



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks retreated further into the red on Tuesday in line with the sharp drop in Wall Street shares. Market breadth was negative with 317 gainers and 517 losers. The healthcare sector was the top gainer increasing by +0.49%, while the technology sector was the top loser declining by -1.38%. HEXTECH (5136) was the top gainer surging by RM0.50 or +2.1%. The FBMKLCI declined by -0.53% to 1411.54.

We expect Malaysian equities to decline in lockstep with the sharp drop in global shares.

ECONOMICS

- **Japan's** factory activity expands for first time in 7 months – PMI
- **China's** solar industry boom is already accelerating past last year's record surge

COMPANY

- **Wah Seong (5142)** 1Q23 net profit surges on robust revenue growth
- **Kerjaya Prospek (7161)** posts modest 1Q23 profit growth amid revenue decline
- **Coastal Contracts (5071)** reports over threefold surge in 3Q23 net profit driven by joint venture gains
- **Uchi Tech (7100)** achieves 41.2% Net Profit growth in 1Q23 on strong demand and asset disposal gains

EXPRESSO FOR THE DAY

- **Technical Watch – Karex (5247)** – Entry Price RM0.65, Target Price RM0.72, Stop Loss RM0.56, Support RM0.62, Resistance RM0.70
- **Technical Watch – REDtone (0032)** – Entry Price RM0.61, Target Price RM0.67, Stop Loss RM0.52, Support RM0.57 Resistance RM0.61

Local		(%)
FBMKLCI	1,411.54	(0.5)
Volume (mil)	2,458.97	(11.9)
Value (RM'mil)	1,656.08	(7.9)
Gainers	317	
Losers	517	
Unchanged	399	

Foreign		(%)
Dow Jones	33,055.5	(0.7)
Nasdaq CI	12,560.3	(1.3)
S&P 500	4,145.6	(1.1)
FTSE 100	7,763.0	(0.1)
Nikkei 225	30,957.8	(0.4)
Shanghai CI	3,246.2	(1.5)
HSI	19,431.3	(1.3)
STI	3,218.1	0.2

Most Active	RM	Chg
REVENUE	0.285	(0.015)
TWL	0.040	(0.005)
TAWIN	0.040	0.000
TANCO	0.545	0.025
JADEM	0.235	(0.010)

Top Gainer	RM	Chg
HEXTECH	24.500	0.500
RAPID	20.460	0.460
YNHPROP	4.850	0.190
PERTAMA	2.820	0.140
SAM	3.990	0.140

Top Loser	RM	Chg
HEIM	27.040	(0.320)
HLFG	17.500	(0.300)
NESTLE	134.700	(0.300)
KLK	22.600	(0.200)
UWC	2.790	(0.200)

Other Stats		(%)
USD/MYR	4.57	0.51
USD/RMB	7.06	0.34
Brent (USD/barrel)	77.69	2.24
Gold (USD/troy oz)	1,975.21	0.17
CPO (RM/metric t)	3,680.5	(0.76)

**DAILY NEWSWATCH****ECONOMICS**

JAPAN: Japan's manufacturing sector experienced growth in May after seven months of contraction, with the manufacturing purchasing managers' index (PMI) rising to 50.8. This improvement was driven by increased output and new orders, indicating a recovery in business conditions. The service sector also saw record growth, reaching a PMI of 56.3, attributed to the resumption of domestic and international tourism. Overall, the composite PMI for both sectors reached its highest level since October 2013, signaling a positive trajectory for Japan's economy. (Reuters)

CHINA: China's solar sector is experiencing rapid growth in installations, with the country on track to surpass last year's record, driven by falling costs and increasing electricity consumption. China aims to expand its renewable energy capacity to meet its net-zero goal by 2060. Forecasts suggest China could install 154 gigawatts of solar capacity this year, surpassing the cumulative total installed in the US. (The Edge)

COMPANY

Wah Seong Corp Bhd (5142) experienced a significant increase in net profit in the first quarter of 2023, reaching RM21.76 million, compared to RM4.94 million in the same period the previous year. This growth can be attributed to higher revenue contributions from all business segments, including energy solutions services, renewable energy, and industrial trading and services. Additionally, the company reported a decrease in impairment loss on non-financial assets and a reduction in selling and distribution expenses. (The Edge)

Kerjaya Prospek Group Bhd (7161) reported a slight increase in net profit for 1QFY2023, reaching RM29.41 million compared to RM28.86 million the previous year. Despite a decrease in revenue and the absence of property development contributions, the company attributed the rise in net profit to higher interest income. Kerjaya Prospek remains optimistic about future prospects, with plans to launch a new development project and a strong outstanding order book of RM4.5 billion, providing financial visibility over the next three years. (The Edge)

Coastal Contracts Bhd (5071) achieved a significant increase in net profit for the third quarter ended March 31, 2023 (3QFY2023), reaching RM153.66 million compared to RM44.32 million in the same period last year. The surge was primarily driven by a higher share of profit from a joint venture and increased interest income from a loan granted to another joint venture in the gas processing division. (The Edge)

Uchi Technologies Bhd (7100) reported a 41.2% increase in net profit for 1QFY2023, reaching RM37.80 million, driven by higher product demand and gains from asset disposal. The company's manufacturing segment performed well, contributing to the improved revenue, and Uchi Tech remains cautiously optimistic about maintaining its revenue performance in US dollar terms for FY2023 while acknowledging potential factors such as currency fluctuations and material shortages. (The Edge)



Karex Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: KAREX MK | KLSE Stock Code: 5247

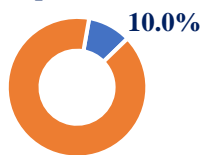
**Main Market
Customer Products & Services
Subsector – Personal Goods**
Current Price: RM0.65
Target Price: RM0.72

Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think there is a potential reversal supported by a marubozu with a rising momentum on the stock (RSI >55).

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: 1
Holds: 0
Sells: 0**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	2866.5	1364.5	488.8
P/B	1.1	1.2	2.7
P/CF	49.5	31.6	48.9
P/S	1.2	1.3	3.3

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

Company Overview

Karex Berhad is involved in the manufacturing of condoms, lubricating jelly and other medical devices such as catheters and probe covers.



Entry Price	RM0.65
Market Cap (m)	RM684.7
52w high	RM0.86
52w low	RM0.34
Stop Loss	RM0.56
Immediate Support	RM0.62
Immediate Resistance	RM0.70 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	3,925,533.4



REDtone Digital Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: RIB MK | KLSE Stock Code: 0032

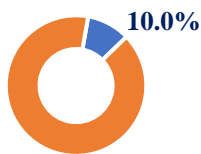
Main Market
Telecommunications & Services
Subsector – Telco Svc Pvdr
Current Price: RM0.61
Target Price: RM0.67

Investment Highlights

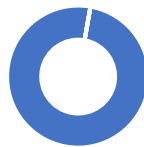
On an uptrend, the stock is currently trading above the MA20. We think there is a potential breakout of resistance supported by a marubozu with a strong momentum on the stock (RSI >75).

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: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	10.4	19.5	28.1
P/BV	1.7	1.6	2.0
P/CF	10.2	20.9	23.8
P/S	2.0	1.7	1.8

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

Company Overview

REDtone Digital Berhad provides telecommunications and digital infrastructure services. The Company offers data, voice, and managed telecommunications network services to government and enterprises. REDtone Digital serves customers in Malaysia.



Entry Price	RM0.61
Market Cap (m)	RM467.6
52w high	RM0.61
52w low	RM0.38
Stop Loss	RM0.52
Immediate Support	RM0.57
Immediate Resistance	RM0.61 (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)	1,800,286.0



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
25/4/2023	PressMetal	8869	5.200	4.720	4.450	5.720	-1.3	-9.2	-
25/4/2023	PJBUMI	7163	0.740	0.690	0.630	0.810	-1.4	-6.8	TP Achieved
26/4/2023	Infoline	0253	0.870	0.745	0.740	0.960	-4.5	-14.4	SL Triggered
26/4/2023	Menang	1694	0.880	0.925	0.750	0.970	5.1	5.1	TP Achieved
27/4/2023	Ranhill	5272	0.640	0.565	0.540	0.700	0.0	-11.7	SL Triggered
27/4/2023	YongTai	7066	0.325	0.405	0.280	0.360	-1.2	24.6	TP Achieved
28/4/2023	Pelikan	5231	0.820	0.795	0.700	0.900	2.6	-3.0	SL Triggered
28/4/2023	Tanco	2429	0.540	0.545	0.460	0.590	4.8	0.9	SL Triggered
2/5/2023	Microlink	0126	0.925	0.905	0.790	1.020	-0.5	-2.2	-
2/5/2023	KYM	8362	0.555	0.490	0.470	0.610	-2.0	-11.7	SL Triggered
3/5/2023	GentingM	4715	2.780	2.660	2.380	3.060	-0.4	-4.3	-
3/5/2023	Inari	0166	2.360	2.150	2.020	2.600	-2.7	-8.9	-
5/5/2023	Ctos	4383	1.450	1.420	1.240	1.600	0.7	-2.1	-
5/5/2023	Tropicana	8932	1.420	1.320	1.300	1.560	-5.7	-7.0	-
8/5/2023	Opcom	0035	0.750	0.740	0.640	0.830	1.4	-1.3	-
8/5/2023	SimeDarbyPlt	5285	4.410	4.480	3.770	4.850	-0.9	1.6	-
9/5/2023	Westports	5246	3.600	3.820	3.080	3.960	3.8	6.1	-
9/5/2023	Telekom	4863	5.070	4.990	4.330	5.580	-0.2	-1.6	-
10/5/2023	Gamuda	5398	4.180	4.150	3.570	4.600	0.7	-0.7	-
10/5/2023	Seal	4286	0.440	0.400	0.380	0.480	-2.4	-9.1	-
11/5/2023	Padini	7052	4.010	3.890	3.430	4.410	0.3	-3.0	-
11/5/2023	PowerRoot	7237	2.220	2.070	1.900	2.440	3.0	-6.8	-
12/5/2023	GenP	2291	6.050	6.010	5.170	6.660	-1.6	-0.7	-
12/5/2023	ECA	0267	0.810	0.730	0.690	0.890	-3.3	-9.9	-
15/5/2023	Globetronic	7022	1.120	1.120	0.960	1.230	-1.8	0.0	-
15/5/2023	ITMAX	5309	1.440	1.410	1.230	1.580	-1.4	-2.1	-
16/5/2023	Solarvest	0215	0.940	0.995	0.800	1.030	2.6	5.9	-
16/5/2023	SFPTEch	0251	2.550	2.410	2.180	2.810	-2.0	-5.5	-
17/5/2023	Tenaga	5347	9.730	9.560	8.320	10.700	-0.4	-1.7	-
17/5/2023	AirasiaX	5238	1.690	1.900	1.440	1.860	-1.0	12.4	TP Achieved
18/5/2023	Scientex	4731	3.400	3.350	2.910	3.740	0.0	-1.5	-
18/5/2023	YTL	4677	0.750	0.780	0.640	0.830	0.0	4.0	-
19/5/2023	TIME	5031	5.300	5.360	4.530	5.830	0.2	1.1	-
19/5/2023	Sunview	0262	0.750	0.710	0.640	0.820	-0.7	-5.3	-
22/5/2023	AEON	6599	1.300	1.330	1.110	1.430	0.8	2.3	-
22/5/2023	HALG	2062	1.300	1.270	1.110	1.430	-0.8	-2.3	-
23/5/2023	Tomei	7230	1.280	1.230	1.090	1.410	-0.8	-3.9	-
23/5/2023	WahSeong	5142	0.920	0.855	0.790	1.010	-7.1	-7.1	-
24/5/2023	Karex	5247	0.650	0.650	0.560	0.720	9.2	0.0	-
24/5/2023	Redtone	0032	0.605	0.605	0.520	0.670	8.0	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	0.380	0.05	13.2
SHL Consolidated Bhd	Property	1.860	0.18	9.7
AmFirst REIT	REIT	0.335	0.03	9.3
British American Tobacco Malay	Consumer	10.940	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	8.610	0.60	7.0
Tambun Indah Land Bhd	Property	0.890	0.06	6.7
Matrix Concepts Holdings Bhd	Property	1.420	0.10	6.7
Amanahraya REIT	REIT	0.550	0.04	6.4
Al-'Aqar Healthcare REIT	REIT	1.240	0.08	6.4
IGB REIT	REIT	1.660	0.10	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	(5.6)	18.2	14.0	16.8	14.0	12.3	
Finance	(6.6)	13.5	10.3	12.5	10.3	8.9	
Property	7.6	16.1	9.1	12.1	9.1	N/A	
Plantation	(1.5)	95.5	8.4	35.6	8.4	16.7	
Consumer	(3.1)	24.3	17.2	21.2	17.2	14.8	
Technology	(10.2)	27.8	19.4	24.0	19.4	19.4	
Construction	5.0	21.8	9.1	17.5	9.1	11.4	
Energy	7.8	-	-	-	9.5	9.1	
Health care	11.0	36.1	23.9	30.0	23.9	30.2	
Ind Prod	(9.7)	24.9	10.7	18.3	10.7	12.3	
REIT	1.8	-	-	-	N/A	N/A	
Telco	1.6	27.8	19.8	23.8	27.8	20.1	
Transportations	5.4	-	-	-	-	14.7	
Utilities	10.9	-	-	-	12.6	13.5	

Source: Bloomberg

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