



**DAILY NEWSWATCH**

**MARKET REVIEW**

Malaysian stocks snapped their five-day decline on Tuesday, as investors bargain-hunt for undervalued stocks amidst released China’s lower than expected economic data. Market breadth was positive with 428 gainers and 361 losers. The healthcare sector was the top gainer increasing by +1.27%, while the REIT sector was the top loser declining by -0.83%. KLK (2445) was the top gainer surging by RM0.28 or +1.3%. The FBMKLCI rose by +0.43% to 1423.5.

We expect Malaysian equities to remain volatile as investors bargain-hunt for selected stocks at discount.

**ECONOMICS**

- **Malaysia's** GDP growth forecast raised to 4.2% for 2023 - BMI
- **Indonesia** maintains trade surplus as exports and imports decline amid global economic weakness

**COMPANY**

- **Hume Cement's (5000)** 3Q profit skyrockets 14-fold on price adjustment and increased sales volume
- **IJM Land's (5215)** UK subsidiary partners with network rail for development opportunities in London
- **KAB (0193)** forms joint venture partnership for sustainable energy solutions projects
- **Adnoc** unit’s US\$607 mil Abu Dhabi IPO sells out in minutes

**EXPRESSO FOR THE DAY**

- **Technical Watch – TNB (5347)** – Entry Price RM9.73, Target Price RM10.70, Stop Loss RM8.32, Support RM9.24, Resistance RM9.56
- **Technical Watch – AirAsiaX (5238)** – Entry Price RM1.69, Target Price RM1.86, Stop Loss RM1.44, Support RM1.61 Resistance RM1.68

Local		(%)
<b>FBMKLCI</b>	1,423.50	0.4
<b>Volume (mil)</b>	2,570.49	(3.4)
<b>Value (RM'mil)</b>	1,510.03	7.0
<b>Gainers</b>	428	
<b>Losers</b>	361	
<b>Unchanged</b>	432	

Foreign		(%)
<b>Dow Jones</b>	33,012.1	(1.0)
<b>Nasdaq CI</b>	12,343.1	(0.2)
<b>S&amp;P 500</b>	4,109.9	(0.6)
<b>FTSE 100</b>	7,751.1	(0.3)
<b>Nikkei 225</b>	29,843.0	0.7
<b>Shanghai CI</b>	3,291.0	(0.6)
<b>HSI</b>	19,978.3	0.0
<b>STI</b>	3,214.0	(0.0)

Most Active	RM	Chg
<b>VINVEST</b>	0.085	(0.095)
<b>VELESTO</b>	0.250	0.000
<b>TOPGLOV</b>	1.080	0.030
<b>JAKS</b>	0.195	0.000
<b>TWL</b>	0.040	0.000

Top Gainer	RM	Chg
<b>KLK</b>	22.500	0.280
<b>TENAGA</b>	9.730	0.210
<b>MPI</b>	27.600	0.140
<b>OPPSTAR</b>	1.880	0.130
<b>RALCO</b>	1.100	0.130

Top Loser	RM	Chg
<b>NESTLE</b>	134.400	(0.600)
<b>NSOP</b>	3.450	(0.150)
<b>KLUANG</b>	3.660	(0.140)
<b>VINVEST</b>	0.085	(0.095)
<b>TECGUAN</b>	1.620	(0.080)

Other Stats		(%)
<b>USD/MYR</b>	4.50	0.04
<b>USD/RMB</b>	6.98	0.37
<b>Brent (USD/barrel)</b>	74.91	(0.43)
<b>Gold (USD/troy oz)</b>	1,989.17	(1.35)
<b>CPO (RM/metric t)</b>	3,826.0	0.45

**DAILY NEWSWATCH****ECONOMICS**

**MALAYSIA:** BMI, a Fitch Solutions company, has revised Malaysia's GDP growth forecast for this year to 4.2% from the previous 4% due to the better-than-expected 5.6% expansion in the first quarter. However, BMI notes that the growth rate still indicates a significant slowdown compared to the 7.1% in the fourth quarter of 2022, and expects private consumption and investment growth to ease due to a decline in household savings, tighter monetary conditions, and high borrowing costs. (The Star)

**INDONESIA:** Indonesia maintained a trade surplus in April despite a significant drop in exports, as imports decreased even further. The country's exports fell by 29.4% year-on-year, while imports were down 22.32% year-on-year. The decline in exports was attributed to lower volumes of key commodities such as coal and palm oil, as well as lower global prices for iron and steel. (The Star)

**COMPANY**

**Hume Cement Industries Bhd (5000)** reported a significant increase in net profit for the third quarter of FY2023, reaching RM27.01 million compared to RM1.92 million in the same period last year. The growth was driven by a revision in the retail selling price of cement and higher sales volume, resulting in a 50.71% rise in revenue to RM288.1 million. The company expects to benefit from the ongoing recovery in construction activities and aims to improve operational efficiency. (The Edge)

**IJM Land Bhd's (5215)** UK subsidiary, RMS (England) 2 Ltd (RMS 2), has entered into a partnership with Network Rail, a UK railway company, to explore development opportunities in Central London and South East London. The collaboration aims to develop mixed-use schemes, residential, commercial, or logistic properties, and leverage rail infrastructure as a catalyst for sustainable development, following the successful completion of IJM Land's Royal Mint Gardens project. (The Edge)

**Kejuruteraan Asastera Bhd (0193)** has partnered with PT CNEC Engineering Indonesia and Transcend Global Ltd to develop sustainable energy solutions (SES) projects in the region. The joint venture aims to identify and develop various proposed projects, including a 100-megawatt solar system in Thailand, windfarm and water treatment plants in the Philippines, and captive power plants in Malaysia, among others, to drive the growth of KAB's SES segment and meet the increasing demand for sustainable energy solutions in the market. (The Edge)

**Adnoc Logistics & Services**, a unit of Abu Dhabi National Oil Co, received strong demand for its initial public offering (IPO), with orders covering all shares within minutes. The IPO of the maritime logistics unit is expected to raise up to \$607 million, and the indicated demand exceeded the deal size. Cornerstone investors, including Al Seer Marine Supplies & Equipment, National Marine Dredging, Alpha Oryx, and Abu Dhabi Pension Fund, have committed to investing about \$180 million combined. The IPO is the second listing by Adnoc this year and is set to be the second-largest IPO in the Middle East in 2023. (The Edge)

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## Tenaga Nasional Berhad

### Technical Watch - "BUY on Potential Upside"

Bloomberg: TNB MK | KLSE Stock Code: 5347

## Main Market Utilities

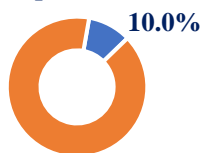
Subsector – Electricity  
Current Price: RM9.73  
Target Price: RM10.70

### Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a three white soldiers with a strong momentum on the stock (RSI >70).

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	13.5	14.8	11.7
P/B	0.9	1.0	1.1
P/CF	7.5	5.7	5.4
P/S	0.9	1.1	1.2

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

### Company Overview

Tenaga Nasional Berhad transmits, distributes, and sells electricity under license issued by the Director General of Electricity Supply. Through its subsidiaries, the Company manufactures, sells and repairs transformers and switchgears. Tenaga Nasional also provides project management and consultancy, engineering works and energy project development services.



Entry Price	RM9.73
Market Cap (m)	RM55,977.4
<b>52w high</b>	RM10.00
<b>52w low</b>	RM7.89
Stop Loss	RM8.32
Immediate Support	RM9.24
Immediate Resistance	RM9.56 (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)	4,751,183.0



## AIRASIA X Berhad

### Technical Watch - “BUY on Potential Reversal”

Bloomberg: AAX MK | KLSE Stock Code: 5238

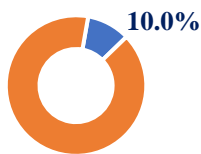
**Main Market**  
**Consumer Products & Services**  
**Subsector – Travel, Leisure & H**  
**Current Price: RM1.69**  
**Target Price: RM1.86**

#### Investment Highlights

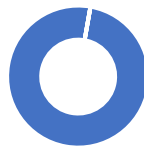
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An expanding Bollinger bands suggests higher volatility and higher potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to hold moving forward

#### Potential Upside



#### Bloomberg Analyst Ratings



**Buys: 1**  
**Holds: 0**  
**Sells: 0**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
<b>P/E</b>	0.0	10.3	19.0
<b>P/BV</b>	0.0	1.8	1.8
<b>P/CF</b>	7.8	5.5	4.9
<b>P/S</b>	1.1	0.6	0.5

\*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.



Entry Price	RM1.69
Market Cap (m)	RM701.0
<b>52w high</b>	RM1.82
<b>52w low</b>	RM0.36
Stop Loss	RM1.44
Immediate Support	RM1.61
Immediate Resistance	RM1.68 (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)	805,475.6



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
14/4/2023	SMRT	0117	0.550	0.645	0.470	0.600	0.0	17.3	TP Achieved
14/4/2023	MYEG	0138	0.880	0.795	0.750	0.960	0.6	-9.7	SL Triggered
17/4/2023	Pentamster	7160	5.050	4.750	4.320	5.560	0.2	-5.9	-
17/4/2023	Kelington	0151	1.490	1.410	1.370	1.640	0.7	-5.4	-
18/4/2023	YTLPower	6742	1.050	1.080	0.900	1.160	-1.8	2.9	-
18/4/2023	Padini	7052	4.090	3.890	3.500	4.500	-1.5	-4.9	-
19/4/2023	Comintel	7195	0.930	0.885	0.790	1.020	-0.6	-4.8	-
19/4/2023	Pharmaniaga	7081	0.380	0.370	0.320	0.410	-2.6	-2.6	-
20/4/2023	Malakof	5264	0.740	0.670	0.630	0.810	-1.5	-9.5	-
20/4/2023	Solution	0093	0.265	0.205	0.230	0.290	0.0	-22.6	SL Triggered
25/4/2023	PressMetal	8869	5.200	4.820	4.450	5.720	0.6	-7.3	-
25/4/2023	PJBUMI	7163	0.740	1.450	0.630	0.810	-4.0	95.9	TP Achieved
26/4/2023	Infoline	0253	0.870	0.790	0.740	0.960	0.6	-9.2	-
26/4/2023	Menang	1694	0.880	0.965	0.750	0.970	0.0	9.7	TP Achieved
27/4/2023	Ranhill	5272	0.640	0.585	0.540	0.700	1.7	-8.6	SL Triggered
27/4/2023	YongTai	7066	0.325	0.395	0.280	0.360	5.3	21.5	TP Achieved
28/4/2023	Pelikan	5231	0.820	0.845	0.700	0.900	3.7	3.0	SL Triggered
28/4/2023	Tanco	2429	0.540	0.520	0.460	0.590	0.0	-3.7	SL Triggered
2/5/2023	Microlink	0126	0.925	0.910	0.790	1.020	0.0	-1.6	-
2/5/2023	KYM	8362	0.555	0.495	0.470	0.610	0.0	-10.8	SL Triggered
3/5/2023	GentingM	4715	2.780	2.700	2.380	3.060	0.7	-2.9	-
3/5/2023	Inari	0166	2.360	2.200	2.020	2.600	1.9	-6.8	-
5/5/2023	Ctos	4383	1.450	1.430	1.240	1.600	0.7	-1.4	-
5/5/2023	Tropicana	8932	1.420	1.340	1.300	1.560	0.8	-5.6	-
8/5/2023	Opcom	0035	0.750	0.785	0.640	0.830	0.0	4.7	-
8/5/2023	SimeDarbyPlt	5285	4.410	4.410	3.770	4.850	0.7	0.0	-
9/5/2023	Westports	5246	3.600	3.570	3.080	3.960	0.3	-0.8	-
9/5/2023	Telekom	4863	5.070	5.060	4.330	5.580	0.8	-0.2	-
10/5/2023	Gamuda	5398	4.180	4.080	3.570	4.600	-1.7	-2.4	-
10/5/2023	Seal	4286	0.440	0.410	0.380	0.480	1.2	-6.8	-
11/5/2023	Padini	7052	4.010	3.890	3.430	4.410	-1.5	-3.0	-
11/5/2023	PowerRoot	7237	2.220	2.110	1.900	2.440	0.0	-5.0	-
12/5/2023	GenP	2291	6.050	6.030	5.170	6.660	0.5	-0.3	-
12/5/2023	ECA	0267	0.810	0.790	0.690	0.890	-1.3	-2.5	-
15/5/2023	Globetronic	7022	1.120	1.120	0.960	1.230	0.0	0.0	-
15/5/2023	ITMAX	5309	1.440	1.440	1.230	1.580	0.7	0.0	-
16/5/2023	Solarvest	0215	0.940	0.940	0.800	1.030	0.0	0.0	-
16/5/2023	SFPTech	0251	2.550	2.550	2.180	2.810	0.0	0.0	-
17/5/2023	Tenaga	5347	9.730	9.730	8.320	10.700	2.2	0.0	-
17/5/2023	AirasiaX	5238	1.690	1.690	1.440	1.860	7.6	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	0.370	0.05	13.5
SHL Consolidated Bhd	Property	1.860	0.18	9.7
AmFirst REIT	REIT	0.330	0.03	9.5
British American Tobacco Malay	Consumer	10.860	0.97	8.9
Magnum Bhd	Consumer	1.020	0.08	8.2
Capitaland Malaysia Trust	REIT	0.500	0.04	8.2
YTL Hospitality REIT	REIT	0.940	0.08	8.1
UOA REIT	REIT	1.120	0.09	7.7
Malayan Banking Bhd	Finance	8.730	0.60	6.8
Tambun Indah Land Bhd	Property	0.880	0.06	6.8
Matrix Concepts Holdings Bhd	Property	1.440	0.09	6.6
Al-'Aqar Healthcare REIT	REIT	1.230	0.08	6.4
Amanahraya REIT	REIT	0.555	0.04	6.3
Pavilion REIT	REIT	1.290	0.08	6.3
IGB REIT	REIT	1.680	0.11	6.3

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	(4.8)	18.2	14.1	16.8	14.1	12.4	
Finance	(5.9)	13.5	10.3	12.5	10.3	9.0	
Property	7.8	16.1	9.1	12.1	9.1	N/A	
Plantation	(2.1)	95.5	8.4	35.6	8.4	16.6	
Consumer	(2.5)	24.3	17.3	21.2	17.3	14.9	
Technology	(7.4)	27.8	20.1	24.2	20.1	19.9	
Construction	4.7	21.8	9.2	17.5	9.2	11.4	
Energy	7.4	-	-	-	9.4	9.2	
Health care	4.7	36.1	22.5	29.3	22.5	29.1	
Ind Prod	(8.3)	24.9	10.9	18.4	10.9	12.3	
REIT	1.7	-	-	-	N/A	N/A	
Telco	3.5	28.3	19.8	24.0	28.3	20.5	
Transportations	4.5	-	-	-	-	14.2	
Utilities	9.1	-	-	-	12.4	13.2	

Source: Bloomberg



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