



DAILY NEWSWATCH

MARKET REVIEW

The FBM KLCI experienced continued declines on Friday, with investors displaying a sense of caution due to the upcoming six state elections, which has contributed to an uncertain market sentiment. Market breadth was positive with 502 gainers and 382 losers. The property sector was the top gainer increasing by +0.86%, while the utilities sector was the top loser declining by -0.76%. RAPID (7765) was the top gainer surging by RM0.22 or +0.98%. The FBMKLCI declined by -0.12% to 1,457.16.

ECONOMICS

- **India's rice export ban** triggers concerns of potential shortages, drives up global food inflation
- **S&P 500 and Nasdaq** post second consecutive weekly declines

COMPANY

- **WTK (4243)** to acquire 70% stake in Sarawak-based Durafarm Sdn Bhd for RM132.2mil
- **SFP Tech (0251)** reports 63.23% net profit growth in 2QFY2023
- **Mi Technovation (5286)** reports 21.8% net profit growth in 2QFY2023
- **Solarvest (0215)** establishes wholly-owned subsidiary in Taiwan to explore clean energy opportunities

EXPRESSO FOR THE DAY

- **Technical Watch – Umedic (0256)** – Entry Price RM0.77, Target Price RM0.85, Stop Loss RM0.66, Support RM0.73, Resistance RM0.90
- **Technical Watch – SHH (7412)** – Entry Price RM1.25, Target Price RM1.38, Stop Loss RM1.07, Support RM1.19, Resistance RM1.34

Local	Close	(%)
FBMKLCI	1,457.16	(0.12)
Volume (mil)	2,940.69	0.7
Value (RM'mil)	1,863.95	2.0
Gainers	502	
Losers	382	
Unchanged	429	

Foreign		(%)
Dow Jones	35,281.4	0.3
Nasdaq CI	13,644.9	(0.7)
S&P 500	4,464.1	(0.1)
FTSE 100	7,524.2	(1.2)
Nikkei 225	32,473.7	N/A
Shanghai CI	3,189.2	(2.0)
HSI	19,075.2	(0.9)
STI	3,294.3	(0.9)

Most Active	RM	Chg
SAPNRG	0.060	0.000
RGB	0.380	0.010
UEMS	0.545	0.020
TOPGLOV	0.840	(0.025)
UCREST	0.195	(0.010)

Top Gainer	RM	Chg
RAPID	22.780	0.220
SHH	1.250	0.200
PANAMY	20.160	0.100
UTDPLT	15.800	0.100
SAM	4.870	0.070

Top Loser	RM	Chg
PPB	16.560	(0.240)
PETGAS	17.000	(0.220)
PETDAG	22.640	(0.160)
PENTA	5.430	(0.100)
QUALITY	1.080	(0.100)

Other Stats		(%)
USD/MYR	4.59	0.38
USD/RMB	7.24	0.29
WTI (USD/barrel)	86.81	0.47
Gold (USD/troy oz)	1,913.76	0.07
CPO (RM/metric t)	3,747.0	0.63

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**DAILY NEWSWATCH****ECONOMICS**

India's ban on rice exports is triggering concerns of potential shortages and driving up global food inflation, similar to the 2007-2008 restrictions that led to a domino effect of export curbs by other countries. Rice prices have surged to 15-year highs since India's ban, and other major rice exporters like Thailand, Vietnam, and Pakistan are expected to increase exports to fill the gap, potentially causing further price spikes. The ripple effect of supply constraints may lead to restrictions from other exporters, exacerbating global food inflation and impacting vulnerable consumers in Asia and Africa. (Reuters)

The **S&P 500 and Nasdaq Composite** posted their second consecutive weekly declines due to higher U.S. producer prices, which pushed Treasury yields and impacted tech stocks. The Dow Jones Industrial Average, however, ended the week up by 0.6%. The producer price index rose by 0.8%, leading to adjustments in rate hike expectations, affecting companies like Tesla, Meta Platforms, and Microsoft, while the energy sector advanced due to rising crude prices. (Reuters)

COMPANY

WTK Holdings Bhd (4243) plans to acquire a 70% stake in Sarawak-based Durafarm Sdn Bhd for RM132.2 million, expanding its oil palm presence. The acquisition will be funded through bank borrowings, debt securities issuance, and internally generated funds. This move aligns with WTK's strategy to grow its oil palm business and reduce reliance on timber, which has been facing challenges. (The Edge)

SFP Tech Holdings Bhd (0251) reported a 63.23% increase in net profit for 2QFY2023 to RM10.63 million, attributed to higher revenue and reduced administrative expenses due to the absence of non-recurring IPO costs. The group's revenue for the quarter surged by 74.37% to RM36.44 million, driven by increased sales in the mechanical assembly segment, while its six-month net profit rose by 36.52% to RM20.73 million. The company is focusing on its vision inspection equipment and handler platforms, with upcoming projects expected to contribute to future revenues. (The Edge)

Mi Technovation Bhd (5286) reported a 21.8% increase in net profit for 2QFY2023 to RM22.73 million, driven by favorable foreign currency exchange rates despite a 10.18% dip in quarterly revenue to RM84.05 million. The semiconductor equipment manufacturer declared a dividend of two sen per share for the quarter and expressed commitment to its long-term business strategy in the face of challenges in the semiconductor industry. The company anticipates contributions from its mobility and wearables, automotive, and high-performance computing segments in the coming year. (The Edge)

Solarvest Holdings Bhd (0215) has established a wholly owned subsidiary, Solarvest (Taiwan) Corp Ltd (STCL), to explore opportunities in clean energy projects in Taiwan. The move is aligned with Taiwan's renewable energy ambitions, including targets for solar and wind energy capacity. Solarvest aims to expand its presence in Taiwan, already having an active pipeline of projects and collaborations with local partners, as part of its broader strategy to become a holistic clean energy developer. (The Edge)



Umedic Group Berhad

Technical Watch - "BUY on Potential Continuation"

Bloomberg: UMC MK | KLSE Stock Code: 0256

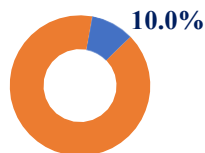
Ace Market
Health Care
Subsector – Health Care Eq. & Ser.
Current Price: RM0.77
Target Price: RM0.85

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 > 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: 2
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	36.4	36.4	36.4
P/B	4.9	4.9	4.9
P/CF	N/A	N/A	N/A
P/S	6.2	6.2	6.2

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

Company Overview

Umedic Group Berhad operates as an integrated healthcare supply chain company. The Company offers resuscitation care, patient monitoring systems, oxygen therapy and suction, life-support equipment, and ultrasound solutions. Umedic Group serves customers in Malaysia.



Entry Price	RM0.77
Market Cap (m)	RM287.9
52w high	RM0.91
52w low	RM0.50
Stop Loss	RM0.66
Immediate Support	RM0.73
Immediate Resistance	RM0.90 (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)	5,925,271.4



SHH Resources Holdings Berhad

Technical Watch - "BUY on Potential Continuation"

Bloomberg: SHH MK| KLSE Stock Code: 7412

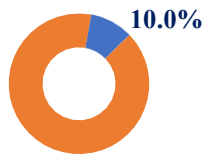
Main Market
Consumer Products & Services
Subsector – Household Goods
Current Price: RM1.25
Target Price: RM1.38

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

Buys: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	47.6	50.3	20.8
P/BV	0.9	0.7	0.7
P/CF	6.9	12.3	11.4
P/S	0.7	0.5	0.5

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

Company Overview

SHH Resources Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures wooden furniture and parts, processes and kiln-dries timber, and invests in properties.



Entry Price	RM1.25
Market Cap (m)	RM125.0
52w high	RM1.33
52w low	RM0.56
Stop Loss	RM1.07
Immediate Support	RM1.19
Immediate Resistance	RM1.34 (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)	32,341.2



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
17/7/2023	Dufu	7233	2.110	1.890	1.800	2.320	1.1	-10.4	SL Triggered
17/7/2023	D&O	7204	4.100	3.900	3.510	4.510	0.0	-4.9	-
18/7/2023	Inari	0166	3.110	3.080	2.660	3.420	0.7	-1.0	-
18/7/2023	SPToto	1562	1.500	1.530	1.280	1.650	4.8	2.0	-
20/7/2023	Aurelius	5302	2.450	2.610	2.090	2.700	2.4	6.5	-
20/7/2023	Pentamaster	7160	5.370	5.430	4.590	5.910	-1.8	1.1	-
21/7/2023	IOI	1961	3.990	4.080	3.590	4.390	-0.2	2.3	-
21/7/2023	Ta Ann	5012	3.590	3.640	3.230	3.950	1.1	1.4	-
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	0.390	0.360	0.410	1.3	-2.5	-
25/7/2023	YBS	0025	0.720	0.680	0.650	0.790	1.5	-5.6	-
25/7/2023	XL	7121	0.850	0.840	0.770	0.940	-0.6	-1.2	-
26/7/2023	Telekom	4863	5.050	5.040	4.550	5.560	-0.2	-0.2	-
26/7/2023	Riverview	2542	3.680	3.150	3.310	4.040	0.3	-14.4	SL Triggered
27/7/2023	Press Metal	8869	5.000	4.960	4.500	5.500	-0.6	-0.8	-
27/7/2023	Tenaga	5347	9.590	9.800	8.630	10.550	0.7	2.2	-
28/7/2023	RHB	1066	5.680	5.650	5.110	6.250	0.0	-0.5	-
28/7/2023	Public Bank	1295	4.110	4.160	3.700	4.520	0.2	1.2	-
31/7/2023	Sunway Con	5263	1.750	1.740	1.580	1.930	0.6	-0.6	-
31/7/2023	Suria	6521	1.300	1.420	1.170	1.430	1.4	9.2	-
1/8/2023	Seal	4286	0.570	0.585	0.510	0.630	3.5	2.6	-
1/8/2023	MPI	3867	29.280	28.000	26.350	32.210	-1.1	-4.4	-
2/8/2023	Hua Yang	5062	0.335	0.340	0.290	0.370	4.6	1.5	-
2/8/2023	Kerjaya Prospek	7077	0.740	0.760	0.630	0.810	-1.9	2.7	-
3/8/2023	Mentiga	5223	0.620	0.660	0.530	0.680	10.000	6.5	-
3/8/2023	Apollo	6432	4.510	4.740	3.860	4.960	3.043	5.1	-
4/8/2023	Wegmans	0197	0.230	0.200	0.220	0.250	-9.091	-13.0	-
4/8/2023	YTL Power	6742	1.460	1.520	1.250	1.610	0.000	4.1	-
7/8/2023	Pantech	5125	0.820	0.840	0.738	0.902	-0.592	2.4	-
7/8/2023	CCK	7035	0.780	0.780	0.702	0.858	-1.266	0.0	-
8/8/2023	WCE	3565	0.700	0.690	0.600	0.770	0.000	-1.4	-
8/8/2023	Thrivon	7889	0.150	0.130	0.120	0.160	8.333	-13.3	SL Triggered
9/8/2023	Sime Darby	4197	2.220	2.170	1.900	2.440	0.930	-2.3	-
9/8/2023	KLK	2445	23.360	23.100	19.970	25.696	-0.345	-1.1	-
10/8/2023	Takaful	6139	3.460	3.490	2.960	3.810	0.867	0.9	-
10/8/2023	PLS	9695	1.000	0.970	0.860	1.100	-1.020	-3.0	-
11/8/2023	UCrest	0005	0.210	0.195	0.180	0.230	-4.878	-7.1	-
11/8/2023	YNH Property	3158	5.080	5.050	4.340	5.590	-0.591	-0.6	-
14/8/2023	Umedic	0256	0.770	0.770	0.660	0.850	6.944	0.0	-
14/8/2023	SHH	7412	1.250	1.250	1.070	1.380	19.048	0.0	-

*SL= Stop Loss

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
TIME DOTCOM BHD	TELCO	5.36	0.71	13.17
YTL HOSPITALITY REIT	REITs	0.99	0.09	9.54
LII HEN INDUSTRIES BHD	CONSUMER	0.84	0.07	8.93
BONIA CORPORATION BHD	CONSUMER	1.73	0.15	8.67
TALIWORKS CORPORATION BHD	UTILITIES	0.80	0.07	8.55
MBM RESOURCES BHD	CONSUMER	3.45	0.30	8.55
HEKTAR REITS	REITs	0.63	0.05	8.16
UOA REITS	REITs	1.10	0.09	8.27
ASTRO MALAYSIA HOLDINGS BERHAD	TELCO	0.53	0.04	8.00
CAPITALAND MALAYSIA TRUST	REITs	0.54	0.04	7.85
BESHOM HOLDINGS BERHAD	CONSUMER	1.03	0.08	7.77
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.71
BERMAZ AUTO BERHAD	CONSUMER	2.14	0.16	7.57
SENTRAL REIT	REITs	0.85	0.06	7.18
BRITISH AMERICAN TOBACCO (M)	CONSUMER	10.08	0.75	7.46

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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