



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined on Monday in tandem with the decline in Wall Street stocks overnight. Market breadth was negative with 325 gainers and 529 losers. The construction sector was the top gainer increasing by +0.67%, while the technology sector was the top loser declining by -1.10%. HEXTECH (5136) was the top gainer surging by RM1.04 or +4.5%. The FBMKLCI declined by -0.67% to 1419.00.

We expect Malaysian equities to be more muted as market uncertainty remains over unresolved debt ceiling talks in the United States.

ECONOMICS

- **South Korea** consumer sentiment reaches 1-year high in May, inflation expectations weaken
- **India's** economy sustains growth momentum, inflation better than expected - RBI

COMPANY

- **PETGAS (6033)** forecasts strong performance in 2023 despite high gas prices
- **PETDAG (5681)** expects positive impact on performance, reports strong Q1 net profit growth
- **Duopharma (7148)** reports strong revenue growth in 1Q23, expands presence in Indonesian market
- **AirAsia X (5238)** to raise RM50mil through share placement
- **Synergy House's (0279)** IPO oversubscribed by 14.02 Times

EXPRESSO FOR THE DAY

- **Technical Watch – Tomei (7230)** – Entry Price RM1.28, Target Price RM1.41, Stop Loss RM1.09, Support RM1.22, Resistance RM1.34
- **Technical Watch – Wah Seong (5142)** – Entry Price RM0.92, Target Price RM1.01, Stop Loss RM0.79, Support RM0.87 Resistance RM0.92

Local		(%)
FBMKLCI	1,419.00	(0.7)
Volume (mil)	2,790.97	(1.9)
Value (RM'mil)	1,798.72	(0.4)
Gainers	325	
Losers	529	
Unchanged	416	

Foreign		(%)
Dow Jones	33,286.6	(0.4)
Nasdaq CI	12,720.8	0.5
S&P 500	4,192.6	0.0
FTSE 100	7,771.0	0.2
Nikkei 225	31,086.8	0.9
Shanghai CI	3,296.5	0.4
HSI	19,678.2	1.2
STI	3,211.1	0.3

Most Active	RM	Chg
YTL	0.780	0.005
WIDAD	0.430	0.005
XOX	0.015	0.000
YONGTAI	0.410	(0.002)
YTLPOWR	1.180	0.030

Top Gainer	RM	Chg
WPRIS	3.680	0.090
YNHPROP	4.660	0.070
YTLPOWR	1.180	0.030
WELLS	0.410	0.010
YSPSAH	2.470	0.010

Top Loser	RM	Chg
YINSON	2.530	(0.040)
YBS	0.550	(0.025)
YONGTAI	0.410	(0.020)
YLI	0.310	(0.015)
WELLCAL	1.130	(0.010)

Other Stats		(%)
USD/MYR	4.55	0.25
USD/RMB	7.03	0.29
Brent (USD/barrel)	75.99	0.54
Gold (USD/troy oz)	1,970.38	(0.30)
CPO (RM/metric t)	3,708.5	0.47

**DAILY NEWSWATCH****ECONOMICS**

SOUTH KOREA: Consumer sentiment in South Korea saw improvement in May, reaching the highest level in a year, according to a survey conducted by the Bank of Korea. The Consumer Sentiment Index rose to 98.0, although it remained below the long-term average, marking the 12th consecutive month below 100. Additionally, consumers' inflation expectations for the next 12 months weakened, with the median falling to 3.5%, the lowest level in 12 months. The survey was conducted before the decision to raise electricity prices, leaving uncertainties regarding future price increases. (Reuters)

INDIA: India's economy continues its growth momentum from the previous quarter, with the Reserve Bank of India (RBI) expecting the first quarter of 2023/24 to be driven by private consumption, rural demand revival, and improved manufacturing. Inflation outcomes have been better than anticipated, supported by factors such as falling wheat prices and declining costs of oils, fats, and eggs. The RBI forecasts a GDP growth of 7.6% for Q1 2023/24 based on available data and assuming a 5.1% GDP growth in the previous quarter. (Reuters)

COMPANY

Petronas Gas (6033) expects a robust performance in 2023, underpinned by stable-earnings contracts, despite potential impacts from high gas prices. In the first quarter of the year, the company reported a net profit of RM424.18 million, up from RM410.58 million in the same quarter last year. The gas processing segment is expected to remain stable, while the gas transport and regasification business segments are projected to contribute to healthy earnings. However, the utilities segment will continue to be affected by the high fuel gas price. (The Star)

Petronas Dagangan Bhd (5681) expects positive impacts on its performance driven by the economic recovery, upcoming festive seasons, and revival of the tourism industry. In the first quarter of 2023, the company witnessed a significant growth in net profit, more than doubling to RM301.8 million compared to the same period last year. The company plans to expand its convenience segment, increase brand awareness of Café Mesra, and promote cashless transactions through the DuitNow QR feature. (The Star)

Duopharma Biotech's (7148) revenue in the first quarter of this year demonstrated significant growth, rising by 7.8% to RM200.5 million compared to the same period last year. The company's expansion into the Indonesian market through PT Duopharma Healthcare Indonesia (PT DHI) further strengthens its global presence, providing opportunities for collaboration and improved healthcare outcomes with a net profit of RM22.6 million, up by 11.5% from the previous year. (The Star)

AirAsia X (5238) is planning to issue 32 million new shares to AHAM Asset Management, AIIMAN Asset Management, and Lavin Group for RM50 million. The proposed placement will enable the company to quickly raise funds for its working capital needs without incurring interest costs or principal repayments, preserving its cash flows for operational purposes. (The Star)

Synergy House Bhd (0279) IPO has been oversubscribed by 14.02 times, with a total of 12,347 applications received for 375.42 million IPO shares valued at RM161.43 million from the Malaysian public. The company plans to list on the ACE Market of Bursa Malaysia on June 1, 2023, and aims to raise RM34.4 million from the IPO to fund inventory purchases, acquire forklifts for e-commerce fulfillment centers, repay borrowings, and cover advertising, promotions, working capital, and listing expenses. (The Star)



Tomei Consolidated Bhd

Technical Watch - “BUY on Potential Reversal”

Bloomberg: TOME MK | KLSE Stock Code: 7230

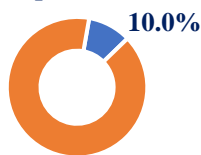
Main Market
Customer Services & Products
Subsector – Retailers
Current Price: RM1.28
Target Price: RM1.41

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 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	3.2	5.7	8.7
P/B	0.5	0.4	0.4
P/CF	5.0	3.7	6.2
P/S	0.2	0.2	0.1

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

Company Overview

Tomei Consolidated Bhd. is an investment holding company. The Company, through its subsidiaries, design and manufactures and retails jewelry, and refines gold and silver.



Entry Price	RM1.28
Market Cap (m)	RM177.4
52w high	RM1.40
52w low	RM0.76
Stop Loss	RM1.09
Immediate Support	RM1.22
Immediate Resistance	RM1.34 (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)	200,047.6



Wah Seong Corporation Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: WSC MK | KLSE Stock Code: 5142

Main Market

Energy

Subsector – Energy Infra, E&S

Current Price: RM0.92

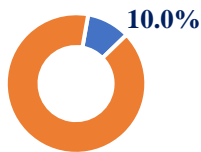
Target Price: RM1.01

Investment Highlights

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

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: 3
Holds: 1
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	13.9	13.2	21.8
P/BV	0.8	0.8	0.9
P/CF	2.8	2.9	5.6
P/S	0.3	0.3	0.4

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

Company Overview

Wah Seong Corporation Berhad is an investment holding company. Through its subsidiaries, the Company provides pipe-coating services, manufactures spiral welded steel pipes, distributes building materials, installs metal roofing, produces plastic extrusion structural materials, assembles plastic doors and window frames, and provides industrial engineering services.



Entry Price	RM0.92
Market Cap (m)	RM712.4
52w high	RM0.93
52w low	RM0.50
Stop Loss	RM0.79
Immediate Support	RM0.87
Immediate Resistance	RM0.92 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	735,898.6



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
20/4/2023	Malakof	5264	0.740	0.675	0.630	0.810	-0.7	-8.8	-
20/4/2023	Solution	0093	0.265	0.215	0.230	0.290	-2.3	-18.9	SL Triggered
25/4/2023	PressMetal	8869	5.200	4.780	4.450	5.720	0.0	-8.1	-
25/4/2023	PJBUMI	7163	0.740	0.700	0.630	0.810	-1.4	-5.4	TP Achieved
26/4/2023	Infoline	0253	0.870	0.780	0.740	0.960	-1.3	-10.3	SL Triggered
26/4/2023	Menang	1694	0.880	0.880	0.750	0.970	-1.1	0.0	TP Achieved
27/4/2023	Ranhill	5272	0.640	0.565	0.540	0.700	-0.9	-11.7	SL Triggered
27/4/2023	YongTai	7066	0.325	0.410	0.280	0.360	-4.7	26.2	TP Achieved
28/4/2023	Pelikan	5231	0.820	0.775	0.700	0.900	-4.3	-5.5	SL Triggered
28/4/2023	Tanco	2429	0.540	0.520	0.460	0.590	1.0	-3.7	SL Triggered
2/5/2023	Microlink	0126	0.925	0.910	0.790	1.020	1.1	-1.6	-
2/5/2023	KYM	8362	0.555	0.500	0.470	0.610	0.0	-9.9	SL Triggered
3/5/2023	GentingM	4715	2.780	2.670	2.380	3.060	-0.7	-4.0	-
3/5/2023	Inari	0166	2.360	2.210	2.020	2.600	0.0	-6.4	-
5/5/2023	Ctos	4383	1.450	1.410	1.240	1.600	0.7	-2.8	-
5/5/2023	Tropicana	8932	1.420	1.400	1.300	1.560	0.7	-1.4	-
8/5/2023	Opcom	0035	0.750	0.730	0.640	0.830	-2.7	-2.7	-
8/5/2023	SimeDarbyPlt	5285	4.410	4.520	3.770	4.850	0.4	2.5	-
9/5/2023	Westports	5246	3.600	3.680	3.080	3.960	2.5	2.2	-
9/5/2023	Telekom	4863	5.070	5.000	4.330	5.580	-0.4	-1.4	-
10/5/2023	Gamuda	5398	4.180	4.120	3.570	4.600	1.0	-1.4	-
10/5/2023	Seal	4286	0.440	0.410	0.380	0.480	-1.2	-6.8	-
11/5/2023	Padini	7052	4.010	3.880	3.430	4.410	0.0	-3.2	-
11/5/2023	PowerRoot	7237	2.220	2.010	1.900	2.440	-4.7	-9.5	-
12/5/2023	GenP	2291	6.050	6.110	5.170	6.660	-0.7	1.0	-
12/5/2023	ECA	0267	0.810	0.755	0.690	0.890	-1.9	-6.8	-
15/5/2023	Globetronic	7022	1.120	1.140	0.960	1.230	-0.9	1.8	-
15/5/2023	ITMAX	5309	1.440	1.430	1.230	1.580	0.0	-0.7	-
16/5/2023	Solarvest	0215	0.940	0.970	0.800	1.030	-1.5	3.2	-
16/5/2023	SFPTech	0251	2.550	2.460	2.180	2.810	0.8	-3.5	-
17/5/2023	Tenaga	5347	9.730	9.600	8.320	10.700	-2.2	-1.3	-
17/5/2023	AirasiaX	5238	1.690	1.920	1.440	1.860	6.7	13.6	TP Achieved
18/5/2023	Scientex	4731	3.400	3.350	2.910	3.740	-1.8	-1.5	-
18/5/2023	YTL	4677	0.750	0.780	0.640	0.830	0.6	4.0	-
19/5/2023	TIME	5031	5.300	5.350	4.530	5.830	0.9	0.9	-
19/5/2023	Sunview	0262	0.750	0.715	0.640	0.820	-3.4	-4.7	-
22/5/2023	AEON	6599	1.300	1.320	1.110	1.430	1.5	1.5	-
22/5/2023	HALG	2062	1.300	1.280	1.110	1.430	-1.5	-1.5	-
23/5/2023	Tomei	7230	1.280	1.280	1.090	1.410	3.2	0.0	-
23/5/2023	WahSeong	5142	0.920	0.920	0.790	1.010	4.5	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	0.350	0.05	14.3
SHL Consolidated Bhd	Property	1.900	0.18	9.5
AmFirst REIT	REIT	0.330	0.03	9.5
British American Tobacco Malay	Consumer	10.980	0.97	8.8
Capitaland Malaysia Trust	REIT	0.500	0.04	8.2
YTL Hospitality REIT	REIT	0.960	0.08	7.9
Magnum Bhd	Consumer	1.030	0.08	7.8
UOA REIT	REIT	1.120	0.09	7.7
Malayan Banking Bhd	Finance	8.580	0.60	7.0
Tambun Indah Land Bhd	Property	0.875	0.06	6.9
Matrix Concepts Holdings Bhd	Property	1.430	0.10	6.6
Amanahraya REIT	REIT	0.550	0.04	6.4
IGB REIT	REIT	1.660	0.10	6.3
Al-'Aqar Healthcare REIT	REIT	1.250	0.08	6.3
Sunway REIT	REIT	1.570	0.10	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	(5.1)	18.3	14.1	16.8	14.1	12.4	
Finance	(6.1)	13.5	10.3	12.4	10.3	8.9	
Property	7.9	16.1	7.4	11.2	9.2	N/A	
Plantation	(0.8)	95.5	8.5	35.6	8.5	16.8	
Consumer	(2.9)	25.0	17.2	22.0	17.2	14.9	
Technology	(9.0)	31.3	19.7	25.5	19.7	19.7	
Construction	5.7	21.8	9.2	17.5	9.2	11.4	
Energy	8.5	-	-	-	9.5	9.2	
Health care	10.4	36.1	23.8	29.9	23.8	30.0	
Ind Prod	(9.2)	31.6	10.8	21.1	10.8	12.2	
REIT	1.6	-	-	-	N/A	N/A	
Telco	2.3	28.0	19.8	23.9	28.0	20.3	
Transportations	5.0	-	-	-	-	14.5	
Utilities	11.4	-	-	-	12.6	13.5	

Source: Bloomberg

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