

# Daily Newswatch

## Market Review

The FBMKLCI ended on red on Wednesday in line with weakness in latest purchasing managing index (PMI) data which shows 14<sup>th</sup> consecutive month of contraction. Market breadth was negative with 319 gainers and 562 losers. The utilities sector was the top gainer increasing by +3.26%, while the technologies sector was the top loser declining by -1.03%. RANHILL (5272) was the top gainer surging by RM0.16 or +26.7%. The FBMKLCI declined by -0.47% to 1,435.3.

## Economics

- **Britain** to invest 300 million pounds in AI supercomputing.
- **United State's** Central bank's policy rate remains unchanged.

## Companies

- **Heitech Padu (5028)** secures RM29.68 mil contract to enhance ministry's IT system.
- **HIL Industries (8443)** to acquire land for RM47 mill.
- **Malakoff (5264)** signs RM50.0 mil agreement with DRB-Hicom
- **Jetson (9083)** to acquire 51% stake in Magical Era
- **Reneuco (7130)** unit secures RM15.0 mil deal.

## Expresso for the Day

- **Technical Watch – NATIONGATE (0270)** Entry Price: RM1.19, Target Price: RM1.31, Stop Loss: RM1.02, Support: RM1.13, Resistance: RM1.29
- **Technical Watch – GASMSIA (5209)** Entry Price: RM3.36, Target Price: RM3.72, Stop Loss: RM2.89, Support: RM3.21, Resistance: RM3.39

Local	Close	(%)
FBMKLCI	1,435.3	(0.47)
Volume (mil)	2,786.0	(6.76)
Value (RM'mil)	1,794.3	(2.91)
Gainers	319	
Losers	562	
Unchanged	401	

Foreign	Close	(%)
Dow Jones	33,274.6	0.7
Nasdaq CI	13,061.5	1.6
S&P 500	4,237.9	1.1
FTSE 100	7,342.4	0.3
Nikkei 225	31,601.7	2.9
Shanghai CI	3,023.1	0.1
HSI	17,101.8	(0.1)
STI	3,076.8	0.3

Most Active	RM	Chg (RM)
RANHILL	0.735	0.155
SCIB	0.560	0.010
SALUTE	0.725	(0.295)
WIDAD	0.450	0.000
SEDANIA	0.205	0.020

Top Gainer	RM	Chg (RM)
RANHILL	0.735	0.155
TECGUAN	1.650	0.080
STELLA	1.080	0.070
ULICORP	1.810	0.070
YTLPOWR	2.180	0.070

Top Loser	RM	Chg (RM)
SALUTE	0.725	(0.295)
PCHEM	7.140	(0.200)
RAPID	26.600	(0.200)
PENTA	4.850	(0.150)
PETGAS	17.080	(0.120)

Other Stats	RM	(%)
USD/MYR	4.769	0.15
USD/RMB	7.317	0.06
Brent (USD/barrel)	80.94	0.62
Gold (USD/troy oz)	1,992.30	0.24
CPO (RM/metric t)	3,560.00	(1.93)

# Daily Newswatch

## Economics

**UNITED KINGDOM:** The UK government has announced an increase in funding for two supercomputers to support research in enhancing the safety of advanced artificial intelligence (AI) models. The "AI Research Resource" project will now receive £300 million, up from the initial £100 million allocation. These supercomputers, located in Cambridge and Bristol, will provide researchers with more than thirty times the computing capacity of the UK's current largest public AI computing tools. The machines, operational from the summer of the next year, will be used for analyzing AI models, testing safety features, and driving advancements in drug discovery and clean energy. Bristol's "Isambard-AI" will feature 5,000 advanced AI chips from Nvidia, while the Cambridge machine "Dawn" will be powered by over 1,000 Intel chips. (Reuters)

**UNITED STATES:** The Federal Reserve has chosen to maintain interest rates amid uncertainty about whether financial conditions are already tight enough to combat inflation, or if the economy's strong performance warrants further restraint. Fed Chair Jerome Powell stated that they are ready to raise rates if inflation doesn't improve, but they are cautious about market-driven interest rate increases affecting the economy negatively. The decision is to maintain the current interest rate range and assess job and price data until the next policy meeting in December. (Reuters)

## Companies

**HeiTech Padu Bhd (5028)** has secured a RM29.68 million contract from the Ministry of Domestic Trade and Cost of Living to enhance the ministry's IT technology system. The contract, spanning 36 months from November 1, 2023, to October 31, 2026, is anticipated to have a positive impact on HeiTech's earnings and net assets per share from 2023 onwards until the contract's completion. (The Star)

**HIL Industries Bhd's (8443)** subsidiary, Amverton Prop Sdn Bhd, has entered a conditional agreement to acquire a 1.21-hectare land in Kuala Lumpur for RM47.0 million from A & M Modern Homes Sdn Bhd (AMMH). The purchase will be made in cash and is aimed at increasing HIL Industries' land bank for property development projects, especially with ongoing projects nearing completion. The transaction is expected to be completed in the first quarter of 2024, subject to necessary approvals. (The Star)

**Malakoff Corporation Bhd's (5264)** subsidiary, Malakoff Radiance Sdn Bhd, has signed a RM50 million solar power purchase agreement with the DRB-Hicom group. This deal covers the development, operation, and maintenance of solar photovoltaic systems at 14 locations across Malaysia, with a total capacity of 20.78 megawatts. (The Star)

**Kumpulan Jetson Bhd (9083)** is planning to acquire a 51% stake in Magical Era (M) Sdn Bhd for RM32 million, with the aim of gaining control of the latter's Vendor City Industrial Park (VCIP) in Melaka, which spans 63.44 acres. KJB's wholly-owned subsidiary, Jetson Development Sdn Bhd, has initiated negotiations for this proposed acquisition by entering into a letter of intent (LoI) with Magical Era. The LoI has a termination date of November 30, and it is contingent on execution by Baljinder. (The Star)

**Reneuco Engineering Sdn Bhd (7130)**, a subsidiary of Reneuco Bhd, has been appointed by MSA Resources Sdn Bhd as the contractor for civil construction and telecommunication works along the E26: SKVE highway and Jabatan Kerja Raya Malaysia (JKR) roads in Kuala Langat and Sepang, with a provisional contract sum of RM14.93 million. This contract pertains to the installation of fiber optic cables and the provision of broadband network services along the highway. (The Star)

# Nationgate Holdings Berhad

Bloomberg: NATGATE MK | KLSE Stock Code: 0270

## Technical Watch

“BUY on Potential Reversal”

### Company Overview

Nationgate Holdings Berhad operates as a contract manufacturer. The Company offers electronics manufacturing services and technical support to networking and communications, instrumentation, consumer products, medical devices, and automotive sectors. Nationgate Holdings serves customers worldwide.

### 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 > 40).

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 crossover moving forward.

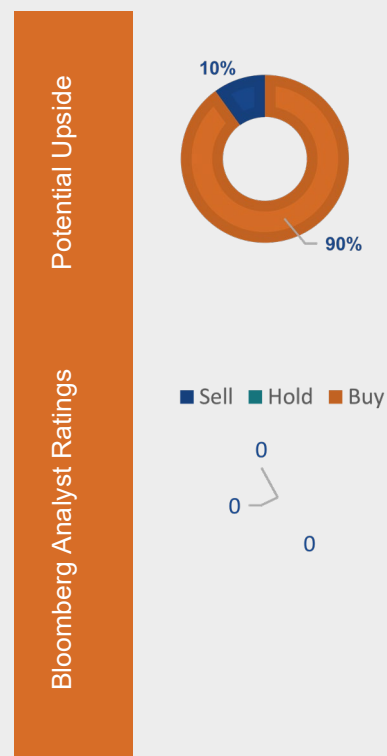
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.4	25.4	25.4
P/B	11.9	11.9	11.9
P/CF	105.2	105.2	105.2
P/S	2.3	2.3	2.3

Entry Price	RM1.19
Market Cap (m)	RM2,468.0
52w high	RM1.77
52w low	RM0.81
Stop Loss	RM1.02
Immediate Support	RM1.13
Immediate Resistance	RM1.29 (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)	N/A

### Main Market

Industrial Products & Services  
 Subsector – Industrial Materials,  
 Components & Equipment  
 Current Price: RM1.19  
 Target Price: RM1.31



# Gas Malaysia Bhd

Bloomberg: GMB MK | KLSE Stock Code: 5209

## Technical Watch

“BUY on Potential Upside”

### Company Overview

Gas Malaysia Bhd. provides exploration of oil and gas services. The Company offers natural gas and liquefied petroleum gas.

### 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 > 80).

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.

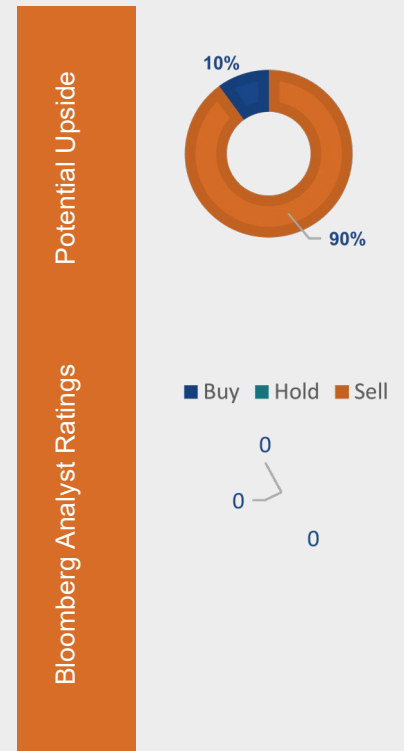
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	11.0	13.0	14.6
P/B	3.1	2.9	2.7
P/CF	6.2	12.6	23.6
P/S	0.5	0.5	0.6

Entry Price	<b>RM3.38</b>
Market Cap (m)	RM4,339.9
<b>52w high</b>	<b>RM3.45</b>
<b>52w low</b>	<b>RM2.97</b>
Stop Loss	RM2.89
Immediate Support	RM3.21
Immediate Resistance	RM3.39 (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)	600,202.7

### Main Market

Utilities  
 Subsector – Gas, Water &  
 Multi-Utilities  
 Current Price: RM3.38  
 Target Price: RM3.72





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
6/10/2023	SMISCorp	7132	0.815	0.795	0.697	0.897	#VALUE!	-2.5	-
6/10/2023	Techbond	5289	0.445	0.425	0.380	0.490	-1.163	-4.5	-
9/10/2023	UNISEM	5005	3.25	2.950	2.779	3.575	-0.338	-9.2	SL Triggered
9/10/2023	VERSATL	4995	0.61	0.590	0.522	0.671	0.000	-3.3	-
10/10/2023	Jaya Tiasa	4383	0.905	0.840	0.774	0.996	-2.326	-7.2	-
10/10/2023	Unique	0257	0.24	0.230	0.205	0.264	0.000	-4.2	-
11/10/2023	Kelington	0151	1.51	1.500	1.291	1.661	0.671	-0.7	-
11/10/2023	Supercomnet	0001	1.37	1.320	1.171	1.507	-0.752	-3.6	-
12/10/2023	Senheng	5305	0.39	0.330	0.333	0.429	-1.493	-15.4	SL Triggered
12/10/2023	Duopharma	7148	1.26	1.180	1.077	1.386	-0.840	-6.3	-
13/10/2023	MRC	1651	0.49	0.420	0.419	0.539	-2.326	-14.3	SL Triggered
13/10/2023	PAOS	5022	0.31	0.285	0.265	0.341	-1.724	-8.1	-
16/10/2023	MCEMENT	3794	3.71	3.670	3.172	4.081	2.514	-1.1	-
16/10/2023	SURIA	6521	1.56	1.570	1.334	1.716	-0.633	0.6	-
17/10/2023	PMETAL	8869	4.92	4.820	4.207	5.412	-2.033	-2.0	-
17/10/2023	YSPSAH	7178	2.47	2.540	2.112	2.717	0.000	2.8	-
18/10/2023	QLResources	7084	5.55	5.560	4.745	6.105	0.542	0.2	-
18/10/2023	Tasco	5140	0.825	0.800	0.705	0.908	-1.840	-3.0	-
19/10/2023	EATECH	5259	0.330	0.315	0.280	0.360	-4.545	-4.5	-
19/10/2023	FPI	9172	2.910	2.870	2.760	3.200	0.350	-1.4	-
20/10/2023	LiiHen	7089	0.930	0.945	0.800	1.020	-2.073	1.6	-
20/10/2023	MalayCement	3794	3.650	3.670	3.120	4.020	2.514	0.5	-
23/10/2023	CitaGlobal	7245	1.530	1.630	1.310	1.680	2.516	6.5	-
23/10/2023	Tomei	7230	1.240	1.190	1.060	1.360	-2.459	-4.0	-
24/10/2023	MPI	3867	26.960	25.420	23.050	29.660	-1.243	-5.7	-
24/10/2023	Greatec	0208	4.280	4.590	3.660	4.710	-0.649	7.2	-
25/10/2023	PWF	7134	0.730	0.740	0.620	0.800	2.778	1.4	-
25/10/2023	Solarvest	0215	1.260	1.230	1.080	1.390	-2.381	-2.4	-
26/10/2023	Greatec	0208	4.500	4.590	3.850	4.950	-0.649	2.0	-
26/10/2023	D&O	7204	3.220	3.230	2.750	3.540	-1.524	0.3	-
27/10/2023	Tomei	7230	1.230	1.190	1.050	1.350	-2.459	-3.3	-
27/10/2023	Genetec	0104	2.510	2.300	2.150	2.760	-2.542	-8.4	-
30/10/2023	Teo Seng	7252	1.340	1.340	1.150	1.470	0.000	0.0	-
30/10/2023	ChinHin	5273	3.890	3.810	3.330	4.260	0.000	-2.1	-
31/10/2023	Westports	5246	3.410	3.390	2.920	3.750	0.893	-0.6	-
31/10/2023	PESTECH	5219	0.360	0.340	0.310	0.396	-2.857	-5.6	-
1/11/2023	Jetson	9083	0.270	0.265	0.230	0.290	0.000	-1.9	-
1/11/2023	PJBumi	7163	0.960	0.950	0.820	1.050	-0.524	-1.0	-
2/11/2023	Nationgate	0270	1.190	1.190	1.020	1.310	3.478	0.0	-
2/11/2023	GasMsia	5209	3.380	3.380	2.890	3.720	2.736	0.0	-

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM BERHAD	TELCO	5.25	0.73	13.89
UOA DEVELOPMENT BERHAD	PROPERTY	1.69	0.20	11.83
MBM RESOURCES BHD	CONSUMER	3.84	0.39	10.23
HEKTAR REITS	REITs	0.61	0.06	10.16
YTL HOSPITALITY REIT	REITs	0.99	0.09	9.49
TALIWORKS CORPORATION BHD	UTILITIES	0.80	0.07	8.38
SPORTS TOTO BERHAD	CONSUMER	1.46	0.12	8.08
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.35	0.74	7.95
UOA REITS	REITs	1.09	0.09	7.89
SCICOM (MSC) BHD	IND. PROD.	1.03	0.08	7.77
BERMAZ AUTO BERHAD	CONSUMER	2.50	0.19	7.76
SENTRAL REIT	REITs	0.83	0.06	7.76
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.91	0.07	7.73
MAG HOLDINGS BERHAD	CONSUMER	1.06	0.08	7.55
MAGNUM BERHAD	CONSUMER	1.06	0.08	7.55

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
		High	Low	Average		
KLCI	(4.0)	24.1	17.0	18.8	14.5	13.2
Finance	(1.8)	13.0	10.1	12.4	10.1	9.7
Property	31.0	25.1	7.4	11.3	9.9	#N/A N/A
Plantation	(2.8)	95.5	14.1	36.8	14.1	16.9
Consumer	(6.4)	22.5	16.0	21.7	16.0	14.9
Technology	(4.6)	48.6	22.5	26.9	26.4	22.5
Construction	21.4	36.8	16.2	19.2	16.2	11.7
Energy	10.5	10.3	-	-	10.3	9.8
Healthcare	(5.0)	36.1	23.3	29.7	23.3	31.0
Ind. Prod.	(6.5)	24.9	14.7	21.9	14.7	14.3
REIT	0.3	13.8	-	-	13.8	15.2
Telco	(5.2)	28.8	19.8	24.3	28.8	20.9

Source: Bloomberg



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