



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities fell yesterday, dragged down by the investors panic stock sell-off in the financial services sector. Market breadth was negative with 254 gainers against 703 losers. The plantation sector was the only one ending in green increasing by +0.44%, while the financial services sector was the top loser declining by -1.53% in line with the drop in financial services sector globally. NESTLE (4707) was the top gainer surging by RM1.10 or +0.8%. The FBM KLCI fell by -0.79% to 1421.83.

We expect Malaysian stocks to decline as investors uncertainty remain over the bank's collapse in the US stock market.

ECONOMICS

- **Manufacturing sector's sales value up 6.5%** to RM148 bil in Jan 2023 — DOSM
- **Wholesale and retail trade sales grew 12.4%** in Jan 2023 — DOSM

COMPANY

- **Bermaz (5248)** 3Q net profit doubles to RM87 mil, declares 4.5 sen dividend
- **UMW (4588)** group's February sales up 44% y-o-y to 34,233 units
- **Petronas'** FY2022 profit surges to record high of RM101.6 bil
- **TM (4863), ZTE Malaysia** team up to build hybrid cloud 5G core network
- **Pengerang Energy Complex** inks deals worth US\$102b

EXPRESSO FOR THE DAY

- **Technical Watch – 7-Eleven (5250)** – Entry Price RM2.02, Target Price RM2.22, Stop Loss RM1.73, Support RM1.92, Resistance RM1.99
- **Technical Watch – IOI Corp (1961)** – Entry Price RM3.90, Target Price RM4.29, Stop Loss RM3.33, Support RM3.71, Resistance RM3.98

Local		(%)
FBMKLCI	1,421.80	(0.8)
Volume (mil)	3,498.10	28.0
Value (RM'mil)	2,152.60	1.6
Gainers	254	
Losers	703	
Unchanged	340	

Foreign		(%)
Dow Jones	31,819.1	(0.3)
Nasdaq CI	11,188.8	0.4
S&P 500	3,855.8	(0.2)
FTSE 100	7,548.6	(2.6)
Nikkei 225	27,833.0	(1.1)
Shanghai CI	3,268.7	1.2
HSI	19,696.0	1.9
STI	3,132.4	(1.4)

Most Active	RM	Chg
SAPNRG	0.050	0.005
MYEG	0.775	0.040
HONGSENG	0.145	(0.005)
MINDA	0.110	(0.015)
WIDAD	0.420	0.005

Top Gainer	RM	Chg
NESTLE	135.600	1.100
F&N	26.160	0.800
RAPID	17.260	0.460
MPI	28.600	0.400
YNHPROP	4.850	0.300

Top Loser	RM	Chg
HEXTECH	24.760	(0.220)
KLUANG	3.710	(0.220)
UTDPLT	16.300	(0.180)
KESM	7.680	(0.160)
HLFG	18.040	(0.140)

Other Stats		(%)
USD/MYR	4.49	(0.56)
USD/RMB	6.85	(1.00)
Brent (USD/barrel)	80.77	(2.43)
Gold (USD/troy oz)	1,911.24	2.43
CPO (RM/metric t)	4,251.0	0.63

**DAILY NEWSWATCH****ECONOMICS**

Malaysia's manufacturing sector's sales value rose modestly by 6.5% to RM148 billion in January 2023 compared to 8.8% in the preceding month, said the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the continuous positive momentum was fortified by the double-digit growth in transport equipment and other manufactures (14%) as well as the petroleum, chemical, rubber and plastic products (10.1%) sub-sectors. "Nonetheless, the sales value registered in January was the lowest recorded since May 2022," he said in a statement today. (The Edge)

Malaysia's wholesale and retail trade grew 12.4% year-on-year (y-o-y) in January 2023 to record monthly sales value of RM135.1 billion, the Department of Statistics Malaysia (DOSM) said. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the increase was attributed to the retail trade sub-sector, which recorded an increase of RM10.6 billion or 21.7% y-o-y to RM59.6 billion. He said motor vehicles also expanded by 20.1% y-o-y or RM2.5 billion to RM15.2 billion while wholesale trade went up 3.1% y-o-y or RM1.8 billion to RM60.4 billion. (The Edge)

COMPANY

Bermaz Auto Bhd's (5248) net profit jumped 114.09% to RM87.29 million in the third quarter ended Jan 31, 2023 (3QFY2023) from RM40.71 million a year ago on the back of higher revenue, which was slightly offset by higher income tax and foreign exchange loss. (The Edge)

UMW (4588) group's sales in February 2023 jumped 44% year-on-year to 34,233 units from 23,853 units a year earlier, as both UMW Toyota Motor (UMWT) and UMW's associate company, Perodua, fulfilled encouraging outstanding bookings. (The Edge)

Petroleum Nasional Bhd (Petronas) posted a record-high full-year profit after tax (PAT) and revenue for the financial year ended Dec 31, 2022 (FY2022). Petronas' PAT for FY2022, which came in at RM101.62 billion, is about double the RM50.87 billion it earned in the prior year, mainly on the back of higher revenue, offset by higher product costs, cash payments and operating expenditure. (The Edge)

Telekom Malaysia Bhd (4863) and **ZTE (Malaysia) Corp Sdn Bhd** have entered into a partnership to build a hybrid cloud 5G core network. In a joint statement on Monday (March 13), TM and ZTE Malaysia said that this strategic partnership will foster innovation and advancement of state-of-the-art technologies for TM's 5G core project over the next three years, which includes bare metal containers, software-defined networking-based architecture, hardware acceleration, and three-layer decoupling. (The Edge)

Pengerang Energy Complex Sdn Bhd has signed key agreements with several blue-chip partners for Johor's upcoming Pengerang Energy Complex (PEC) with a combined value totalling US\$102 billion (RM457.5 billion). (The Edge)



7-Eleven Malaysia Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: SEM MK | KLSE Stock Code: 5250

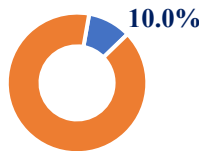
Main Market
Consumer Products & Services
Subsector –Retailers
Current Price: RM2.02
Target Price: RM2.22

Investment Highlights

On a sideways the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish engulfing with a strong 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 to hold and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 2
Holds: 3
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	27.4	29.7	29.8
P/B	20.4	19.0	55.6
P/CF	4.7	10.0	13.4
P/S	0.5	0.6	0.7

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

Company Overview

7-Eleven Malaysia Holdings Berhad owns, operates, and franchises a chain of convenience stores under the 7-Eleven brand name.



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Entry Price	RM2.02
Market Cap (m)	RM2,242.3
52w high	RM2.45
52w low	RM1.36
Stop Loss	RM1.73
Immediate Support	RM1.92
Immediate Resistance	RM1.99 (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)	31,635.7



IOI Corporation Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: IOI MK | KLSE Stock Code: 1961

Main Market Plantation

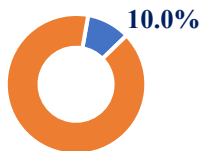
Subsector – Plantation
Current Price: RM3.90
Target Price: RM4.29

Investment Highlights

On a sideways, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish engulfing with a recovering 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: 9
Holds: 9
Sells: 3

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.1	27.3	31.0
P/BV	2.3	2.6	3.1
P/CF	20.9	22.9	19.2
P/S	1.8	2.7	2.4

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

Company Overview

IOI Corporation Berhad cultivates and processes oil palm and rubber. The Company also, through its subsidiaries, operates in property development and investment, provides landscape services, and sells ornamental plants and turfing grass. IOI Corporation also manufactures industrial and medical gases, and provides building, engineering, and construction services.



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Entry Price	RM3.90
Market Cap (m)	RM24,208.0
52w high	RM4.76
52w low	RM3.59
Stop Loss	RM3.33
Immediate Support	RM3.71
Immediate Resistance	RM3.98 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Recovering Momentum
Volume (4-Weeks Average)	8,569,856.5



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
15/2/2023	MRDIY	4731	3.600	3.620	3.08	3.96	0.0	0.6	-
15/2/2023	Volcano	8869	5.250	4.980	4.49	5.78	0.4	-5.1	-
16/2/2023	MRDIY	4832	1.860	1.660	1.590	2.050	-2.4	-10.8	SL Triggered
16/2/2023	Volcano	9896	0.860	1.090	0.730	0.940	23.9	26.7	SL Triggered
17/2/2023	MISC	3816	7.480	7.200	6.400	8.230	-0.7	-3.7	-
17/2/2023	Nylex(M)	4944	0.630	0.460	0.540	0.690	-8.9	-27.0	SL Triggered
20/2/2023	Keinhin	7199	2.800	1.740	2.390	3.080	-3.3	-37.9	SL Triggered
20/2/2023	Atech	5302	2.950	2.940	2.520	3.250	-0.3	-0.3	-
21/2/2023	Supermax	7106	0.830	0.785	0.640	0.910	2.6	-5.4	SL Triggered
21/2/2023	VS Industry	6963	0.925	0.850	0.790	1.020	0.0	-8.1	-
22/2/2023	MPI	3867	29.920	28.600	25.580	32.910	1.4	-4.4	-
22/2/2023	PICORP	7201	0.330	0.115	0.290	0.370	0.0	-65.2	SL Triggered
23/2/2023	JayaTiasa	4383	0.720	0.675	0.620	0.790	-1.5	-6.2	-
23/2/2023	Hextech	5136	27.300	24.760	23.340	30.030	-0.9	-9.3	-
24/2/2023	FocusPoint	0157	1.430	1.400	1.220	1.570	-0.7	-2.1	-
24/2/2023	Genetec	0104	2.790	2.730	2.650	3.070	-1.1	-2.2	-
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	0.0	7.0	-
28/2/2023	FarmFresh	5306	1.570	1.550	1.340	1.730	0.6	-1.3	-
28/2/2023	CMS	2852	1.340	1.170	1.150	1.470	-1.7	-12.7	SL Triggered
1/3/2023	MISC	3816	7.560	7.200	6.460	8.320	-0.7	-4.8	-
1/3/2023	CIMB	1023	5.610	5.330	4.800	6.170	0.6	-5.0	-
2/3/2023	D&O	7204	4.690	4.250	4.010	5.160	-5.1	-9.4	-
2/3/2023	Dufu	7233	2.150	2.130	1.840	2.370	-0.5	-0.9	-
3/3/2023	ECA	0267	1.050	0.995	0.900	1.160	-3.4	-5.2	-
3/3/2023	Axiata	6888	3.210	3.020	2.740	3.530	-1.0	-5.9	-
6/3/2023	CitaGlobal	7245	1.520	1.410	1.300	1.670	0.0	-7.2	-
6/3/2023	UMWH	4588	3.900	3.690	3.330	4.290	0.3	-5.4	-
7/3/2023	Coraza	0240	1.020	0.895	5.360	0.870	-2.2	-12.3	-
7/3/2023	Signature	7246	2.650	2.430	2.270	2.920	-2.0	-8.3	-
8/3/2023	IHH	5225	5.950	5.970	5.090	6.550	1.7	0.3	-
8/3/2023	Dialog	7277	2.400	2.370	2.050	4.970	-0.4	-1.2	-
9/3/2023	Umedic	0256	0.870	0.795	0.740	0.960	-4.2	-8.6	-
9/3/2023	Telekom	4863	5.020	4.900	4.290	5.520	-1.2	-2.4	-
10/3/2023	Kobay	6971	2.620	2.520	2.240	2.880	-1.6	-3.8	-
10/3/2023	HLI	3301	9.080	9.000	7.760	9.990	0.0	-0.9	-
13/3/2023	AirAsiaX	5238	1.190	1.210	1.020	1.310	1.7	1.7	-
13/3/2023	Volcano	0232	0.880	1.090	0.750	0.970	23.9	23.9	-
14/3/2023	7-Eleven	5250	2.020	2.020	1.730	2.220	9.2	0.0	-
14/3/2023	IOICorp	1961	3.840	3.840	3.330	4.290	2.6	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	0.305	0.04	12.8
SHL Consolidated Bhd	Property	1.830	0.18	9.8
British American Tobacco Malay	Consumer	10.640	0.97	9.1
YTL Hospitality REIT	REIT	0.950	0.08	8.4
UOA REIT	REIT	1.130	0.09	7.6
Magnum Bhd	Consumer	1.160	0.09	7.5
Capitaland Malaysia Trust	REIT	0.505	0.04	7.3
Malayan Banking Bhd	Finance	8.440	0.62	7.3
Tambun Indah Land Bhd	Property	0.840	0.06	7.1
AmFirst REIT	REIT	0.335	0.02	6.8
Sunway REIT	REIT	1.550	0.10	6.5
Matrix Concepts Holdings Bhd	Property	1.480	0.10	6.4
Pavilion REIT	REIT	1.340	0.08	6.3
Uchi Technologies Bhd	Industrial	3.230	0.20	6.2
Hong Leong Industries Bhd	Industrial	9.000	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	(4.9)	18.2	14.3	16.8	14.3	12.1	
Finance	(4.7)	13.5	10.6	12.6	10.6	9.1	
Property	6.5	16.1	8.9	12.1	8.9	N/A	
Plantation	(4.1)	95.5	8.0	35.5	8.0	15.3	
Consumer	(2.5)	24.3	18.1	21.4	18.1	15.0	
Technology	(2.4)	27.8	22.0	24.7	22.0	20.6	
Construction	4.9	21.8	9.0	17.4	9.0	13.2	
Energy	9.9	-	-	-	10.8	9.4	
Health care	(7.8)	36.1	20.0	28.0	20.0	25.7	
Ind Prod	(5.1)	24.9	11.5	18.6	11.5	12.4	
REIT	2.5	-	-	-	N/A	N/A	
Telco	1.6	25.9	19.8	22.8	25.9	19.6	
Transportations	6.6	-	-	-	-	14.3	
Utilities	2.6	-	-	-	11.9	12.5	

Source: Bloomberg

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