



**DAILY NEWSWATCH**

**MARKET REVIEW**

Despite a challenging external environment, Bursa Malaysia concluded Thursday's trading session on a positive note. Market breadth was negative with 358 gainers and 464 losers. The utilities services sector was the top gainer increasing by +0.49%, while the plantation sector was the top loser declining by -1.01%. SUNMOW (03050) was the top gainer surging by RM0.20 or +15.38%. The FBMKLCI declined by -0.21% to 1,458.93.

**ECONOMICS**

- Germany's economic struggles challenge ECB's plans for interest rate hikes, recession fears rise
- NDB faces challenges due to sanctions against Russia, seeks to broaden membership and increase local currency funding

**COMPANY**

- **Southern Cable (0225)** secures RM332.14mil contract extension from TNB, exceeds year-to-date target
- **Pentamaster (7160)** posts strong profit growth in second quarter, optimistic about steady business growth in H2 2023
- **IHH (5225)** to acquire BHSB for RM245mil, plans to expand footprint in Sarawak
- **Advancecon (5281)** associate awarded RM45.48mil contract for Miri combined cycle gas turbine power plant project

**EXPRESSO FOR THE DAY**

- **Technical Watch – UCrest (0005)** – Entry Price RM0.21, Target Price RM0.23, Stop Loss RM0.18, Support RM0.19, Resistance RM0.67
- **Technical Watch – YNH Property (3158)** – Entry Price RM5.08, Target Price RM5.59, Stop Loss RM4.34 Support RM4.83, Resistance RM5.20

Local	Close	(%)
<b>FBMKLCI</b>	1,458.93	(0.21)
<b>Volume (mil)</b>	2,920.26	(7.8)
<b>Value (RM'mil)</b>	1,828.07	(16.5)
<b>Gainers</b>	358	
<b>Losers</b>	464	
<b>Unchanged</b>	450	

Foreign		(%)
<b>Dow Jones</b>	35,176.2	0.2
<b>Nasdaq CI</b>	13,738.0	0.1
<b>S&amp;P 500</b>	4,468.8	0.0
<b>FTSE 100</b>	7,618.6	0.4
<b>Nikkei 225</b>	32,473.7	0.8
<b>Shanghai CI</b>	3,254.6	0.3
<b>HSI</b>	19,248.3	0.0
<b>STI</b>	3,322.9	N/A

Most Active	RM	Chg
<b>VELESTO</b>	0.220	(0.010)
<b>WIDAD</b>	0.430	(0.005)
<b>MRDIY</b>	1.550	0.120
<b>SAPNRG</b>	0.060	0.005
<b>UCREST</b>	0.205	0.020

Top Gainer	RM	Chg
<b>SUNMOW</b>	1.500	0.200
<b>PIE</b>	2.940	0.150
<b>PENTA</b>	5.530	0.130
<b>MRDIY</b>	1.550	0.120
<b>TENAGA</b>	9.730	0.090

Top Loser	RM	Chg
<b>PETGAS</b>	17.220	(0.120)
<b>RAPID</b>	22.560	(0.120)
<b>PERTAMA</b>	3.060	(0.080)
<b>TM</b>	5.050	(0.070)
<b>TOCEAN</b>	1.960	(0.070)

Other Stats		(%)
<b>USD/MYR</b>	4.58	(0.05)
<b>USD/RMB</b>	7.22	0.12
<b>WTI(USD/barrel)</b>	86.44	(1.31)
<b>Gold(USD/troy oz)</b>	1,912.67	(0.10)
<b>CPO (RM/metric t)</b>	3,723.5	0.96

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**DAILY NEWSWATCH****ECONOMICS**

Germany's economic struggles, including weak trade with China and a slowdown in manufacturing and construction, are challenging the **European Central Bank's (ECB)** plans for gradual interest rate hikes. This has led to speculation that the ECB may consider a pause in its rate hike cycle and even reverse some increases, potentially pushing the eurozone closer to a recession. The market's skepticism is evident, with substantial rate cuts already being priced in for the second half of the following year. (Reuters)

The **New Development Bank (NDB)**, established by BRICS countries, is facing challenges due to sanctions against founding shareholder Russia. South Africa's finance minister has emphasized the need for the NDB to increase local currency fundraising and lending to mitigate the impact of foreign exchange fluctuations, rather than pursuing full de-dollarization. The NDB aims to broaden its membership and raise capital from new members to enhance its financial health and influence, although governance changes may be required to attract larger emerging market countries. (Reuters)

**COMPANY**

**Southern Cable Group Bhd (0225)** has secured a contract extension worth RM332.14 million from Tenaga Nasional Bhd (TNB) for the supply and delivery of various sizes of underground cables and conductors for TNB's distribution network division. The contract period is set for one year, starting from July 15, 2023, to July 14, 2024. With this contract and other recent wins, Southern Cable has exceeded its year-to-date target of RM500 million, surpassing its total wins in 2022 and resulting in current orders in hand of more than RM1bil that are set to be delivered until 2026. (The Star)

**Pentamaster Corporation Bhd (7160)** achieved a 23.2% increase in net profit for the second quarter of 2023, amounting to RM23.65 million, attributed to higher revenue and an improved product mix. Quarterly revenue also saw a rise of 16.9%, reaching RM176.88 million compared to RM151.34 million in the same period last year, mainly driven by the automated test equipment (ATE) and factory automation solutions (FAS) segments. Despite a 30% drop in the FAS segment due to prolonged production cycles, Pentamaster remains optimistic about steady business growth in the second half of 2023, with the automotive and medical segments contributing positively. (The Edge)

**IHH Healthcare Bhd (5225)** plans to acquire the entire equity interest in Bedrock Healthcare Sdn Bhd (BHSB) for RM245 million. The acquisition will be carried out by its subsidiary, Pantai Holdings Sdn Bhd, through a share purchase agreement with Saravita Holdings Sdn Bhd and nine individual founders. BHSB operates Timberland Medical Centre, an 82-bed hospital in Kuching, Sarawak, and has plans to construct a 200-bed hospital on a vacant land in central Kuching. (The Star)

**Advancecon Holdings Bhd's (5281)** associate, Advancecon (Sarawak) Sdn Bhd (ASSB), has been awarded a RM45.48 million contract for the construction and completion of earthworks and related works for the Miri combined cycle gas turbine power plant project. The 30%-owned associate company received the letter of award from Petros Power Sendirian Bhd. The contract is set for a duration of 12 months from the award date and will be funded by internally generated funds and/or external borrowings. (The Edge)

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## UCrest Berhad

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

Bloomberg: UC MK | KLSE Stock Code: 0005

## Ace Market Technology

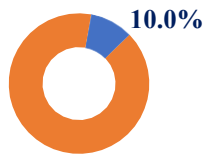
Subsector – Technology Equip.  
Current Price: RM0.21  
Target Price: RM0.23

### Investment Highlights

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

Expanding Bollinger Bands suggest 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:** 0  
**Hold:** 0  
**Sell:** 0

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	17.6	12.2	13.3
P/B	2.4	2.7	3.2
P/CF	117.3	33.5	87.5
P/S	7.1	5.5	5.9

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

### Company Overview

UCrest Berhad provides technology solutions. The Company designs and develops platform for upload and storage of test reports, CT scan, X-ray, ultra sound, and MRI images. Ucrest serves customers worldwide.



Entry Price	RM0.21
Market Cap (m)	RM152.1
<b>52w high</b>	<b>RM0.21</b>
<b>52w low</b>	<b>RM0.06</b>
Stop Loss	RM0.18
Immediate Support	RM0.19
Immediate Resistance	RM0.67 (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)	5,765,409.5



## YNH Property Berhad

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

Bloomberg: YNHB MK| KLSE Stock Code: 3158

Main Market

Property

Subsector – Property

Current Price: RM5.08

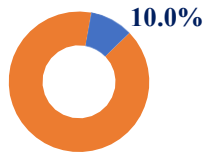
Target Price: RM5.59

#### Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential reversal supported by a hammer with a strong momentum on the stock (RSI > 50).

Expanding Bollinger Bands suggest 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:** 0  
**Hold:** 0  
**Sell:** 0

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	223.1	138.5	84.5
P/BV	1.6	1.3	1.1
P/CF	146.6	80.9	60.8
P/S	8.6	5.8	4.1

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

#### Company Overview

YNH Property Berhad is an investment holding company which operates in property development, investment, and hotel business as well as general contracting. The Company also cultivates palm oil and sells palm oil products.



Entry Price	RM5.08
Market Cap (m)	RM2,684.7
<b>52w high</b>	<b>RM5.20</b>
<b>52w low</b>	<b>RM3.36</b>
Stop Loss	RM4.34
Immediate Support	RM4.83
Immediate Resistance	RM5.20 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	28,771.1



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
14/7/2023	BankIslam	5258	2.090	2.140	1.990	2.300	0.5	2.4	-
14/7/2023	UMW	4588	4.080	4.280	3.490	4.450	2.1	4.9	-
17/7/2023	Dufu	7233	2.110	1.870	1.800	2.320	2.2	-11.4	SL Triggered
17/7/2023	D&O	7204	4.100	3.900	3.510	4.510	1.3	-4.9	-
18/7/2023	Inari	0166	3.110	3.060	2.660	3.420	-1.6	-1.6	-
18/7/2023	SPToto	1562	1.500	1.460	1.280	1.650	-0.7	-2.7	-
20/7/2023	Aurelius	5302	2.450	2.550	2.090	2.700	1.2	4.1	-
20/7/2023	Pentamaster	7160	5.370	5.530	4.590	5.910	2.4	3.0	-
21/7/2023	IOI	1961	3.990	4.090	3.590	4.390	-1.9	2.5	-
21/7/2023	Ta Ann	5012	3.590	3.600	3.230	3.950	-1.1	0.3	-
24/7/2023	UOA Dev	5200	1.790	1.690	1.610	1.800	0.0	-5.6	-
24/7/2023	MRCB	1651	0.400	0.385	0.360	0.410	0.0	-3.8	-
25/7/2023	YBS	0025	0.720	0.670	0.650	0.790	-1.5	-6.9	-
25/7/2023	XL	7121	0.850	0.845	0.770	0.940	-0.6	-0.6	-
26/7/2023	Telekom	4863	5.050	5.050	4.550	5.560	-1.4	0.0	-
26/7/2023	Riverview	2542	3.680	3.140	3.310	4.040	-0.3	-14.7	SL Triggered
27/7/2023	Press Metal	8869	5.000	4.990	4.500	5.500	-0.6	-0.2	-
27/7/2023	Tenaga	5347	9.590	9.730	8.630	10.550	0.9	1.5	-
28/7/2023	RHB	1066	5.680	5.650	5.110	6.250	-1.1	-0.5	-
28/7/2023	Public Bank	1295	4.110	4.150	3.700	4.520	-0.5	1.0	-
31/7/2023	Sunway Con	5263	1.750	1.730	1.580	1.930	0.0	-1.1	-
31/7/2023	Suria	6521	1.300	1.400	1.170	1.430	2.2	7.7	-
1/8/2023	Seal	4286	0.570	0.565	0.510	0.630	0.9	-0.9	-
1/8/2023	MPI	3867	29.280	28.300	26.350	32.210	0.0	-3.3	-
2/8/2023	Hua Yang	5062	0.335	0.325	0.290	0.370	0.0	-3.0	-
2/8/2023	Kerjaya Prospek	7077	0.740	0.775	0.630	0.810	0.0	4.7	-
3/8/2023	Mentiga	5223	0.620	0.600	0.530	0.680	3.448	-3.2	-
3/8/2023	Apollo	6432	4.510	4.600	3.860	4.960	0.656	2.0	-
4/8/2023	Wegmans	0197	0.230	0.220	0.220	0.250	4.762	-4.3	-
4/8/2023	YTL Power	6742	1.460	1.520	1.250	1.610	-0.654	4.1	-
7/8/2023	Pantech	5125	0.820	0.845	0.738	0.902	2.424	3.0	-
7/8/2023	CCK	7035	0.780	0.790	0.702	0.858	-0.629	1.3	-
8/8/2023	WCE	3565	0.700	0.690	0.600	0.770	-0.719	-1.4	-
8/8/2023	Thriven	7889	0.150	0.120	0.120	0.160	-7.692	-20.0	SL Triggered
9/8/2023	Sime Darby	4197	2.220	2.150	1.900	2.440	-2.273	-3.2	-
9/8/2023	KLK	2445	23.360	23.180	19.970	25.696	-0.855	-0.8	-
10/8/2023	Takaful	6139	3.460	3.460	2.960	3.810	0.000	0.0	-
10/8/2023	PLS	9695	1.000	0.980	0.860	1.100	-2.000	-2.0	-
11/8/2023	UCrest	0005	0.210	0.205	0.180	0.230	10.811	-2.4	-
11/8/2023	YNH Property	3158	5.080	5.080	4.340	5.590	1.397	0.0	-

\*SL= Stop Loss

\*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

<b>Company</b>	<b>Sector</b>	<b>Price RM</b>	<b>Dividend / Share RM</b>	<b>Dividend Yield (%)</b>
TIME DOTCOM BHD	TELCO	5.38	0.71	13.12
YTL HOSPITALITY REIT	REITs	1.05	0.09	8.95
LII HEN INDUSTRIES BHD	CONSUMER	0.84	0.07	8.93
BONIA CORPORATION BHD	CONSUMER	1.75	0.15	8.57
TALIWORKS CORPORATION BHD	UTILITIES	0.80	0.07	8.55
MBM RESOURCES BHD	CONSUMER	3.44	0.29	8.58
HEKTAR REITS	REITs	0.63	0.05	8.10
UOA REITS	REITs	1.11	0.09	8.20
ASTRO MALAYSIA HOLDINGS BERHAD	TELCO	0.52	0.04	8.08
CAPITALAND MALAYSIA TRUST	REITs	0.53	0.04	7.92
BESHOM HOLDINGS BERHAD	CONSUMER	1.02	0.08	7.84
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.71
BERMAZ AUTO BERHAD	CONSUMER	2.10	0.16	7.71
SENTRAL REIT	REITs	0.85	0.06	7.53
BRITISH AMERICAN TOBACCO (M)	CONSUMER	10.10	0.75	7.45

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.

Index	Return (%)	Valuation P/E (X)				
		5 - Years			Current	1 Yr – Fwd
		High	Low	Avg		
KLCI	(7.1)	24.1	17.0	18.8	13.9	12.3
Finance	(6.3)	13.0	9.9	12.3	9.9	9.0
Property	9.3	25.1	7.4	11.1	8.9	N/A
Plantation	(2.4)	95.5	10.5	36.0	10.5	16.7
Consumer	(6.8)	22.5	15.7	21.6	15.7	14.8
Technology	(2.8)	48.6	22.5	27.0	26.8	21.4
Construction	8.0	36.8	9.5	17.5	9.5	11.1
Energy	2.8	9.0	-	-	9.0	9.1
Health care	(3.4)	36.1	22.0	29.0	22.0	27.3
Ind Prod	(12.5)	24.9	12.6	21.5	12.6	N/A
REIT	0.3	0.0	-	-	N/A	N/A
Telco	(1.7)	32.4	19.8	26.1	32.4	20.2
Transportations	5.0	27.5	-	-	11.8	13.8
Utilities	13.8	17.8	-	-	13.9	12.8

Source: Bloomberg

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