



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities closed last Friday with a continued downtrend for the fourth consecutive day, influenced by a lack of positive market catalysts. Market breadth was negative with 346 gainers and 500 losers. The plantation sector was the top gainer increasing by +0.61%, while the property sector was the top loser declining by -0.93%. Tenaga Nasional (5347) was the top gainer surging by RM0.37 or +4.1%. The FBMKLCI declined by -0.16% to 1422.92.

We expect Malaysian equities to decline following continued weaker performances in global equity market.

ECONOMICS

- **China** considers cancelling more US Corn purchases amidst cheaper Brazilian imports and shifting feed preferences
- IMF maintains 6% economic growth forecast for the **Philippines**

COMPANY

- **Mr DIY Group (5296)** becomes first entity licensed to operate EMTOP in Malaysia
- **Kumpulan Kitacon (5310)** secures RM101.5mil contract for Gombak residential development
- **Econpile (5253)** secures RM20.8mil contract for Bangsar apartment development
- **SFP Tech's (0251)** 1Q23 net profit rises 16.47% on higher revenue in mechanical assembly segment
- **Southern Cable (0225)** acquires RM90.4mil contract from TNB

EXPRESSO FOR THE DAY

- **Technical Watch – Globetronic (7022)** – Entry Price RM1.12, Target Price RM1.23, Stop Loss RM0.96, Support RM1.06, Resistance RM1.18
- **Technical Watch – ITMAX (5309)** – Entry Price RM1.44, Target Price RM1.58, Stop Loss RM1.23, Support RM1.37, Resistance RM1.48

Local		(%)
FBMKLCI	1,422.92	(0.2)
Volume (mil)	2,742.93	(19.2)
Value (RM'mil)	1,775.92	9.5
Gainers	346	
Losers	500	
Unchanged	417	

Foreign		(%)
Dow Jones	33,300.6	(0.0)
Nasdaq CI	12,284.7	(0.4)
S&P 500	4,124.1	(0.2)
FTSE 100	7,754.6	0.3
Nikkei 225	29,388.3	0.9
Shanghai CI	3,272.4	(1.1)
HSI	19,627.2	(0.6)
STI	3,208.6	(0.7)

Most Active	RM	Chg
VINVEST	0.160	(0.035)
DNEX	0.430	(0.030)
BAHVEST	0.125	(0.005)
BSLCORP	0.045	(0.005)
ADB	0.690	0.015

Top Gainer	RM	Chg
TENAGA	9.460	0.370
IMASPRO	6.000	0.310
PJBUMI	1.530	0.280
HEXTECH	23.500	0.260
DLADY	26.020	0.220

Top Loser	RM	Chg
NESTLE	134.500	(0.400)
PPB	16.220	(0.260)
F&N	27.000	(0.200)
HEIM	28.200	(0.200)
PEIDAG	22.120	(0.200)

Other Stats		(%)
USD/MYR	4.48	0.36
USD/RMB	6.96	0.15
Brent (USD/barrel)	74.08	(1.08)
Gold (USD/troy oz)	2,009.95	(0.21)
CPO (RM/metric t)	3,856.5	(3.43)

**DAILY NEWSWATCH****ECONOMICS**

CHINA: China, the leading corn importer, may cancel additional purchases of corn from the US as it finds cheaper alternatives from Brazil and experiences a shift in local hog feed production where corn is being replaced with wheat. The cancellations, alongside weak domestic corn demand for animal feed, highlight the increasing competition from Brazil, which is projected to surpass the US as the top corn exporter this year. Struggling hog farmers are opting for wheat as a cost-cutting measure, given its lower price compared to corn and its ability to replace soybean meal in feed. (The Edge)

PHILIPPINES: The International Monetary Fund (IMF) has kept its economic growth projection for the Philippines at 6.0% for this year, with next year's GDP expected to expand between 5.5% and 6.0%. The IMF emphasizes the need for policymakers to prioritize fighting inflation and states that fiscal and monetary measures will be instrumental in reducing inflationary pressures. Despite the Philippines' slower growth in the first quarter, the country's performance remains robust compared to its Southeast Asian counterparts, and it is on track to achieve its growth targets for this year and the next. (The Edge)

COMPANY

Mr DIY Group (5296) has introduced EMTOP, a globally recognized hardware brand, in Malaysia, aiming to cater to the increasing demand for DIY culture and hardware products in the country becoming the only licensed operator of EMTOP in Malaysia. With the addition of EMTOP, Mr DIY now boasts a total of over 1,100 stores nationwide and plans to celebrate the launch with discounts and product demonstrations at select locations. (The Edge)

Kumpulan Kitacon Bhd, (5310) through its subsidiary Kitacon Sdn Bhd, has been awarded a RM101.5 million contract for the construction of a residential development in Gombak, Selangor. The contract is expected to positively impact the group's earnings and net assets per share from the financial year 2023 onwards, contributing to their residential construction services segment, which accounted for 86.27% of the group's revenue in FY2022. (The Edge)

Econpile Holdings Bhd (5253) has been awarded a RM20.8 million contract from Bangsar Hill Park Development Sdn Bhd to undertake foundation and basement works for two blocks of apartments in Bangsar, Kuala Lumpur. The project involves earthworks, piling, and reinforced concrete works for the construction of a 62-storey apartment block with 410 units and a 49-storey apartment block with 392 units, contributing positively to Econpile's revenue and earnings from FY2023 onwards. (The Edge)

SFP Tech Holdings Bhd (0251) reported a 16.47% increase in net profit to RM10.1 million for the first quarter ended March 31, 2023, driven by higher revenue in its mechanical assembly segment. The company experienced a significant surge in quarterly revenue, climbing 93.4% to RM34.61 million, with the mechanical assembly segment contributing approximately 74.45% of the total revenue. (The Edge)

Southern Cable Group Bhd (0225) has won a contract worth RM90.4 million to supply underground cables and conductors to Tenaga Nasional Bhd (TNB), adding to their existing strong business relationship. This contract, awarded to Southern Cable's wholly-owned unit, increases their total contract value with TNB to RM422.5 million and reinforces the company's positive outlook on the demand for cables and wires in Malaysia's power infrastructure sector. (The Edge)



Globetronics Technology Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: GTB MK | KLSE Stock Code: 7022

Main Market
Technology
Subsector – Semiconductors
Current Price: RM1.12
Target Price: RM1.23

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 >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: 2
Holds: 5
Sells: 2

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	19.2	23.1	24.2
P/B	3.3	4.2	4.2
P/CF	12.1	13.2	14.4
P/S	4.8	5.2	4.6

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

Company Overview

Globetronics Technology Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and assembles integrated circuits, optoelectronic products, technical ceramic substrates, ESD protective materials, small outline components, and technical plating services and packaging materials. Globetronics also sells computer hardware and software.



Entry Price	RM1.12
Market Cap (m)	RM749.8
52w high	RM1.32
52w low	RM0.99
Stop Loss	RM0.96
Immediate Support	RM1.06
Immediate Resistance	RM1.18 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	550,983.8



ITMAX System Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: ITMAX MK | KLSE Stock Code: 5309

**Main Market
Technology
Subsector – Digital Services**
Current Price: RM1.44
Target Price: RM1.58

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think there is a potential reversal supported by a marubozu with a rising momentum on the stock (RSI >55).

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: 1
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	0.0	0.0	0.0
P/BV	0.0	0.0	0.0
P/CF	0.0	0.0	0.0
P/S	0.0	0.0	0.0

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

Company Overview

ITMAX System Berhad provides traffic management solutions. The Company offers public space networked systems and related artificial intelligence technology solutions that promote sustainable living in efficiently managed cities, townships, and enterprises. ITMAX System serves customers worldwide.



Entry Price	RM1.44
Market Cap (m)	RM1,480.6
52w high	RM1.62
52w low	RM1.30
Stop Loss	RM1.23
Immediate Support	RM1.37
Immediate Resistance	RM1.48 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	23,126,931.2



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
12/4/2023	Bkawan	1899	21.720	21.780	18.570	23.890	0.7	0.3	-
12/4/2023	GCB	5102	2.610	2.650	2.230	2.870	1.1	1.5	-
13/4/2023	Sunview	0262	0.870	0.660	0.740	0.960	-1.5	-24.1	SL Triggered
13/4/2023	SFPTech	0251	2.630	2.410	2.260	2.870	-0.8	-8.4	-
14/4/2023	SMRT	0117	0.550	0.650	0.470	0.600	10.2	18.2	TP Achieved
14/4/2023	MYEG	0138	0.880	0.800	0.750	0.960	1.9	-9.1	SL Triggered
17/4/2023	Pentamster	7160	5.050	4.840	4.320	5.560	0.2	-4.2	-
17/4/2023	Kelington	0151	1.490	1.450	1.370	1.640	0.0	-2.7	-
18/4/2023	YTLPower	6742	1.050	1.100	0.900	1.160	1.9	4.8	-
18/4/2023	Padini	7052	4.090	3.950	3.500	4.500	0.3	-3.4	-
19/4/2023	Comintel	7195	0.930	0.885	0.790	1.020	-1.7	-4.8	-
19/4/2023	Pharmaniaga	7081	0.380	0.380	0.320	0.410	2.7	0.0	-
20/4/2023	Malakof	5264	0.740	0.675	0.630	0.810	-0.7	-8.8	-
20/4/2023	Solution	0093	0.265	0.215	0.230	0.290	0.0	-18.9	SL Triggered
25/4/2023	PressMetal	8869	5.200	4.860	4.450	5.720	-0.8	-6.5	-
25/4/2023	PJBUMI	7163	0.740	1.530	0.630	0.810	22.4	106.8	TP Achieved
26/4/2023	Infoline	0253	0.870	0.790	0.740	0.960	1.9	-9.2	-
26/4/2023	Menang	1694	0.880	0.920	0.750	0.970	5.7	4.5	TP Achieved
27/4/2023	Ranhill	5272	0.640	0.590	0.540	0.700	0.9	-7.8	SL Triggered
27/4/2023	YongTai	7066	0.325	0.355	0.280	0.360	-6.6	9.2	TP Achieved
28/4/2023	Pelikan	5231	0.820	0.820	0.700	0.900	3.1	0.0	SL Triggered
28/4/2023	Tanco	2429	0.540	0.505	0.460	0.590	1.0	-6.5	SL Triggered
2/5/2023	Microlink	0126	0.925	0.920	0.790	1.020	0.5	-0.5	-
2/5/2023	KYM	8362	0.555	0.500	0.470	0.610	-5.7	-9.9	-
3/5/2023	GentingM	4715	2.780	2.720	2.380	3.060	0.4	-2.2	-
3/5/2023	Inari	0166	2.360	2.220	2.020	2.600	-1.8	-5.9	-
5/5/2023	Ctos	4383	1.450	1.410	1.240	1.600	-1.4	-2.8	-
5/5/2023	Tropicana	8932	1.420	1.320	1.300	1.560	-7.0	-7.0	-
8/5/2023	Opcom	0035	0.750	0.780	0.640	0.830	1.3	4.0	-
8/5/2023	SimeDarbyPlt	5285	4.410	4.460	3.770	4.850	0.2	1.1	-
9/5/2023	Westports	5246	3.600	3.500	3.080	3.960	-0.8	-2.8	-
9/5/2023	Telekom	4863	5.070	5.050	4.330	5.580	-0.4	-0.4	-
10/5/2023	Gamuda	5398	4.180	4.110	3.570	4.600	-0.2	-1.7	-
10/5/2023	Seal	4286	0.440	0.410	0.380	0.480	-4.7	-6.8	-
11/5/2023	Padini	7052	4.010	3.950	3.430	4.410	0.3	-1.5	-
11/5/2023	PowerRoot	7237	2.220	2.210	1.900	2.440	0.9	-0.5	-
12/5/2023	GenP	2291	6.050	6.020	5.170	6.660	-0.5	-0.5	-
12/5/2023	ECA	0267	0.810	0.775	0.690	0.890	-3.7	-4.3	-
15/5/2023	Globetronic	7022	1.120	1.120	0.960	1.230	10.9	0.0	-
15/5/2023	ITMAX	5309	1.440	1.440	1.230	1.580	5.1	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	0.380	0.05	13.2
SHL Consolidated Bhd	Property	1.860	0.18	9.7
AmFirst REIT	REIT	0.340	0.03	9.2
British American Tobacco Malay	Consumer	10.660	0.97	9.1
Magnum Bhd	Consumer	1.020	0.09	8.5
Capitaland Malaysia Trust	REIT	0.505	0.04	8.1
YTL Hospitality REIT	REIT	0.965	0.08	7.9
UOA REIT	REIT	1.130	0.09	7.6
Malayan Banking Bhd	Finance	8.690	0.60	6.9
Tambun Indah Land Bhd	Property	0.880	0.06	6.8
Matrix Concepts Holdings Bhd	Property	1.430	0.10	6.6
Amanahraya REIT	REIT	0.545	0.04	6.5
Al-'Aqar Healthcare REIT	REIT	1.240	0.08	6.4
IGB REIT	REIT	1.700	0.11	6.2
Pavilion REIT	REIT	1.320	0.08	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	(4.9)	18.2	14.1	16.8	14.1	12.4	
Finance	(6.0)	13.5	10.3	12.5	10.3	8.9	
Property	8.0	16.1	9.2	12.1	9.2	N/A	
Plantation	(1.8)	95.5	8.4	35.6	8.4	16.6	
Consumer	(2.3)	24.3	17.4	21.2	17.4	14.9	
Technology	(7.1)	27.8	20.1	24.2	20.1	20.0	
Construction	6.0	21.8	9.3	17.5	9.3	11.6	
Energy	6.9	-	-	-	9.4	9.1	
Health care	4.3	36.1	22.4	29.3	22.4	29.0	
Ind Prod	(8.1)	24.9	10.9	18.4	10.9	12.3	
REIT	2.7	-	-	-	N/A	N/A	
Telco	5.2	28.8	19.8	24.3	28.8	20.8	
Transportations	4.5	-	-	-	-	14.3	
Utilities	9.4	-	-	-	12.4	13.3	

Source: Bloomberg

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