



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks experienced a mild rebound on Thursday as the market saw sustained bargain-hunting in selected heavyweight counters. Market breadth was mixed with 412 gainers and 427 losers. The healthcare sector was the top gainer increasing by +1.92%, while the telco sector was the top loser declining by -0.67%. PETDAG (2445) was the top gainer surging by RM0.76 or +3.5%. The FBMKLCI rose by +0.06% to 1424.34.

We expect Malaysian equities to rise following gains in Wall Street stocks.

ECONOMICS

- **Japan's** economy surges 0.4% in Q1 as tourism rebound fuels growth

COMPANY

- **Synergy House (0279)** expects revenue growth driven by export market
- **DXN Holdings Bhd (5318)** achieves 19.3% YoY revenue growth and 17.9% increase in PAT for FY23
- **VSTECS Bhd (5162)** reports 24.95% increase in net profit and 3.25% revenue growth for 1Q23
- **GuocoLand (MY) (1503) Bhd** reports 29.42% rise in net profit for 3Q23, but revenue declines by 7.37%
- **Tencent** beats expectations with 11% revenue growth in Q1, fueled by gaming and advertising recovery

EXPRESSO FOR THE DAY

- **Technical Watch – Scientex (4731)** – Entry Price RM3.40, Target Price RM3.74, Stop Loss RM2.91, Support RM3.23, Resistance RM3.49
- **Technical Watch – YTL (4677)** – Entry Price RM0.75, Target Price RM0.83, Stop Loss RM0.64, Support RM0.71 Resistance RM0.75

Local (%)		
FBMKLCI	1,424.34	0.1
Volume (mil)	2,595.98	1.0
Value (RM'mil)	1,630.74	8.0
Gainers	412	
Losers	427	
Unchanged	403	
Foreign (%)		
Dow Jones	33,420.8	1.2
Nasdaq CI	12,500.6	1.3
S&P 500	4,158.8	1.2
FTSE 100	7,723.2	(0.4)
Nikkei 225	30,093.6	0.8
Shanghai CI	3,284.2	(0.2)
HSI	19,560.6	(2.1)
STI	3,173.8	(1.3)
Most Active RM Chg		
YTL	0.750	0.085
VINVEST	0.080	(0.005)
VELESTO	0.250	0.000
MTRONIC	0.015	(0.005)
CLASSITA	0.150	0.000
Top Gainer RM Chg		
PETDAG	22.600	0.760
NESTLE	134.800	0.400
MCEMENT	2.810	0.350
HUMEIND	1.260	0.300
KLK	22.780	0.280
Top Loser RM Chg		
HEXTECH	22.900	(0.600)
HLFG	17.680	(0.240)
PJBUMI	1.290	(0.160)
KSSC	1.200	(0.130)
HAPSENG	4.430	(0.110)
Other Stats (%)		
USD/MYR	4.53	0.60
USD/RMB	7.00	0.28
Brent (USD/barrel)	76.96	2.74
Gold (USD/troy oz)	1,981.88	(0.37)
CPO (RM/metric t)	3,755.5	(1.84)

**DAILY NEWSWATCH****ECONOMICS**

JAPAN: Japan's economy grew by 0.4% in Q1, surpassing market expectations of 0.2%, thanks to the recovery in inbound tourism after pandemic-related travel restrictions were lifted. The rise in GDP was driven by increased spending by visitors and a rapid recovery in domestic household spending, particularly in the service sector. However, exports of goods and services shrank 4.2% due to a slowing global economy and a stronger yen. Despite concerns about dwindling exports and uncertainties in overseas economic activity, economists remain optimistic about sustained growth due to the high potential of inbound tourism from China and expected wage increases. The Bank of Japan has lowered its growth forecast for the upcoming financial year, citing uncertainties in the global economy and geopolitical developments. (The Star)

COMPANY

Furniture company **Synergy House Bhd (0279)** is set to list on the ACE Market of Bursa Malaysia on June 1, with expectations of continued revenue growth driven by the export market. The company's earnings are projected to increase over the next three years, supported by a positive industry outlook, while revenue is expected to grow steadily. Synergy aims to expand its customer reach through listing and selling products on additional eCommerce platforms, as well as establishing new warehouses as eCommerce fulfillment centers in the future. (The Star)

DXN Holdings Bhd (5318), a health-oriented direct-selling company, is confident in sustaining its growth momentum as it concludes its financial year 2023 with strong earnings. The company reported a significant increase in revenue, driven by robust sales of fortified food and beverages in various regions, and expects to maintain its growth trajectory by expanding product offerings and market presence. (The Star)

ICT distributor **VSTECS Bhd (5162)** reported a 24.95% increase in net profit to RM14.85 million for the first quarter ended March 31, 2023, attributed to higher profit margins in its enterprise systems and ICT services segments. Quarterly revenue also grew 3.25% to RM664.74 million, with the enterprise sector showing resilience and strength due to opportunities from cloud services and data centers, while the consumer sector is expected to slow down. (The Edge)

Property developer **GuocoLand (Malaysia) Bhd (1503)** reported a 29.42% increase in net profit to RM8.71 million for its third quarter ended March 31, 2023, attributed to higher profits from associates and joint ventures, as well as improved gross profit margins in various projects. However, quarterly revenue declined by 7.37% to RM112.36 million due to lower contributions from the property development division, with fewer ongoing projects and lower completion percentage for the first phase of Emerald 9. (The Edge)

China's **Tencent Holdings Ltd** reported an 11% increase in first-quarter revenue, surpassing analyst expectations, as its advertising and gaming businesses recovered from the disruptions caused by the Covid-19 pandemic. The company's revenue for the three-month period ending on March 31 reached 149.98 billion yuan, with net profit rising by 11% to 25.83 billion yuan. (The Edge)



Scientex Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: SCI MK | KLSE Stock Code: 4731

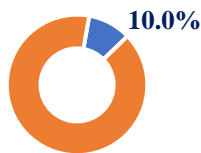
Main Market
Industrial Products & Services
Subsector – Packaging Materials
Current Price: RM3.40
Target Price: RM3.74

Investment Highlights

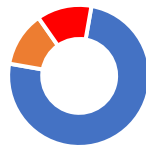
On a reversal trend, the stock is currently trading above the MA20. We think there is a potential upside supported by a marubozu with a rising momentum on the stock (RSI >50).

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 hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 6
Holds: 1
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	13.4	13.0	11.5
P/B	2.0	2.0	1.9
P/CF	8.6	8.4	8.1
P/S	1.5	1.4	1.2

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

Company Overview

Scientex Berhad is an investment holding company. The Company, through its subsidiaries manufactures polyvinyl chloride (PVC), polyurethane leather sheetings, packaging materials, bricks, and automotive parts. Scientex also operates in property investment, development, and leasing, as well as deals in securities.



Entry Price	RM3.40
Market Cap (m)	RM5,273.6
52w high	RM3.80
52w low	RM3.02
Stop Loss	RM2.91
Immediate Support	RM3.23
Immediate Resistance	RM3.49 (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)	556,898.0



YTL Corporation Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: YTL MK | KLSE Stock Code: 4677

Main Market Utilities

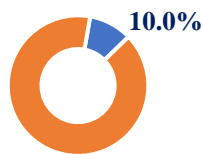
Subsector – Gas, Wtr, & Mlt-Util
Current Price: RM0.75
Target Price: RM0.83

Investment Highlights

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



Buy: 1
Hold: 1
Sell: 0

Fundamentals

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

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

Company Overview

YTL Corporation Berhad is an investment holding and management company. The Company, through its subsidiaries, provides power generation, electricity transmission, water supply, and communications services. YTL serves customers worldwide.



Entry Price	RM0.75
Market Cap (m)	RM8,223.1
52w high	RM0.76
52w low	RM0.53
Stop Loss	RM0.64
Immediate Support	RM0.71
Immediate Resistance	RM0.75 (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)	2,560,325.7



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
17/4/2023	Pentamster	7160	5.050	4.820	4.320	5.560	1.5	-4.6	-
17/4/2023	Kelington	0151	1.490	1.390	1.370	1.640	-1.4	-6.7	-
18/4/2023	YTLPower	6742	1.050	1.100	0.900	1.160	1.9	4.8	-
18/4/2023	Padini	7052	4.090	3.890	3.500	4.500	0.0	-4.9	-
19/4/2023	Comintel	7195	0.930	0.895	0.790	1.020	1.1	-3.8	-
19/4/2023	Pharmaniaga	7081	0.380	0.375	0.320	0.410	1.4	-1.3	-
20/4/2023	Malakof	5264	0.740	0.680	0.630	0.810	1.5	-8.1	-
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	4.800	4.450	5.720	-0.4	-7.7	-
25/4/2023	PJBUMI	7163	0.740	1.290	0.630	0.810	-11.0	74.3	TP Achieved
26/4/2023	Infoline	0253	0.870	0.810	0.740	0.960	2.5	-6.9	-
26/4/2023	Menang	1694	0.880	0.960	0.750	0.970	-0.5	9.1	TP Achieved
27/4/2023	Ranhill	5272	0.640	0.550	0.540	0.700	-6.0	-14.1	SL Triggered
27/4/2023	YongTai	7066	0.325	0.400	0.280	0.360	1.3	23.1	TP Achieved
28/4/2023	Pelikan	5231	0.820	0.835	0.700	0.900	-1.2	1.8	SL Triggered
28/4/2023	Tanco	2429	0.540	0.505	0.460	0.590	-2.9	-6.5	SL Triggered
2/5/2023	Microlink	0126	0.925	0.900	0.790	1.020	-1.1	-2.7	-
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	2.660	2.380	3.060	-1.5	-4.3	-
3/5/2023	Inari	0166	2.360	2.190	2.020	2.600	-0.5	-7.2	-
5/5/2023	Ctos	4383	1.450	1.410	1.240	1.600	-1.4	-2.8	-
5/5/2023	Tropicana	8932	1.420	1.330	1.300	1.560	-0.7	-6.3	-
8/5/2023	Opcom	0035	0.750	0.760	0.640	0.830	-3.2	1.3	-
8/5/2023	SimeDarbyPlt	5285	4.410	4.580	3.770	4.850	3.9	3.9	-
9/5/2023	Westports	5246	3.600	3.560	3.080	3.960	-0.3	-1.1	-
9/5/2023	Telekom	4863	5.070	5.020	4.330	5.580	-0.8	-1.0	-
10/5/2023	Gamuda	5398	4.180	4.120	3.570	4.600	1.0	-1.4	-
10/5/2023	Seal	4286	0.440	0.405	0.380	0.480	-1.2	-8.0	-
11/5/2023	Padini	7052	4.010	3.890	3.430	4.410	0.0	-3.0	-
11/5/2023	PowerRoot	7237	2.220	2.140	1.900	2.440	1.4	-3.6	-
12/5/2023	GenP	2291	6.050	6.090	5.170	6.660	1.0	0.7	-
12/5/2023	ECA	0267	0.810	0.775	0.690	0.890	-1.9	-4.3	-
15/5/2023	Globetronic	7022	1.120	1.100	0.960	1.230	-1.8	-1.8	-
15/5/2023	ITMAX	5309	1.440	1.460	1.230	1.580	1.4	1.4	-
16/5/2023	Solarvest	0215	0.940	0.935	0.800	1.030	-0.5	-0.5	-
16/5/2023	SFPTEch	0251	2.550	2.500	2.180	2.810	-2.0	-2.0	-
17/5/2023	Tenaga	5347	9.730	9.750	8.320	10.700	0.2	0.2	-
17/5/2023	AirasiaX	5238	1.690	1.700	1.440	1.860	0.6	0.6	-
18/5/2023	Scientex	4731	3.400	3.400	2.910	3.740	2.1	0.0	-
18/5/2023	YTL	4677	0.750	0.750	0.640	0.830	12.8	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	0.375	0.05	13.3
SHL Consolidated Bhd	Property	1.900	0.18	9.5
AmFirst REIT	REIT	0.335	0.03	9.3
British American Tobacco Malay	Consumer	10.820	0.97	8.9
Magnum Bhd	Consumer	1.000	0.08	8.4
Capitaland Malaysia Trust	REIT	0.505	0.04	8.1
YTL Hospitality REIT	REIT	0.950	0.08	8.0
UOA REIT	REIT	1.120	0.09	7.7
Malayan Banking Bhd	Finance	8.710	0.60	6.9
Tambun Indah Land Bhd	Property	0.875	0.06	6.9
Matrix Concepts Holdings Bhd	Property	1.420	0.10	6.7
Al-'Aqar Healthcare REIT	REIT	1.230	0.08	6.4
Amanahraya REIT	REIT	0.550	0.04	6.4
IGB REIT	REIT	1.660	0.10	6.3
Pavilion REIT	REIT	1.290	0.08	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	(6.0)	13.5	10.3	12.5	10.3	8.9	
Property	7.7	16.1	9.1	12.1	9.1	N/A	
Plantation	(0.5)	95.5	8.5	35.6	8.5	16.8	
Consumer	(2.4)	24.3	17.3	21.2	17.3	14.9	
Technology	(7.5)	27.8	20.0	24.2	20.0	19.8	
Construction	5.0	21.8	9.3	17.5	9.3	11.5	
Energy	7.5	-	-	-	9.4	9.2	
Health care	6.7	36.1	23.0	29.5	23.0	29.7	
Ind Prod	(8.4)	24.9	10.9	18.4	10.9	12.3	
REIT	1.3	-	-	-	N/A	N/A	
Telco	2.8	28.1	19.8	23.9	28.1	20.4	
Transportations	4.4	-	-	-	-	14.2	
Utilities	10.4	-	-	-	12.5	13.4	

Source: Bloomberg

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