

Daily Newswatch

Market Review

The FBMKLCI rose last Friday as bargain-hunting activities emerged amidst oil price surge and developing Middle Eastern conflict. Market breadth was mixed with 426 gainers and 430 losers. The transportation & logistics sector was the top gainer increasing by +0.63%, while the technology sector was the top loser declining by -0.71%. RAPID (7765) was the top gainer surging by RM0.34 or 1.3%. The FBMKLCI rose by +0.09% to 1,441.9.

Economics

- **Malaysia's September PPI** increased by 0.2% after 7-month slump- DOSM.
- **China's industrial profits extend** gains in September amid signs of economic stabilization.

Companies

- **HEXTAR (5151)** plans to buy O&G specialty chemicals firm
- **AXIS REIT (5106)** 3Q revenue increases to RM71.8 mil
- **PLYTEC (0286)** clinches tech contract in Sarawak
- **Seremban Engineering (5163)** secures Pahang contract

Expresso for the Day

- **Technical Watch – TEO SENG (7252)** Entry Price: RM1.34, Target Price: RM1.47, Stop Loss: RM1.15, Support: RM1.27, Resistance: RM1.35
- **Technical Watch – CHIN HIN (5273)** Entry Price: RM3.69, Target Price: RM4.26, Stop Loss: RM3.33, Support: RM3.70, Resistance: RM4.26

Local	Close	(%)
FBMKLCI	1,441.9	0.09
Volume (mil)	2,723.5	(15.76)
Value (RM'mil)	1,695.3	(14.67)
Gainers	426	
Losers	430	
Unchanged	463	

Foreign	Close	(%)
Dow Jones	32,784.3	(1.1)
Nasdaq CI	12,595.6	0.4
S&P 500	4,137.2	(0.5)
FTSE 100	7,346.8	(0.1)
Nikkei 225	30,991.7	(0.3)
Shanghai CI	3,017.8	1.0
HSI	17,398.7	2.1
STI	3,061.9	0.0

Most Active	RM	Chg (RM)
SCIB	0.540	0.000
PUC	0.055	0.000
WIDAD	0.445	(0.010)
UEMS	0.790	(0.030)
YTLPOWR	2.100	0.060

Top Gainer	RM	Chg (RM)
RAPID	26.200	0.340
PPB	15.440	0.200
TOCEAN	1.850	0.100
UTDPLT	16.900	0.080
TEOSEN	1.340	0.070

Top Loser	RM	Chg (RM)
VITROX	6.920	(0.280)
SAB	3.240	(0.210)
SSTEEL	0.675	(0.065)
PETGAS	17.160	(0.040)
SCIENX	3.610	(0.040)

Other Stats	RM	(%)
USD/MYR	4.78	(0.20)
USD/RMB	7.32	0.02
Brent (USD/barrel)	89.53	1.80
Gold (USD/troy oz)	1,980.76	(0.20)
CPO (RM/metric t)	3,634.50	1.24

Daily Newswatch

Economics

MALAYSIA: Malaysia's producer price index (PPI) increased by 0.2% in September, following seven consecutive months of decline, due to the base effect and higher prices of primary commodities. The increase was contributed by all sectors except the manufacturing sector, with the agriculture sector growing by 3.2%, the mining sector increasing by 6.9%, and the electricity and gas supply sector increasing by 0.5%. On a monthly basis, the PPI for local production rose by 0.9% in September 2023. (The Edge)

CHINA: China's industrial firms' profits increased by 11.9% year-on-year in September, following a surprise 17.2% gain in August, indicating signs of a stabilizing economy as the authorities implemented supportive policy measures. In the first nine months, profits were down 9% from a year earlier, but this marks a narrowing of the 11.7% decline in the first eight months. The stabilizing trend is attributed to recent policy measures, but challenges in the property sector continue to weigh on the economy and corporate earnings. (The Edge)

Companies

Hexstar Global Bhd (5151) is planning to acquire Propel Chemicals Sdn Bhd (PCSB), a specialty chemicals company, for RM16.5 million to expand its oil and gas specialty chemicals portfolio. The acquisition will be carried out by its subsidiary, Hexstar Kimia Sdn Bhd, and will be funded using internally generated funds. The deal is expected to be finalized in the last quarter of 2023. (The Star)

Axis Real Estate Investment Trust (5106) is confident in maintaining its current performance for the financial year ending December 31, 2023, with a property portfolio of 62 properties as of September 30, 2023. Third-quarter revenue marginally increased to RM71.8 million compared to RM71.7 million in the same period the previous year, while net profit was lower at RM42.5 million, down from RM43.8 million in the third quarter of 2022. (The Star)

Plytec Holding Bhd (0286), set to be listed on the ACE Market, has secured a 42-month contract for its subsidiary, BIM Engineering Solution & Technology Sdn Bhd, to establish a digital ecosystem in Sarawak. The contract, awarded by PPES Consults Sdn Bhd, aims to facilitate the digital transformation of Sarawak into a smart city and is a significant development for the construction engineering solutions and services group. PPES Consults is a subsidiary of Sarawak Economic Development Corp. (The Star)

Seremban Engineering Bhd (5163), through its subsidiary SEB Construction Sdn Bhd, has secured a contract worth RM161.83 million for a housing project in Genting Permai, Bentong, Pahang. The project involves main building architectural works, mechanical and electrical works, interior design works, and associated external works for two 29-story service apartment blocks at Highland City, with a 12-month timeline for completion, expected to finish on October 26, 2024. (The Star)

Teo Seng Capital Bhd

Bloomberg: TSCB MK | KLSE Stock Code: 7252

Technical Watch

“BUY on Potential Upside”

Company Overview

Teo Seng Capital Bhd. is an investment holding company principally involved in poultry farming. The Company is also involved in the manufacture and marketing of paper egg trays and animal feeds, along with the distribution of animal health products.

Investment Highlights

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

Contracting Bollinger Bands suggest 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.

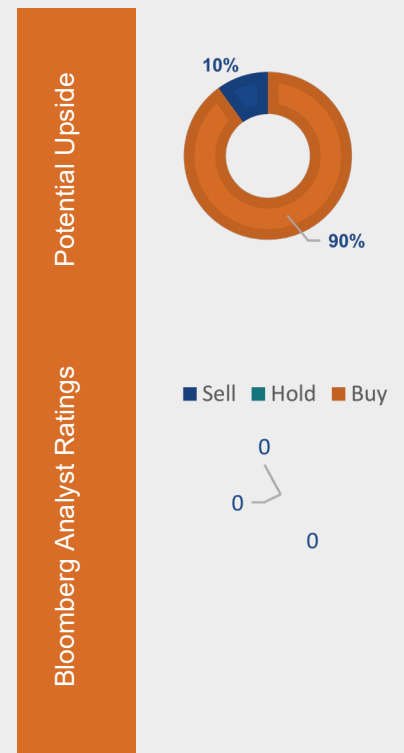
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	20.4	23.4	19.1
P/B	0.7	0.8	1.2
P/CF	22.4	14.0	12.3
P/S	0.4	0.5	0.6

Entry Price	RM1.34
Market Cap (m)	RM393.1
52w high	RM1.38
52w low	RM0.73
Stop Loss	RM1.15
Immediate Support	RM1.27
Immediate Resistance	RM1.35 (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)	59,889.5

Main Market

Consumer Products & Services
 Subsector – Agricultural Prod.
 Current Price: RM1.34
 Target Price: RM1.47



Chin Hin Group Berhad

Bloomberg: CHIN MK | KLSE Stock Code: 5273

Technical Watch

“BUY on Potential Reversal”

Company Overview

Chin Hin Group Berhad provides building materials and services. The Company offers steel mesh reinforcement, metal roofing systems, aerated autoclaved cement block, fire-rated doors, pre-cast concrete products, and cement. ChinHin Group serves construction and building industries in Malaysia.

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 > 45).

Contracting Bollinger Bands suggest 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.

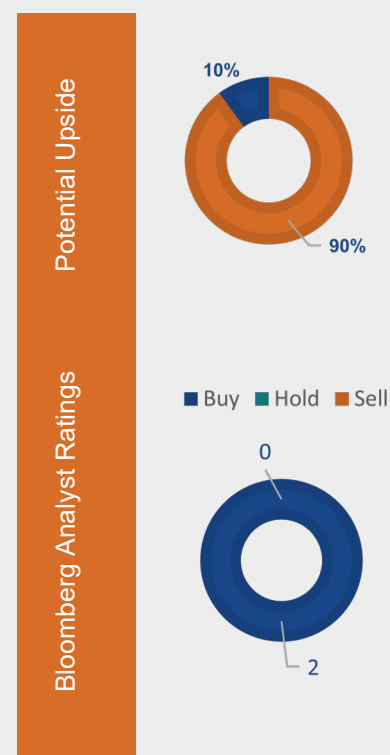
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	61.4	39.9	32.5
P/B	8.1	4.0	3.1
P/CF	216.0	109.7	93.4
P/S	2.7	1.4	1.1

Entry Price	RM3.89
Market Cap (m)	RM6,883.0
52w high	RM4.80
52w low	RM2.68
Stop Loss	RM3.33
Immediate Support	RM3.70
Immediate Resistance	RM4.04 (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)	2,030,832.3

Main Market

Industrial Products & Services
 Subsector – Building Materials
 Current Price: RM3.89
 Target Price: RM4.28





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
3/10/2023	PohHuat	7088	1.32	1.380	1.129	1.452	0.730	4.5	-
3/10/2023	Pestech	5219	0.335	0.320	0.286	0.3685	-3.030	-4.5	TP Achieved
4/10/2023	AnnJoo	6556	1.22	1.100	1.043	1.342	-0.901	-9.8	SL Triggered
4/10/2023	Systech	0050	0.42	0.570	0.359	0.462	0.000	35.7	TP Achieved
5/10/2023	Stella	5006	0.925	1.010	0.791	1.018	-0.980	9.2	TP Achieved
5/10/2023	Nextgreen	7241	0.885	0.930	0.757	0.974	3.911	5.1	-
6/10/2023	SMISCorp	7132	0.815	0.775	0.697	0.897	-0.641	-4.9	-
6/10/2023	Techbond	5289	0.445	0.425	0.380	0.490	0.000	-4.5	-
9/10/2023	UNISEM	5005	3.25	3.090	2.779	3.575	-0.323	-4.9	-
9/10/2023	VERSATL	4995	0.61	0.595	0.522	0.671	0.847	-2.5	-
10/10/2023	Jaya Tiasa	4383	0.905	0.880	0.774	0.996	1.149	-2.8	-
10/10/2023	Unique	0257	0.24	0.235	0.205	0.264	0.000	-2.1	-
11/10/2023	Kelington	0151	1.51	1.480	1.291	1.661	0.680	-2.0	-
11/10/2023	Supercomnet	0001	1.37	1.350	1.171	1.507	0.746	-1.5	-
12/10/2023	Senheng	5305	0.39	0.340	0.333	0.429	-1.449	-12.8	SL Triggered
12/10/2023	Duopharma	7148	1.26	1.200	1.077	1.386	-0.826	-4.8	-
13/10/2023	MRC	1651	0.49	0.435	0.419	0.539	2.353	-11.2	SL Triggered
13/10/2023	PAOS	5022	0.31	0.290	0.265	0.341	0.000	-6.5	-
16/10/2023	MCEMENT	3794	3.71	3.620	3.172	4.081	2.550	-2.4	-
16/10/2023	SURIA	6521	1.56	1.580	1.334	1.716	0.000	1.3	-
17/10/2023	PMETAL	8869	4.92	4.880	4.207	5.412	1.245	-0.8	-
17/10/2023	YSPSAH	7178	2.47	2.500	2.112	2.717	0.000	1.2	-
18/10/2023	QLResources	7084	5.55	5.580	4.745	6.105	-0.357	0.5	-
18/10/2023	Tasco	5140	0.825	0.810	0.705	0.908	-0.613	-1.8	-
19/10/2023	EATECH	5259	0.330	0.350	0.280	0.360	7.692	6.1	-
19/10/2023	FPI	9172	2.910	2.890	2.760	3.200	0.000	-0.7	-
20/10/2023	LiiHen	7089	0.930	0.970	0.800	1.020	-1.523	4.3	-
20/10/2023	MalayCement	3794	3.650	3.620	3.120	4.020	2.550	-0.8	-
23/10/2023	CitaGlobal	7245	1.530	1.650	1.310	1.680	3.125	7.8	-
23/10/2023	Tomei	7230	1.240	1.200	1.060	1.360	-2.439	-3.2	-
24/10/2023	MPI	3867	26.960	26.680	23.050	29.660	-0.150	-1.0	-
24/10/2023	Greatec	0208	4.280	4.580	3.660	4.710	1.327	7.0	-
25/10/2023	PWF	7134	0.730	0.735	0.620	0.800	2.083	0.7	-
25/10/2023	Solarvest	0215	1.260	1.270	1.080	1.390	0.000	0.8	-
26/10/2023	Greatec	0208	4.500	4.580	3.850	4.950	1.327	1.8	-
26/10/2023	D&O	7204	3.220	3.290	2.750	3.540	-0.904	2.2	-
27/10/2023	Tomei	7230	1.230	1.200	1.050	1.350	-2.439	-2.4	-
27/10/2023	Genetec	0104	2.510	2.520	2.150	2.760	0.398	0.4	-
30/10/2023	Teo Seng	7252	1.340	1.340	1.150	1.470	5.512	0.0	-
30/10/2023	ChinHin	5273	3.890	3.890	3.330	4.260	1.567	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM BERHAD	TELCO	5.22	0.73	13.97
UOA DEVELOPMENT BERHAD	PROPERTY	1.70	0.20	11.76
HEKTAR REITS	REITs	0.62	0.06	10.08
MBM RESOURCES BHD	CONSUMER	3.95	0.39	9.95
YTL HOSPITALITY REIT	REITs	1.00	0.09	9.40
TALIWORKS CORPORATION BHD	UTILITIES	0.80	0.07	8.38
SPORTS TOTO BERHAD	CONSUMER	1.46	0.12	8.08
BERMAZ AUTO BERHAD	CONSUMER	2.45	0.19	7.92
UOA REITS	REITs	1.09	0.09	7.89
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
SENTRAL REIT	REITs	0.83	0.06	7.71
SCICOM (MSC) BHD	IND. PROD.	1.05	0.08	7.62
MAG HOLDINGS BERHAD	CONSUMER	1.07	0.08	7.48
MAGNUM BERHAD	CONSUMER	1.07	0.08	7.48
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.43	0.67	7.16

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	(3.6)	24.1	17.0	18.8	14.5	13.2
Finance	(1.6)	13.0	10.1	12.4	10.1	9.7
Property	32.2	25.1	7.4	11.3	9.9	-
Plantation	(2.8)	95.5	14.1	36.7	14.1	16.9
Consumer	(5.6)	22.5	16.1	21.7	16.1	15.0
Technology	(2.9)	48.6	22.5	26.9	26.6	22.5
Construction	22.4	36.8	16.3	19.2	16.3	11.8
Energy	12.7	10.4	-	-	10.4	9.6
Healthcare	(4.4)	36.1	23.2	29.6	23.2	30.7
Ind. Prod.	(5.0)	24.9	14.7	21.9	14.7	14.2
REIT	0.3	13.8	-	-	13.8	15.1
Telco	(4.3)	29.0	19.8	24.4	29.0	21.1

Source: Bloomberg

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Published & Printed By:

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