	6.2
Amanahraya REIT	REIT	0.570	0.04	6.2
Uchi Technologies Bhd	Industrial	3.240	0.20	6.2

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	(4.2)	18.2	14.3	16.8	14.3	12.1	
Finance	(3.3)	13.5	10.6	12.6	10.6	9.1	
Property	6.8	16.1	8.7	12.0	8.7	N/A	
Plantation	(4.5)	95.5	8.1	35.5	8.1	15.4	
Consumer	(2.4)	24.3	18.1	21.4	18.1	15.0	
Technology	(1.7)	27.8	22.1	24.7	22.1	20.6	
Construction	5.6	21.8	9.0	17.4	9.0	13.2	
Energy	10.4	-	-	-	10.8	9.3	
Health care	(7.1)	36.1	22.0	29.0	22.0	25.7	
Ind Prod	(4.9)	24.9	11.6	18.6	11.6	12.4	
REIT	2.7	-	-	-	N/A	N/A	
Telco	2.8	25.9	19.8	22.8	25.9	19.6	
Transportations	8.0	-	-	-	-	14.3	
Utilities	2.9	-	-	-	11.9	12.5	

Source: Bloomberg

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