

Daily Newswatch

Market Review

On Monday, the FBMKLCI ended in negative territory as investors took profits after its recent uptick, mirroring the performance of other regional stock markets. Market breadth was negative with 468 gainers and 498 losers. The health care sector was the top gainer increasing by +0.72%, while the industrial products & services sector was the top loser declining by -0.88%. PETDAG (5681) was the top gainer surging by RM0.50 or 2.21%. The FBMKLCI declined by -0.07% to 1,457.99.

Economics

- **Crude oil** rises due to worries over supply and China's demand recovery
- Disagreement in **farm trade** sparks tensions between Ukraine and allies

Companies

- **YBS (0025)** plant of RM567mil in Penang sets to commence operations in the near future
- **ITMAX (5309)** subsidiary secures a 15-year video surveillance contract valued at RM105 million from MJB
- **Theta (9075)** considers collaboration with Cybernetica in Estonia to advance cybersecurity solutions
- **Sunview (0262)** establishes agreement with UOB Malaysia for solar energy services

Expresso for the Day

- **Technical Watch – Scanwolf Corporation (7239)** Entry Price: RM0.47, Target Price: RM0.52, Stop Loss: RM0.40, Support: RM0.45, Resistance: RM5.14
- **Technical Watch – Ramssol (0236)** Entry Price: RM0.45, Target Price: RM0.49, Stop Loss: RM0.38, Support: RM0.43, Resistance: RM0.45

Local	Close	(%)
FBMKLCI	1,457.99	(0.07)
Volume (mil)	3,382.69	(15.8)
Value (RM'mil)	2,122.19	(50.7)
Gainers	468	
Losers	498	
Unchanged	396	

Foreign	Close	(%)
Dow Jones	34,608.8	0.0
Nasdaq CI	13,684.0	0.0
S&P 500	4,452.7	0.1
FTSE 100	7,655.9	(0.8)
Nikkei 225	33,533.1	N/A
Shanghai CI	3,125.9	0.3
HSI	17,930.6	(1.4)
STI	3,263.4	(0.5)

Most Active	RM	Chg (RM)
UEMS	0.845	0.115
MRCB	0.465	0.010
MYEG	0.810	0.030
WIDAD	0.495	0.005
TAWIN	0.035	0.000

Top Gainer	RM	Chg (RM)
PETDAG	23.160	0.500
UTDPLT	17.300	0.240
PPB	16.000	0.200
MPI	27.160	0.160
PETGAS	17.120	0.160

Top Loser	RM	Chg (RM)
RAPID	20.000	(4.080)
KLK	21.480	(1.840)
PMBTECH	3.190	(0.330)
SUNMOW	1.150	(0.250)
PCHEM	7.270	(0.160)

Other Stats	RM	(%)
USD/MYR	4.69	0.13
USD/RMB	7.30	0.27
Brent (USD/barrel)	94.45	0.55
Gold (USD/troy oz)	1,927.29	0.18
CPO (RM/metric t)	3,722.5	0.76

Daily Newswatch

Economies

Oil prices rose for the third straight session on Monday, driven by expectations of a growing supply shortfall in the fourth quarter following the extensions of production cuts by Saudi Arabia and Russia. Additionally, optimism regarding a recovery in demand in China contributed to the positive sentiment. Brent crude futures climbed by 71 cents, equivalent to a 0.8% gain, reaching \$94.64 per barrel as of 0622 GMT. Meanwhile, U.S. West Texas Intermediate crude futures were up 78 cents, or 0.9%, trading at \$91.55 per barrel. (Reuters)

A disagreement regarding **agricultural trade** has caused a division between Ukraine and some of its key supporters within the European Union. This division emerged on Monday after three EU member states unilaterally imposed restrictions on imports from Ukraine. Poland, Slovakia, and Hungary announced these import restrictions on Friday, following the European Commission's decision not to extend a ban on sales within Ukraine's five neighboring EU countries, which also include Romania and Bulgaria.

Companies

YSB International Berhad (0025) plant located in Penang which amounted to RM567mil, is scheduled to commence operations by the end of this year. This facility will primarily focus on the production of lithium batteries for applications in Internet-of-Things wearables, two-way radios, smartphones, and laptops. Additionally, the plant will engage in surface-mounting technology, cable assembly, connector assembly, precision machining, and packaging activities. The group managing director mentioned that the company's key customers are world-class multinational corporations, each with annual revenues of US\$30 billion in their respective segments. These customers have maintained stable relationships with YBS for the past 12 to 25 years. (The Star)

ITMAX System Berhad's (5039) subsidiary has successfully secured a substantial contract for video surveillance services for the Johor Bahru City Council (MBJB), with a total value of RM105.32 million, spanning a 15-year period. This contract is set to be in effect from September 2023 to September 2038. The agreement encompasses the establishment of a smart command center and a closed-circuit camera system equipped with artificial intelligence features, all under a service subscription arrangement. The contract was awarded to Southmax Sdn Bhd, a subsidiary of ITMAX in which ITMAX holds a 65% ownership stake. (The Edge)

Theta Edge Berhad (9075), an information technology solutions provider, is exploring a collaboration with Estonian technology company Cybernetica AS. The partnership aims to jointly develop, implement, market, and promote digital identity products exclusively in Malaysia, as well as digital identity, cybersecurity, privacy enhancement, and interoperability solutions within Malaysia and other ASEAN countries on a project basis. Theta Edge has officially entered into a memorandum of understanding (MOU) with Cybernetica to formalize this potential collaboration. The MOU serves as a starting point for both parties to engage in further discussions and establish a collaborative relationship, leveraging their respective strengths and expertise with a primary goal of forming a long-term strategic partnership. (The Edge)

Sunview Group Berhad's (0262) wholly-owned subsidiary, Fabulous Sunview Sdn Bhd, has entered into an agreement with United Overseas Bank (M) Bhd (UOB Malaysia) to offer installation and management services for solar power systems to local businesses and consumers. Sunview will deliver a range of services including project development, planning, procurement, construction, and maintenance of solar photovoltaic (PV) systems. These services will be available for commercial, industrial, residential, and large-scale solar (LSS) projects. In return, UOB Malaysia will provide financing to Sunview to support the completion of these solar projects. UOB Malaysia will also offer supply chain support, which includes access to U-Solar's ecosystem of equipment suppliers. (The Star)

Scanwolf Corporation Berhad

Bloomberg: SCW MK | KLSE Stock Code: 7239

Technical Watch

“BUY on Potential Upside”

Company Overview

Scanwolf Corp Bhd. manufactures and markets furniture profiles and fitting. The Company's products include soft PVC, co-exclusion profiles, and edging stripes.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a marubozu with a strong momentum on the stock (RSI > 60).

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.

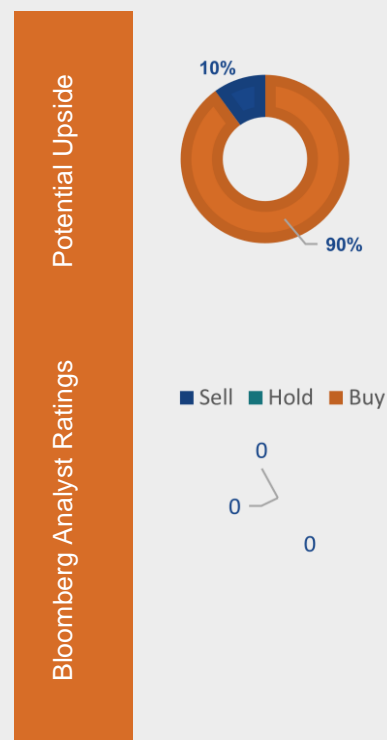
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	N/A	14.5	28.4
P/B	1.8	1.2	1.0
P/CF	20.5	17.2	13.8
P/S	2.3	1.4	1.0

Entry Price	RM0.47
Market Cap (m)	RM93.4
52w high	RM0.66
52w low	RM0.40
Stop Loss	RM0.40
Immediate Support	RM0.45
Immediate Resistance	RM0.47 (previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	239,485.7

Main Market

Industrial Products & Services
 Subsector – Building Materials
 Current Price: RM0.47
 Target Price: RM0.52



Ramssol Group Berhad

Bloomberg: RAMSSOL MK | KLSE Stock Code: 0236

Technical Watch

“BUY on Potential Upside”

Company Overview

Ramssol Group Berhad provides management consulting solutions. The Company offers solutions specializes in the implementation, deployment, maintenance, and enhancement of oracle HCM and campus applications. Ramssol Group serves customers in Malaysia.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a marubozu with a strong momentum on the stock (RSI > 60).

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.

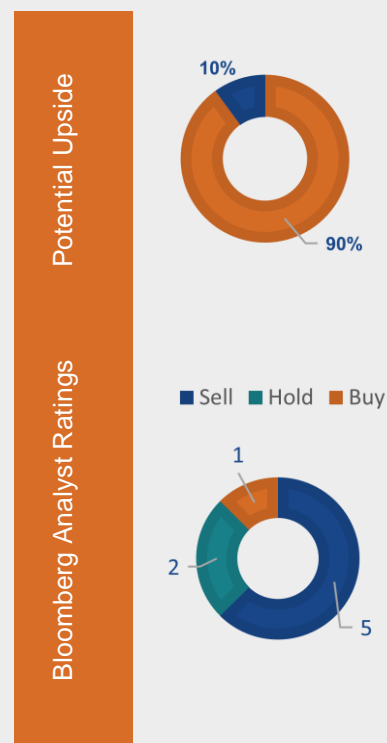
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	39.4	39.4	39.4
P/B	2.2	2.6	2.6
P/CF	9.7	9.7	9.7
P/S	2.4	2.4	2.4

Entry Price	RM0.45
Market Cap (m)	RM110.4
52w high	RM0.49
52w low	RM0.30
Stop Loss	RM0.38
Immediate Support	RM0.43
Immediate Resistance	RM0.45
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	4,356,504.8

Main Market

Technology
 Subsector – Software
 Current Price: RM0.45
 Target Price: RM0.49





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
22/8/2023	Tuju Setia	5297	0.245	N/A	0.270	0.270	N/A	N/A	-
22/8/2023	Astino	7162	0.570	0.580	0.627	0.630	0.000	1.8	-
23/8/2023	Wellspire	0271	0.830	0.675	0.710	0.910	-0.735	-18.7	SL Triggered
23/8/2023	Frontken	0128	3.430	3.240	2.930	3.770	-1.220	-5.5	-
24/8/2023	Yinson	7293	2.600	2.500	2.220	2.860	-1.575	-3.8	-
24/8/2023	MSM	5202	1.150	1.440	0.980	1.270	-4.000	25.2	TP Achieved
25/8/2023	Aurelius	5302	2.740	2.560	2.340	3.010	2.400	-6.6	-
25/8/2023	CGB	8052	2.300	2.480	1.970	2.530	-0.402	7.8	-
28/8/2023	UMS	7137	1.900	N/A	1.620	2.090	N/A	N/A	-
28/8/2023	Hong Leong	5819	19.760	20.060	16.890	21.740	0.000	1.5	-
29/8/2023	E&O	3417	0.600	0.615	0.510	0.660	6.034	2.5	-
29/8/2023	IOIProp	5247	1.570	1.580	1.340	1.730	-0.629	0.6	-
30/8/2023	HapSeng	3034	4.090	4.270	3.500	4.490	3.641	4.4	-
30/8/2023	United U-Li	7133	1.250	1.540	1.070	1.380	1.316	23.2	TP Achieved
1/9/2023	ATA IMS	8176	0.320	0.350	0.270	0.350	2.941	9.4	-
1/9/2023	ILB	5614	0.660	0.705	0.560	0.730	2.920	6.8	-
4/9/2023	MNRB	6459	1.130	1.140	0.970	1.240	-2.564	0.9	-
4/9/2023	CIMB	1023	5.740	5.760	4.910	6.310	-0.346	0.3	-
5/9/2023	Silver Ridge	0129	0.680	0.720	0.580	0.743	-0.690	5.9	-
5/9/2023	Tashin	0211	0.410	0.380	0.350	0.4455	-1.299	-7.3	-
6/9/2023	BoilerMech	0168	0.975	0.935	0.830	1.073	0.000	-4.1	-
6/9/2023	UEMEgenta	1368	1.030	1.150	0.880	1.133	1.770	11.7	TP Achieved
7/9/2023	Pchem	5183	7.200	7.270	6.160	7.920	-2.153	1.0	-
7/9/2023	PIE	7095	2.950	2.940	2.520	3.250	0.341	-0.3	-
8/9/2023	UWC	5292	3.580	3.820	3.400	3.940	0.526	6.7	-
8/9/2023	PMBTECH	7172	3.850	3.190	0.630	4.240	-9.375	-17.1	-
11/9/2023	HapSeng	3034	4.160	4.270	3.560	4.580	3.641	2.6	-
11/9/2023	Sealink	5145	0.190	0.185	0.160	0.210	-2.632	-2.6	SL Triggered
12/9/2023	Suria	6521	1.550	1.540	1.330	1.710	0.000	-0.6	-
12/9/2023	PChem	5183	7.230	7.270	6.180	7.953	-2.153	0.6	-
13/9/2023	RCE Capital	9296	2.41	2.470	2.06	2.651	-3.137	2.5	-
13/9/2023	PMCorp	4081	0.2	0.205	0.17	0.220	0.000	2.5	-
14/9/2023	SuperLN	7235	0.670	0.675	0.570	0.730	-0.735	0.7	-
14/9/2023	Penta	7160	5.430	5.390	4.640	5.970	-0.185	-0.7	-
15/9/2023	BermazAuto	5248	2.400	2.410	2.050	2.64	0.417	0.4	-
15/9/2023	Aurelius	5302	2.530	2.560	2.160	2.78	2.400	1.2	-
18/9/2023	ApolloFoods	6432	5.140	5.450	4.390	5.65	6.031	6.0	-
18/9/2023	IJM	3332	1.880	1.850	1.610	2.07	-1.596	-1.6	-
19/9/2023	ScanWolf	7239	0.47	0.470	0.402	0.517	4.444	0.0	-
19/9/2023	Ramssol	0236	0.45	0.450	0.385	0.495	9.756	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM BERHAD	TELCO	5.30	0.73	13.83
UOA DEVELOPMENT BERHAD	PROPERTY	1.71	0.20	11.70
MBM RESOURCES BHD	CONSUMER	3.75	0.39	10.48
YTL HOSPITALITY REIT	REITs	1.01	0.09	9.31
TALIWORKS CORPORATION BHD	UTILITIES	0.80	0.07	8.43
ASTRO MALAYSIA HOLDINGS BERHAD	TELCO	0.50	0.04	8.48
HEKTAR REITS	REITs	0.60	0.05	8.57
UOA REITS	REITs	1.09	0.09	7.89
SENTRAL REIT	REITs	0.82	0.06	7.80
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.75
BERMAZ AUTO BERHAD	CONSUMER	2.41	0.19	7.72
BONIA CORPORATION BHD	CONSUMER	1.78	0.14	7.70
SPORTS TOTO BERHAD	CONSUMER	1.57	0.12	7.52
SCICOM (MSC) BHD	IND PROD	1.10	0.09	7.73
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.62	0.67	7.02

Source: Bloomberg

User guide: Mercury Securities compiles a list of dividend-yielding stocks for conservative long-term passive investors looking for regular income whilst capping downside risk of their investment.

Methodology: The list above includes stocks that have a high dividend yield, estimated to be greater than 4% per annum. These stocks also have a history of paying dividends consistently, having paid dividends for the past 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. 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)			
	YTD		5-Years		Current	1 Yr-Fwd
		High	Low	Average		
KLCI	(2.5)	24.1	17.0	18.8	14.7	13.2
Finance	(1.0)	13.0	10.2	12.4	10.2	9.8
Property	32.6	25.1	7.4	11.4	10.4	N/A
Plantation	(1.5)	95.5	14.2	36.8	14.2	17.0
Consumer	(4.9)	22.5	16.7	21.9	16.7	15.1
Technology	(0.9)	48.6	22.5	27.4	29.2	22.5
Construction	19.6	36.8	10.5	17.8	10.5	12.5
Energy	15.0	10.9	-	-	10.9	9.7
Healthcare	(2.7)	36.1	23.6	29.8	23.6	29.5
Ind. Prod.	(4.9)	24.9	14.8	21.9	14.8	14.2
REIT	(0.1)	0.0	-	-	N/A	N/A
Telco	(0.9)	28.7	19.8	24.2	28.7	21.3

Source: Bloomberg

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MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my