



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities declined yesterday in line with the performance of regional markets. Market breadth was negative with 348 gainers against 436 losers. The utilities sector was the top gainer increasing by +1.73%, while the plantation sector was the top loser declining by -1.58%. NESTLE (4707) was the top gainer surging by RM0.50 or +0.4%. The FBM KLCI fell by -0.35% to 1449.53.

We expect Malaysian stocks to fall as the performance of global equity markets declined overnight.

ECONOMICS

- **BNM keeps OPR unchanged** at 2.75%
- **Malaysian rubber and rubber products export value totals RM35.98 bil** in 2022 — MRC
- **Malaysia’s GDP expected to grow 4%-5% in 2023**, says RAM Ratings

COMPANY

- **Oriental Interest (5827)** unit to jointly develop mixed project with RM2.15 bil GDV
- **Toyo Ventures (7173)** sign O&M, EPC contracts for 2.12GW power plant in Vietnam
- **EA Technique (5259)** to sell marine vessel for RM23.5 mil
- **Able Global (7167)** to sell Kuala Langat land for RM18 mil in RPT deal
- **WTK (4243)** buys second frozen food company in less than a year

EXPRESSO FOR THE DAY

- **Technical Watch – Kobay (6971)** – Entry Price RM2.62, Target Price RM2.88, Stop Loss RM2.24, Support RM2.49, Resistance RM2.68
- **Technical Watch – Hong Leong Industries (3301)** – Entry Price RM9.08, Target Price RM9.99, Stop Loss RM7.76, Support RM8.63, Resistance RM9.03

Local		(%)
FBMKLCI	1,449.50	(0.4)
Volume (mil)	2,667.20	(5.7)
Value (RM'mil)	1,944.90	(1.5)
Gainers	348	
Losers	436	
Unchanged	382	

Foreign		(%)
Dow Jones	32,254.9	(1.7)
Nasdaq CI	11,338.4	(2.1)
S&P 500	3,918.3	(1.8)
FTSE 100	7,880.0	(0.6)
Nikkei 225	28,623.2	0.6
Shanghai CI	3,276.1	(0.2)
HSI	19,925.7	(0.6)
STI	3,214.5	(0.4)

Most Active	RM	Chg
TOPGLOV	0.715	0.040
CAREPLS	0.260	0.015
ASTRO	0.670	(0.060)
VINVEST	0.225	0.000
BSLCORP	0.130	0.015

Top Gainer	RM	Chg
NESTLE	134.800	0.500
HEXTECH	25.200	0.400
BIPORT	5.250	0.200
AJI	14.720	0.180
HLFG	18.560	0.180

Top Loser	RM	Chg
MPI	26.680	(1.020)
NESTLE	26.280	(0.500)
DLADY	21.820	(0.260)
PPB	20.800	(0.220)
CFM	21.600	(0.200)

Other Stats		(%)
USD/MYR	4.52	(0.14)
USD/RMB	6.97	0.08
Brent (USD/barrel)	81.50	(1.40)
Gold (USD/troy oz)	1,831.16	0.96
CPO (RM/metric t)	4,224.5	(1.88)

**DAILY NEWSWATCH****ECONOMICS**

Bank Negara Malaysia (BNM) has decided to maintain its overnight policy rate (OPR) at 2.75%, as inflation is expected to moderate in 2023 with upward pressures remaining partly contained by price controls and fuel subsidies. This is the second consecutive time the central bank maintained its benchmark interest rate after four straight hikes last year by a cumulative 100 basis points to tame inflation and respond to tightening fiscal policy by the US Federal Reserve. (The Edge)

The export value for Malaysian rubber and rubber products totalled RM35.98 billion last year, the Malaysian Rubber Council (MRC) said. In a statement on Thursday, MRC said the export value for rubber was recorded at RM8.82 billion while rubber products' export value stood at RM27.16 billion. (The Edge)

Malaysia's gross domestic product (GDP) growth is expected to be around 4% to 5% in 2023, amid global headwinds such as inflationary pressure and the ongoing Russia-Ukraine war which may drag the country's nascent export recovery, according to RAM Rating Services Bhd. (The Edge)

COMPANY

Oriental Interest Bhd's (5827) wholly-owned subsidiary OIB Properties (KV) Sdn Bhd (OIBKV) and Kedah State Development Corporation (PKNK) have agreed to jointly develop a 484.11-hectare piece of land in Kuala Muda into a mixed development project comprising commercial and residential buildings with a gross development value (GDV) of RM2.15 billion. OIBKV and PKNK had entered into an agreement on March 8, 2023 to undertake the joint development, Oriental said in a filing with Bursa Malaysia on Thursday. (The Edge)

Toyo Ventures Holdings Bhd (7173), which owns the 2.12-gigawatt (GW) coal-fired power plant project Song Hau 2 in Vietnam, has inked an agreement for the operations and maintenance (O&M) of the upcoming power plant. Toyo Ventures' wholly owned unit Song Hau 2 Power Co Ltd signed the O&M contract with Power Engineering Consulting Joint Stock Company 2 (PECC2) with an annual contract price of US\$86 million (RM388.81 million) for the upcoming US\$2.42 billion power plant. (The Edge)

EA Technique (M) Bhd (5259) has entered into a memorandum of agreement for the disposal of a marine vessel to United Arab Emirates (UAE)-based Alpha Metallum DMCC for a cash consideration of US\$5.2 million or about RM23.52 million. In a Bursa Malaysia filing on Thursday (March 9), EA Technique said the group plans to sell Nautica Muar (NMR) by the second quarter of 2023. (The Edge)

WTK Holdings Bhd (7167) is acquiring a second frozen food company to "create synergies" with the existing frozen food business. The diversified group said its wholly owned subsidiary Kuching Plywood Bhd (which currently is involved in manufacturing plywood) is buying Interglobal Vision (Food Processing) Sdn Bhd for RM2.8 million. (The Edge)

Able Global Bhd (4243) — through its 70%-owned subsidiary Able Development Sdn Bhd (ADSB) — plans to sell its 23.538-acre land in Kuala Langat, Selangor, for RM18.45 million. In a bourse filing on Thursday (March 9), Able Global said ADSB, being the vendor of the deal, had entered into a sale and purchase agreement with the purchaser Able Perfect Sdn Bhd (APSB). (The Edge)



Kobay Technology Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: KOBAY MK | KLSE Stock Code: 6971

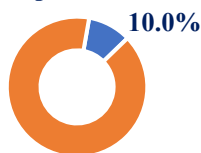
Main Market
Industrial Products & Services
Subsector – Ind Mat, Com & Eq
Current Price: RM2.62
Target Price: RM2.88

Investment Highlights

On a downtrend the stock is currently trading below the MA20. We think there is a potential reversal supported by a bullish engulfing with a recovering momentum on the stock (RSI >40).

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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 1
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	29.2	17.6	41.1
P/B	2.6	1.6	1.1
P/CF	75.3	35.2	25.5
P/S	4.7	2.5	1.8

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

Company Overview

Kobay Technology Berhad is an investment holding company. The Company, through its subsidiaries, manufactures carbide tooling parts, jigs, fixtures, precision tools, dies, molds, metal works and equipment, automated machine and parts, and high end steel and carbide precision tools. Kobay Technology also lets properties and operates in money lender and leasing business.



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Entry Price	RM2.62
Market Cap (m)	RM849.4
52w high	RM4.73
52w low	RM2.44
Stop Loss	RM2.24
Immediate Support	RM2.49
Immediate Resistance	RM2.68 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Recovering Momentum
Volume (4-Weeks Average)	2,854,197.0



Hong Leong Industries Berhad

Technical Watch - “BUY on Potential Continuation”

Bloomberg: HLI MK | KLSE Stock Code: 3301

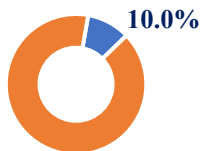
Main Market
Consumer Products & Services
Subsector – Automotive
Current Price: RM9.08
Target Price: RM9.99

Investment Highlights

On a trend reversal, the stock is currently trading above the MA20. We think there is a potential continuation supported by a marubozu with a rising momentum on the stock (RSI >60).

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 to crossover 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	11.8	11.0	9.8
P/BV	1.4	1.5	1.3
P/CF	16.4	8.9	7.0
P/S	1.1	1.0	0.8

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

Company Overview

Hong Leong Industries Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and distributes ceramic tiles. Hong Leong also assembles and distributes motorcycles and spare parts, and markets semiconductor devices and electronic components. The Company also manages and leases properties.



Ronnie Tan

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Entry Price	RM9.08
Market Cap (m)	RM2,900.8
52w high	RM9.46
52w low	RM8.57
Stop Loss	RM7.76
Immediate Support	RM8.63
Immediate Resistance	RM9.03 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	105,826.6



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
13/2/2023	EG	8907	0.760	1.340	0.650	0.830	1.5	76.3	TP Achieved
13/2/2023	PublicBank	1295	4.200	4.130	3.590	4.620	0.5	-1.7	-
14/2/2023	Unisem	5005	3.270	2.970	2.800	3.600	-1.0	-9.2	SL Triggered
14/2/2023	PowerRoot	7237	1.990	2.050	1.700	2.190	-2.4	3.0	TP Achieved
15/2/2023	MRDIY	4731	3.600	3.620	3.08	3.96	0.6	0.6	-
15/2/2023	Volcano	8869	5.250	5.083	4.49	5.78	-1.9	-3.2	-
16/2/2023	MRDIY	4832	1.860	1.660	1.590	2.050	-1.8	-10.8	SL Triggered
16/2/2023	Volcano	9896	0.860	0.855	0.730	0.940	5.6	-0.6	SL Triggered
17/2/2023	MISC	3816	7.480	7.380	6.400	8.230	-0.3	-1.3	-
17/2/2023	Nylex(M)	4944	0.630	0.550	0.540	0.690	-2.7	-12.7	SL Triggered
20/2/2023	Keinhin	7199	2.800	1.810	2.390	3.080	-1.6	-35.4	SL Triggered
20/2/2023	Atech	5302	2.950	2.990	2.520	3.250	-1.6	1.4	-
21/2/2023	Supermax	7106	0.830	0.790	0.640	0.910	3.9	-4.8	SL Triggered
21/2/2023	VS Industry	6963	0.925	0.860	0.790	1.020	0.0	-7.0	-
22/2/2023	MPI	3867	29.920	29.120	25.580	32.910	-0.3	-2.7	-
22/2/2023	PICORP	7201	0.330	0.135	0.290	0.370	0.0	-59.1	SL Triggered
23/2/2023	JayaTiasa	4383	0.720	0.740	0.620	0.790	2.8	2.8	-
23/2/2023	Hextech	5136	27.300	25.200	23.340	30.030	1.6	-7.7	-
24/2/2023	FocusPoint	0157	1.430	1.410	1.220	1.570	0.0	-1.4	-
24/2/2023	Genetec	0104	2.790	2.830	2.650	3.070	-0.4	1.4	-
27/2/2023	MFCB	3069	3.700	3.560	3.160	4.070	0.0	-3.8	-
27/2/2023	PIE	7095	3.270	3.510	2.800	3.600	0.0	7.3	-
28/2/2023	FarmFresh	5306	1.570	1.560	1.340	1.730	0.0	-0.6	-
28/2/2023	CMS	2852	1.340	1.230	1.150	1.470	-0.8	-8.2	SL Triggered
1/3/2023	MISC	3816	7.560	7.380	6.460	8.320	-0.3	-2.4	-
1/3/2023	CIMB	1023	5.610	5.500	4.800	6.170	-1.3	-2.0	-
2/3/2023	D&O	7204	4.690	4.550	4.010	5.160	0.4	-3.0	-
2/3/2023	Dufu	7233	2.150	2.200	1.840	2.370	0.9	2.3	-
3/3/2023	ECA	0267	1.050	1.050	0.900	1.160	0.0	0.0	-
3/3/2023	Axiata	6888	3.210	3.140	2.740	3.530	0.3	-2.2	-
6/3/2023	CitaGlobal	7245	1.520	1.440	1.300	1.670	-3.4	-5.3	-
6/3/2023	UMWH	4588	3.900	3.790	3.330	4.290	-0.5	-2.8	-
7/3/2023	Coraza	0240	1.020	0.950	5.360	0.870	0.0	-6.9	-
7/3/2023	Signature	7246	2.650	2.510	2.270	2.920	-2.3	-5.3	-
8/3/2023	IHH	5225	5.950	5.960	5.090	6.550	-0.5	0.2	-
8/3/2023	Dialog	7277	2.400	2.420	2.050	4.970	1.7	0.8	-
9/3/2023	Umedic	0256	0.870	0.870	0.740	0.960	0.0	0.0	-
9/3/2023	Telekom	4863	5.020	4.930	4.290	5.520	-1.8	-1.8	-
10/3/2023	Kobay	6971	2.620	2.620	2.240	2.880	1.6	0.0	-
10/3/2023	HLI	3301	9.080	9.080	7.760	9.990	1.2	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	0.325	0.04	12.0
SHL Consolidated Bhd	Property	1.850	0.18	9.7
British American Tobacco Malay	Consumer	10.560	0.97	9.1
YTL Hospitality REIT	REIT	0.965	0.08	8.3
UOA REIT	REIT	1.140	0.09	7.6
Magnum Bhd	Consumer	1.180	0.09	7.4
Tambun Indah Land Bhd	Property	0.835	0.06	7.2
Capitaland Malaysia Trust	REIT	0.515	0.04	7.2
Malayan Banking Bhd	Finance	8.710	0.62	7.1
AmFirst REIT	REIT	0.335	0.02	6.8
Matrix Concepts Holdings Bhd	Property	1.480	0.10	6.4
Sunway REIT	REIT	1.560	0.10	6.4
Pavilion REIT	REIT	1.370	0.08	6.1
Uchi Technologies Bhd	Industrial	3.290	0.20	6.1
Amanahraya REIT	REIT	0.580	0.04	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	(3.1)	18.2	14.5	16.9	14.5	12.3	
Finance	(2.3)	13.5	10.7	12.6	10.7	9.2	
Property	7.4	16.1	8.3	11.9	8.3	N/A	
Plantation	(3.6)	95.5	8.2	35.6	8.2	15.5	
Consumer	(1.7)	24.3	18.3	21.5	18.3	15.1	
Technology	(0.7)	27.8	22.4	24.8	22.4	20.8	
Construction	6.9	21.8	9.1	17.4	9.1	13.4	
Energy	13.8	-	-	-	11.1	9.6	
Health care	(5.7)	36.1	22.4	29.2	22.4	26.1	
Ind Prod	(3.3)	24.9	11.8	18.7	11.8	12.7	
REIT	3.1	-	-	-	N/A	N/A	
Telco	3.1	26.0	19.8	22.9	26.0	20.1	
Transportations	9.0	-	-	-	-	14.5	
Utilities	3.6	-	-	-	12.8	12.6	

Source: Bloomberg

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Published and printed by:

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