



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities declined slightly on the back of cautious sentiment against upcoming US interest rate hike. Market breadth was positive with 520 gainers against 338 losers. The healthcare sector was the top gainer increasing by +1.62%, while the technology sector was the top loser declining by -0.66%. ALLIANZ (1163) was the top gainer surging by RM0.22 or +1.6%. The FBM KLCI rose by 0.13% to 1453.55.

We expect Malaysian stocks to rise following the performance of global equity market overnight.

ECONOMICS

- **Central bank forecast to hold OPR steady**

COMPANY

- **Foxconn** seeks chip, EV cooperation with India
- **Eurospan (7094)** sells unused property in Kulim for RM7 mil cash
- **Fajarbaru (7047)** secures RM311 mil construction contract from WCT
- **Bertam Alliance (9814)** secures RM82 mil sub-contract to build hotel in Sabah
- **PPB (4065)** sees up to 38% increase in utility cost following electricity tariff hike

EXPRESSO FOR THE DAY

- **Technical Watch – CitaGlobal (7245)** – Entry Price RM1.52, Target Price RM1.67, Stop Loss RM1.30, Support RM1.44, Resistance RM1.55
- **Technical Watch – UMW (4588)** – Entry Price RM3.90, Target Price RM4.29, Stop Loss RM3.33, Support RM3.71, Resistance RM3.95

Local (%)		
FBMKLCI	1,453.60	(0.1)
Volume (mil)	2,687.80	7.3
Value (RM'mil)	1,889.30	6.5
Gainers	520	
Losers	338	
Unchanged	425	

Foreign (%)		
Dow Jones	33,391.0	1.2
Nasdaq CI	11,689.0	2.0
S&P 500	4,045.6	1.6
FTSE 100	7,947.1	0.0
Nikkei 225	27,927.5	1.6
Shanghai CI	3,328.4	0.5
HSI	20,567.5	0.7
STI	3,232.0	(0.1)

Most Active RM Chg		
BSTEAD	0.855	0.200
VELESTO	0.215	0.015
ARMADA	0.695	0.035
PHARMA	0.275	0.025
SMRT	0.490	0.035

Top Gainer RM Chg		
ALLIANZ	14.020	0.220
BSTEAD	0.855	0.200
HARISON	7.600	0.200
RAPID	17.200	0.200
AYER	6.790	0.190

Top Loser RM Chg		
NESTLE	135.100	(0.400)
PETDAG	20.860	(0.240)
CFM	2.450	(0.200)
MPI	29.500	(0.200)
PENTA	4.610	(0.200)

Other Stats (%)		
USD/MYR	4.48	0.04
USD/RMB	6.90	(0.18)
Brent (USD/barrel)	85.83	1.27
Gold (USD/troy oz)	1,856.48	1.12
CPO (RM/metric t)	4,252.0	0.63

**DAILY NEWSWATCH****ECONOMICS**

Bank Negara is expected to continue to hold steady its overnight policy rate (OPR) in the upcoming Monetary Policy Committee (MPC) meeting this week in order to assess the impact of previous OPR hikes on the real economy, says AmBank Group Research. The research house opined that Bank Negara will likely increase the OPR by another 25 basis points in the second quarter of 2023 (2Q23) or beyond, to the pre-pandemic rate of 3%.. (The Star)

COMPANY

Foxconn who is a major Apple supplier said on Saturday (March 4) it is seeking cooperation in India in new areas like chips and electric vehicles (EVs) after a visit to the country by its chairman Liu Young-way. Apple has been shifting production away from China after the country's strict Covid-19 restrictions disrupted the manufacturing of new-model iPhones and other devices, and amid tensions between Beijing and Washington. In January, India's trade minister said Apple, which began iPhone assembly in the country in 2017 through Wistron Corp and later Foxconn, wants India to account for up to 25% of its production from about 5% to 7% currently. (The Edge)

Eurospan Holdings Bhd's (7094) unit is selling its property in Kulim, Kedah, for RM6.95 million in cash, which will be utilised for working capital. The group said the 88,060 sq ft land, including a single-storey office building, is presently not in use. Therefore, the disposal will realise the increase in value of the property it acquired in 1995. Its wholly owned unit Dynaspan Furniture Sdn Bhd has entered into the sale and purchase agreement with three individuals, namely Khoo Kok Seang, Khoo Kay Sen and Khoo Yi Sen, on Friday (March 3). (The Edge)

Fajarbaru Builder Group Bhd (7047) has won a RM310.54 million contract via a tender exercise from WCT Holdings Bhd to undertake the main building works for the residential condominium towers located in Mont Kiara, Kuala Lumpur. In a Bursa Malaysia filing, Fajarbaru said its wholly owned unit Fajarbaru Builder Sdn Bhd has accepted a letter of award from Kekal Kirana Sdn Bhd, an indirect subsidiary of WCT. (The Edge)

Bertam Alliance Bhd (9814) has bagged a sub-contract contract worth RM82 million from Akas Permai Sdn Bhd for the construction of building and infrastructure works for a hotel in Kota Kinabalu, Sabah. In a Bursa Malaysia filing, Bertam Alliance said the sub-contract has been awarded to its wholly owned subsidiary Bertam Development Sdn Bhd (BDSB), which is principally engaged in property development, as well as building and construction. (The Edge)

PPB Group Bhd (4065) sees an increase of between 30% and 38% in its utility cost, after the government removed electricity subsidies and raised the power tariff for medium- and high-voltage users to a surcharge of 20 sen per kWh from Jan 1. PPB managing director Lim Soon Huat said the group is improving its operational efficiency as the new electricity rate would have a "significant" impact. (The Edge)



Citaglobal Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: CITAGLB MK | KLSE Stock Code: 7245

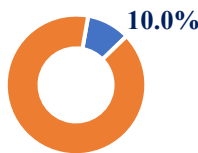
Main Market
Industrial Product & Services
Subsector –Metals
Current Price: RM1.52
Target Price: RM1.67

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 >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: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	36.0	32.7	26.7
P/B	1.3	1.0	1.1
P/CF	14.2	5.3	89.5
P/S	0.8	0.4	0.7

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

Company Overview

Citaglobal Bhd operates as an investment holding company. The Company, through its subsidiaries, provides engineering, oil and gas, power generation, properties investment, community credit, and digital media services. Citaglobal serves customers worldwide.



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Entry Price	RM1.52
Market Cap (m)	RM576.8
52w high	RM1.95
52w low	RM0.73
Stop Loss	RM1.30
Immediate Support	RM1.44
Immediate Resistance	RM1.55 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	636,952.4



UMW Holdings Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: UMWH MK | KLSE Stock Code: 4588

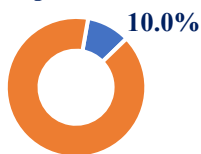
Main Market
Consumer Products & Services
Subsector – Automotive
Current Price: RM3.90
Target Price: RM4.29

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 >50).

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: 11
Holds: 3
Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.4	14.4	22.8
P/BV	0.9	1.2	1.4
P/CF	6.5	23.2	16.4
P/S	0.3	0.4	0.5

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

Company Overview

UMW Holdings Berhad is an investment holding company which, through its subsidiaries, trades and manufactures light and heavy equipment for industrial, construction, and agricultural sectors. The Company also imports, assembles, and markets passenger and commercial vehicles and related spare parts. UMW provides after-sales, financing, and insurance services as well.



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Entry Price	RM3.90
Market Cap (m)	RM4,556.3
52w high	RM4.04
52w low	RM2.77
Stop Loss	RM3.33
Immediate Support	RM3.71
Immediate Resistance	RM3.95 (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)	335,033.3



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
3/2/2023	Pentamaster	7160	5.170	4.810	4.420	5.690	-1.8	-7.0	-
3/2/2023	Genetec	0104	2.840	2.820	2.430	3.120	0.4	-0.7	-
7/2/2023	Formosa	9172	3.600	3.000	3.080	3.960	-0.7	-16.7	SL Triggered
7/2/2023	IHH	5225	6.030	5.890	5.160	6.630	3.2	-2.3	-
8/2/2023	Tasco	5140	1.020	0.900	0.870	1.120	0.0	-11.8	SL Triggered
8/2/2023	MiTech	5286	1.600	2.090	1.370	1.760	6.6	30.6	TP Achieved
9/2/2023	Bonia	9288	2.790	2.400	2.390	3.070	-2.4	-14.0	SL Triggered
9/2/2023	Solarvest	0215	1.160	0.920	0.990	1.280	3.4	-20.7	SL Triggered
10/2/2023	Ajiya	7609	1.880	1.650	1.610	2.070	1.9	-12.2	SL Triggered
10/2/2023	Sunview	0262	0.870	0.770	0.740	0.960	-1.3	-11.5	SL Triggered
13/2/2023	EG	8907	0.760	1.190	0.650	0.830	-3.3	56.6	TP Achieved
13/2/2023	PublicBank	1295	4.200	4.140	3.590	4.620	0.0	-1.4	-
14/2/2023	Unisem	5005	3.270	3.120	2.800	3.600	1.0	-4.6	SL Triggered
14/2/2023	PowerRoot	7237	1.990	2.110	1.700	2.190	-1.4	6.0	TP Achieved
15/2/2023	MRDIY	4731	3.600	3.660	3.08	3.96	0.5	1.7	-
15/2/2023	Volcano	8869	5.250	5.150	4.49	5.78	0.0	-1.9	-
16/2/2023	MRDIY	4832	1.860	1.650	1.590	2.050	0.4	-11.3	SL Triggered
16/2/2023	Volcano	9896	0.860	0.750	0.730	0.940	2.0	-12.8	SL Triggered
17/2/2023	MISC	3816	7.480	7.450	6.400	8.230	0.3	-0.4	-
17/2/2023	Nylex(M)	4944	0.630	0.550	0.540	0.690	-5.2	-12.7	SL Triggered
20/2/2023	Keihin	7199	2.800	1.750	2.390	3.080	-1.7	-37.5	SL Triggered
20/2/2023	Atech	5302	2.950	3.010	2.520	3.250	-6.5	2.0	-
21/2/2023	Supermax	7106	0.830	0.750	0.640	0.910	0.7	-9.6	SL Triggered
21/2/2023	VS Industry	6963	0.925	0.875	0.790	1.020	-0.6	-5.4	-
22/2/2023	MPI	3867	29.920	29.700	25.580	32.910	-0.7	-0.7	-
22/2/2023	PICORP	7201	0.330	0.280	0.290	0.370	-11.1	-15.2	SL Triggered
23/2/2023	JayaTiasa	4383	0.720	0.725	0.620	0.790	3.6	0.7	-
23/2/2023	Hextech	5136	27.300	25.420	23.340	30.030	-2.0	-6.9	-
24/2/2023	FocusPoint	0157	1.430	1.330	1.220	1.570	-2.9	-7.0	-
24/2/2023	Genetec	0104	2.790	2.820	2.650	3.070	0.4	1.1	-
27/2/2023	MFCB	3069	3.700	3.600	3.160	4.070	-1.1	-2.7	-
27/2/2023	PIE	7095	3.270	3.410	2.800	3.600	-0.9	4.3	-
28/2/2023	FarmFresh	5306	1.570	1.550	1.340	1.730	-1.3	-1.3	-
28/2/2023	CMS	2852	1.340	1.210	1.150	1.470	0.0	-9.7	SL Triggered
1/3/2023	MISC	3816	7.560	7.450	6.460	8.320	0.3	-1.5	-
1/3/2023	CIMB	1023	5.610	5.580	4.800	6.170	-0.7	-0.5	-
2/3/2023	D&O	7204	4.690	4.650	4.010	5.160	-0.9	-0.9	-
2/3/2023	Dufu	7233	2.150	2.100	1.840	2.370	-2.3	-2.3	-
3/3/2023	ECA	0267	1.050	1.050	0.900	1.160	6.6	0.0	-
3/3/2023	Axiata	6888	3.210	3.210	2.740	3.530	2.6	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	0.275	0.04	14.2
SHL Consolidated Bhd	Property	1.940	0.18	9.3
British American Tobacco Malay	Consumer	11.060	0.97	8.7
YTL Hospitality REIT	REIT	1.000	0.08	8.0
UOA REIT	REIT	1.140	0.09	7.6
Magnum Bhd	Consumer	1.210	0.09	7.2
Tambun Indah Land Bhd	Property	0.835	0.06	7.2
Malayan Banking Bhd	Finance	8.710	0.62	7.1
Capitaland Malaysia Trust	REIT	0.535	0.04	6.9
AmFirst REIT	REIT	0.335	0.02	6.8
Sunway REIT	REIT	1.560	0.10	6.4
Matrix Concepts Holdings Bhd	Property	1.490	0.10	6.4
YTL Power International Bhd	Utilities	0.785	0.05	6.4
Pavilion REIT	REIT	1.360	0.08	6.2
Hong Leong Industries Bhd	Industrial	8.980	0.55	6.1

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	(2.8)	18.2	14.6	16.9	14.6	12.3	
Finance	(2.0)	13.5	10.8	12.5	10.8	9.2	
Property	7.0	16.1	7.4	11.1	8.9	N/A	
Plantation	(3.6)	95.5	8.2	35.6	8.2	15.5	
Consumer	(0.8)	25.0	19.6	22.4	19.6	15.3	
Technology	(0.0)	31.3	22.5	26.2	22.9	21.0	
Construction	6.3	21.8	9.0	17.4	9.0	13.8	
Energy	12.3	-	-	-	11.4	9.4	
Health care	(7.2)	36.1	28.2	32.2	28.2	25.6	
Ind Prod	(2.3)	31.6	12.3	21.4	12.3	12.8	
REIT	3.7	-	-	-	N/A	N/A	
Telco	1.5	25.6	19.8	22.7	25.6	19.8	
Transportations	8.0	-	-	-	-	14.3	
Utilities	2.2	-	-	-	13.5	12.4	

Source: Bloomberg

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