



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities fell off yesterday in line with weaknesses in Asian equities market. Market breadth was negative with 238 gainers against 719 losers. Only one sector ended in green yesterday with the healthcare sector being the only gainer increasing by +4.11%, while the energy sector was the top loser declining by -2.94%. Hong Leong Financial Group (1082) was the top gainer surging by RM0.26 or +1.5%. The FBM KLCI declined by -0.88% to 1391.60.

We maintain our expectations that Malaysian stocks to remain volatile in the short term in line with instability of performances on Wall Street and regional markets.

ECONOMICS

- **Foreign workers intake in Malaysia** will reach a million in 2023 – FMM
- **SVB shocks** currently **manageable for Asia-Pacific banks**, but outlook may change in 2022 - S&P Global Ratings

COMPANY

- **TT Vision (0272)** receives orders for solar equipment from major global player
- **Microlink (0126)** wins RM18m contract to maintain govt agency's loan management system
- **Datasonic (5216)** gets three-month contract extension to produce MyKad
- **Ancom Nylex (4758)** accepts methanol supply agreement from Petronas Chemical Labuan for five years

EXPRESSO FOR THE DAY

- **Technical Watch – HLFV (1082)** – Entry Price RM18.00, Target Price RM19.80, Stop Loss RM15.39, Support RM17.10, Resistance RM18.55
- **Technical Watch – Vitrox (0097)** – Entry Price RM7.58, Target Price RM8.34, Stop Loss RM6.48, Support RM7.20, Resistance RM8.04

Local		(%)
FBMKLCI	1,391.60	(0.9)
Volume (mil)	3,523.51	12.4
Value (RM'mil)	2,220.42	(5.2)
Gainers	238	
Losers	719	
Unchanged	341	

Foreign		(%)
Dow Jones	32,246.6	1.2
Nasdaq CI	11,717.3	2.5
S&P 500	3,960.3	1.8
FTSE 100	7,410.0	0.9
Nikkei 225	27,229.5	(0.8)
Shanghai CI	3,263.3	(1.1)
HSI	19,539.9	(1.7)
STI	3,172.9	(0.5)

Most Active	RM	
TOPGLOV	0.835	0.135
SAPNRG	0.045	(0.005)
ZENTECH	0.020	0.005
CAREPLS	0.270	0.025
HARTA	1.780	0.210

Top Gainer	RM	Chg
HLFG	18.000	0.260
HARTA	1.780	0.210
TOPGLOV	0.835	0.135
AAX	1.410	0.130
CARLSBG	21.600	0.120

Top Loser	RM	Chg
NESTLE	134.000	(0.800)
F&N	25.200	(0.600)
HEXTECH	24.180	(0.500)
MPI	28.300	(0.440)
DLADY	26.220	(0.300)

Other Stats		(%)
USD/MYR	4.50	0.42
USD/RMB	6.90	(0.12)
WTI (USD/barrel)	74.70	1.37
Gold (USD/troy oz)	1,919.66	0.05
CPO (RM/metric t)	4,184.0	0.71

**DAILY NEWSWATCH****ECONOMICS**

The Federation of Malaysian Manufacturers (FMM) believes that the **intake of foreign workers in Malaysia would “easily” exceed one million people in 2023**. FMM president Tan Sri Soh Thian Lai said the recruitment of foreign workers has improved from previous years, with the government’s implementation of the Foreign Worker Recruitment Relaxation Plan from Jan 17 to March 31. Based on the FMM Business Conditions Survey for the second half of 2022, Soh said more than half (59%) of respondents answered that they would be able to meet their foreign worker needs and obtain their quota approval. (The Edge)

S&P Global Ratings said the **knock-on effects from the collapse of Silicon Valley Bank (SVB) should be manageable at current ratings for Asia-Pacific banks**, and no rating actions are directly related to the bank's default. S&P, however, said that the fast-moving situation and secondary effects could change its ratings and stable outlooks on the banking institutions. (The Edge)

COMPANY

TT Vision Holdings Bhd (0272) said it has secured purchase orders totalling RM23.6 million for its solar cell inspection equipment from a major customer. The group, which was listed on the ACE Market of Bursa Malaysia in January, did not identify the customer, except to say that it is one of the largest solar cell manufacturers in the world. The contract is expected to be fulfilled within six to nine months, and contribute positively towards the group's earnings and net assets for the year ending Dec 31, 2023, said TT Vision in a bourse filing on Thursday (March 16). (The Edge)

Microlink Solutions Bhd’s (0126) unit has secured a five-year contract worth RM17.79 million from the Public Sector Home Financing Board (LPPSA) for the provision of maintenance and support services to the statutory body’s loan management system. The contract is subject to a formal agreement to be entered into between Microlink’s wholly owned subsidiary Microlink Systems Sdn Bhd and LPPSA, the group said in a filing with Bursa Malaysia on Thursday (March 16). (The Edge)

Datasonic Group Bhd (5216) has secured a three-month extension contract from the Ministry of Home Affairs (MOHA) for the supply of MyKad, MyTentera, MyPOCA raw cards and consumables to the National Registration Department. The extension, from Feb 15 to May 14, will give rise to an additional contract value of RM12.53 million and was issued to and accepted by its wholly owned subsidiary Datasonic Technologies Sdn Bhd, according to Datasonic's filing with Bursa Malaysia on Thursday (March 16). The original contract value was RM50.12 million. (The Edge)

Ancom Nylex Bhd (4758) has accepted two separate sale and purchase agreements with Petronas Chemicals Marketing (Labuan) Ltd (PCML). The agreements entail PCML supplying methanol to Ancom's wholly owned subsidiary Perusahaan Kimia Gemilang Sdn Bhd (PKG) and the 51%-owned subsidiary Ancom Kimia Sdn Bhd (AKSB). The duration of the contract was for five years commencing Jan 1 to Dec 31, 2027, said the group in its filing on Thursday (March 16). (The Edge)



Hong Leong Financial Group Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: HLFG MK | KLSE Stock Code: 1082

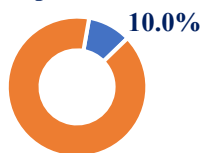
**Main Market
Financial Services
Subsector – Banking**
Current Price: RM18.00
Target Price: RM19.80

Investment Highlights

On a downtrend the stock is currently trading below the MA20. We think there is a potential reversal supported by a marubozu with a recovering momentum on the stock (RSI >45).

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 crossover and SMA to hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 4
Holds: 1
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.2	8.9	9.1
P/B	0.9	0.9	1.0
P/CF	5.2	3.7	3.8
P/S	2.3	2.1	1.9

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

Company Overview

Hong Leong Financial Group Berhad is a banking and financial services holding company. The Company provides a range of services including commercial and consumer banking, investment banking, and insurance broking. Through its subsidiaries, Hong Leong Financial underwrites life/general insurance, provides funds management, corporate advisory, and stock and share broking services.



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Entry Price	RM18.00
Market Cap (m)	RM20,614.4
52w high	RM20.18
52w low	RM17.50
Stop Loss	RM15.39
Immediate Support	RM17.10
Immediate Resistance	RM18.55 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Recovering Momentum
Volume (4-Weeks Average)	465,509.2



Vitrox Corporation Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: VITRO MK | KLSE Stock Code: 0097

Main Market Technology

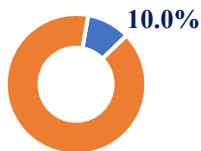
Subsector – Semiconductors
Current Price: RM7.58
Target Price: RM8.34

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think there is a potential reversal supported by a morning star with a recovering momentum on the stock (RSI >40).

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: 3
Holds: 5
Sells: 2

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	47.2	45.8	31.1
P/BV	10.7	9.6	6.8
P/CF	69.5	61.0	55.9
P/S	11.6	11.1	7.7

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

Company Overview

Vitrox Corporation Bhd, through its subsidiary, develops and produces automated vision inspection systems. The Company provides machine vision solutions for semiconductor integrated circuit inspection.



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Entry Price	RM7.58
Market Cap (m)	RM7,160.8
52w high	RM8.67
52w low	RM6.12
Stop Loss	RM6.48
Immediate Support	RM7.20
Immediate Resistance	RM8.04 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Recovering Momentum
Volume (4-Weeks Average)	1,415,965.9



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
20/2/2023	Keihin	7199	2.800	1.710	2.390	3.080	1.2	-38.9	SL Triggered
20/2/2023	Atech	5302	2.950	2.950	2.520	3.250	1.7	0.0	-
21/2/2023	Supermax	7106	0.830	0.805	0.640	0.910	2.5	-3.0	SL Triggered
21/2/2023	VS Industry	6963	0.925	0.825	0.790	1.020	0.6	-10.8	SL Triggered
22/2/2023	MPI	3867	29.920	28.740	25.580	32.910	0.9	-3.9	-
22/2/2023	PICORP	7201	0.330	0.130	0.290	0.370	8.3	-60.6	SL Triggered
23/2/2023	JayaTiasa	4383	0.720	0.685	0.620	0.790	4.6	-4.9	-
23/2/2023	Hextech	5136	27.300	24.680	23.340	30.030	-0.1	-9.6	-
24/2/2023	FocusPoint	0157	1.430	1.370	1.220	1.570	-1.4	-4.2	-
24/2/2023	Genetec	0104	2.790	2.760	2.650	3.070	1.5	-1.1	-
27/2/2023	MFCB	3069	3.700	3.480	3.160	4.070	0.6	-5.9	-
27/2/2023	PIE	7095	3.270	3.440	2.800	3.600	0.0	5.2	-
28/2/2023	FarmFresh	5306	1.570	1.570	1.340	1.730	1.3	0.0	-
28/2/2023	CMS	2852	1.340	1.140	1.150	1.470	0.9	-14.9	SL Triggered
1/3/2023	MISC	3816	7.560	7.160	6.460	8.320	-0.4	-5.3	-
1/3/2023	CIMB	1023	5.610	5.230	4.800	6.170	1.2	-6.8	-
2/3/2023	D&O	7204	4.690	4.250	4.010	5.160	1.4	-9.4	SL Triggered
2/3/2023	Dufu	7233	2.150	2.130	1.840	2.370	2.9	-0.9	-
3/3/2023	ECA	0267	1.050	0.940	0.900	1.160	0.0	-10.5	SL Triggered
3/3/2023	Axiata	6888	3.210	2.990	2.740	3.530	1.4	-6.9	-
6/3/2023	CitaGlobal	7245	1.520	1.380	1.300	1.670	0.7	-9.2	-
6/3/2023	UMWH	4588	3.900	3.630	3.330	4.290	-1.9	-6.9	-
7/3/2023	Coraza	0240	1.020	0.895	5.360	0.870	5.9	-12.3	SL Triggered
7/3/2023	Signature	7246	2.650	2.370	2.270	2.920	1.7	-10.6	SL Triggered
8/3/2023	IHH	5225	5.950	5.890	5.090	6.550	0.0	-1.0	-
8/3/2023	Dialog	7277	2.400	2.350	2.050	4.970	2.2	-2.1	-
9/3/2023	Umedic	0256	0.870	0.775	0.740	0.960	3.3	-10.9	SL Triggered
9/3/2023	Telekom	4863	5.020	4.860	4.290	5.520	1.1	-3.2	-
10/3/2023	Kobay	6971	2.620	2.470	2.240	2.880	0.0	-5.7	-
10/3/2023	HLI	3301	9.080	9.000	7.760	9.990	0.4	-0.9	-
13/3/2023	AirAsiaX	5238	1.190	1.280	1.020	1.310	9.4	7.6	-
13/3/2023	Volcano	0232	0.880	1.020	0.750	0.970	-1.0	15.9	TP Achieved
14/3/2023	7-Eleven	5250	2.020	2.040	1.730	2.220	-0.5	1.0	-
14/3/2023	IOICorp	1961	3.840	3.800	3.330	4.290	1.3	-1.0	-
15/3/2023	Timedotcom	5031	5.430	5.500	4.670	5.970	1.3	1.3	-
15/3/2023	HexstarGbl	5151	2.050	2.090	1.750	2.260	3.0	2.0	-
16/3/2023	Cypark	5184	0.830	0.825	0.710	0.910	9.3	-0.6	-
16/3/2023	Ralco	7498	1.060	1.060	0.910	1.170	7.1	0.0	-
17/3/2023	HLFG	1082	18.000	17.740	15.390	19.800	-0.3	-1.4	-
17/3/2023	Vitrox	0097	7.580	7.460	6.480	8.340	0.8	-1.6	-

*SL= Stop Loss

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
Pharmaniaga Bhd	Consumer	0.290	0.04	13.4
SHL Consolidated Bhd	Property	1.800	0.18	10.0
British American Tobacco Malay	Consumer	10.740	0.96	9.0
YTL Hospitality REIT	REIT	0.925	0.08	8.6
Magnum Bhd	Consumer	1.090	0.09	8.0
UOA REIT	REIT	1.120	0.09	7.7
Malayan Banking Bhd	Finance	8.260	0.62	7.5
Capitaland Malaysia Trust	REIT	0.500	0.04	7.4
Tambun Indah Land Bhd	Property	0.815	0.06	7.4
AmFirst REIT	REIT	0.340	0.02	6.7
Matrix Concepts Holdings Bhd	Property	1.430	0.10	6.6
Amanahraya REIT	REIT	0.550	0.04	6.4
Sunway REIT	REIT	1.570	0.10	6.4
Pavilion REIT	REIT	1.360	0.08	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	(6.9)	18.2	14.0	16.8	14.0	11.9	
Finance	(7.0)	13.5	10.6	12.6	10.6	8.8	
Property	4.8	16.1	8.6	12.0	8.6	N/A	
Plantation	(5.7)	95.5	8.0	35.5	8.0	15.2	
Consumer	(3.7)	24.3	17.8	21.3	17.8	14.9	
Technology	(4.2)	27.8	21.7	24.6	21.7	20.4	
Construction	2.5	21.8	8.9	17.4	8.9	13.0	
Energy	4.8	-	-	-	10.6	9.2	
Health care	(3.3)	36.1	20.0	28.0	20.0	25.8	
Ind Prod	(7.8)	24.9	11.2	18.5	11.2	12.2	
REIT	1.9	-	-	-	N/A	N/A	
Telco	(1.3)	25.3	19.8	22.5	25.3	18.9	
Transportations	4.6	-	-	-	-	14.1	
Utilities	(0.2)	-	-	-	11.5	12.2	

Source: Bloomberg

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