

# Daily Newswatch

## Market Review

The FBMKLCI marked its sixth consecutive trading day of gains on Monday, driven by ongoing purchasing activity in plantation and financial service sectors. Market breadth was negative with 499 gainers and 513 losers. The plantation sector was the top gainer increasing by +1.35%, while the health care sector was the top loser declining by -0.75%. HEIM (3255) was the top gainer surging by RM2.10 or +8.8%. The FBMKLCI rose by +0.6% to 1,515.39.

## Economics

- **Thai economy** facing recession, requires a boost
- **UK inflation** expectations drop ahead of BoE rate message

## Companies

- **VSTECs (5162)** partners with SpaceX to distribute Starlink in Malaysia
- **Varia (5006)** secures RM95 mil contract for Klang River flood project in Shah Alam
- **Haily (0237)** bags RM32 mil residential construction project in Johor
- **Pestech (5219)** secures contract for supplying equipment from TNB

## Expresso for the Day

- **Technical Watch – IHH (5225)** Entry Price: RM6.15, Target Price: RM6.78, Stop Loss: RM5.26, Support: RM5.84, Resistance: RM6.17
- **Technical Watch – Uchi Tech (7100)** Entry Price: RM3.87, Target Price: RM4.26, Stop Loss: RM3.31, Support: RM3.68, Resistance: RM3.87

Local	Close	(%)
FBMKLCI	1,515.4	0.60
Volume (mil)	4,319.7	(12.28)
Value (RM'mil)	2,984.0	(12.74)
Gainers	499	
Losers	513	
Unchanged	471	
Foreign	Close	(%)
Dow Jones	38,109.4	0.6
Nasdaq CI	15,455.4	1.1
S&P 500	4,891.0	0.8
FTSE 100	7,635.1	(0.0)
Nikkei 225	35,751.1	0.8
Shanghai CI	2,910.2	(0.9)
HSI	15,952.2	0.8
STI	3,159.5	(0.6)
Most Active	RM	Chg (RM)
MINETEC	0.150	(0.005)
YNHPROP	0.845	0.130
MRCB	0.645	(0.005)
MTEC	0.360	(0.030)
WIDAD	0.155	(0.010)
Top Gainers	RM	Chg (RM)
HEIM	25.900	2.100
CARLSBG	19.300	0.300
PPB	14.720	0.240
SIMEPLT	4.520	0.170
HLFG	16.440	0.160
Top Losers	RM	Chg (RM)
MPI	29.040	(0.760)
F&N	27.520	(0.660)
PETDAG	21.080	(0.280)
APOLLO	5.620	(0.140)
HSSEB	1.070	(0.100)
Other Stats	RM	(%)
USD/MYR	4.73	0.07
USD/RMB	7.18	0.04
Brent (USD/barrel)	83.55	(1.26)
Gold (USD/troy oz)	2,018.52	0.73
CPO (RM/metric t)	3,981.00	0.15

# Daily Newswatch

## Economics

**THAILAND:** On Monday, Thailand's economy is currently experiencing a recession due to significant household debt levels, as stated by Deputy Finance Minister Julapun Amornvivat. This has increased pressure on the central bank to reduce interest rates. Amornvivat emphasized the government's commitment to implementing a 500-billion-baht (\$14 billion) relief plan, providing 10,000 baht (\$281) each to 50 million Thai citizens. He expressed hope for a brief delay in the plan's rollout. Advocating for a rate cut, Amornvivat highlighted the current policy interest rate at a decade-high of 2.50%, emphasizing the need to alleviate the burden of high borrowing costs on the public. (Reuters)

**UNITED KINGDOM:** The British public's short-term inflation expectations have decreased, influencing the Bank of England's upcoming discussions on signalling a potential shift towards reducing interest rates. A survey conducted by U.S. bank Citi and YouGov revealed a drop in inflation expectations for the next 12 months, declining from 4.2% in October to 3.5% in December. Over the five to ten-year horizon, expectations slightly decreased from 3.5% to 3.4%. The Bank of England is expected to carefully weigh the possibility of lowering interest rates from their nearly 16-year peak, recognizing indications of the inflationary pressure alleviating. Nevertheless, investors do not foresee an immediate decrease in borrowing costs, even if there are potential alterations in the central bank's communication. (Reuters)

## Companies

**Vstecs Berhad (5162)'s** subsidiary, VSTECs Astar Sdn Bhd, has partnered with SpaceX to become the authorized distributor of Starlink in Malaysia. This collaboration aims to provide high-speed Internet nationwide, aligning with the government's goal of achieving 100% Internet penetration across the country. Harvey Norman has been appointed as the first official retailer, with plans to expand the network of retailers for widespread deployment. Starlink, powered by advanced satellites in low Earth orbit, offers high-speed connectivity, including in remote and rural areas, recognized by the government for its transformative potential. (The Star)

**Varia Berhad (5006)**, formerly known as Stella Holdings Bhd, has secured a RM94.86 million contract for the Klang River flood mitigation project in Shah Alam, Selangor. Through its subsidiary Mewah Kota Sdn Bhd, Varia accepted the subcontractor role from Kator Construction Sdn Bhd. The project spans 60 months, starting from February 1, 2024, to January 31, 2029. Varia expects the contract to positively impact its earnings within the duration, without affecting its share capital or structure. (The Edge)

**Haily Group Berhad (0237)** has bagged a contract worth RM32.33 million to construct residential properties and a substation in Johor Bahru. The contract, awarded by Gunung Impian Development Sdn Bhd to Haily Construction Sdn Bhd, involves building 76 units of double-storey cluster houses and a double chamber TNB substation. The project is set to begin on February 1, 2024, and finish by April 30, 2025. (The Edge)

**Pestech International Berhad (5219)** has been awarded an RM11 million contract by Tenaga Nasional Bhd (TNB) for supplying, erecting, testing, and commissioning new primary and secondary equipment in Ayer Tawar, Perak. The contract includes related protection, control, ancillary equipment, and civil works. Pestech received the letter of award on January 26, with a completion time of 540 days from the commencement date determined by TNB. The contract is anticipated to positively impact Pestech's revenue and earnings as progress stages are recognized. (The Edge)

# IHH Healthcare Bhd

Bloomberg: IHH MK | KLSE Stock Code: 5225

## Technical Watch

“BUY on Potential Upside”

### Company Overview

IHH Healthcare Bhd provides healthcare services. The Company operates hospitals as well as medical centers, clinics and ancillary healthcare businesses across multiple countries, including Singapore, Malaysia, Turkey, The Peoples Republic of China, India, Hong Kong, Vietnam, Macedonia and Brunei.

### Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by three white soldiers with a strong momentum on the stock (RSI >65).

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.

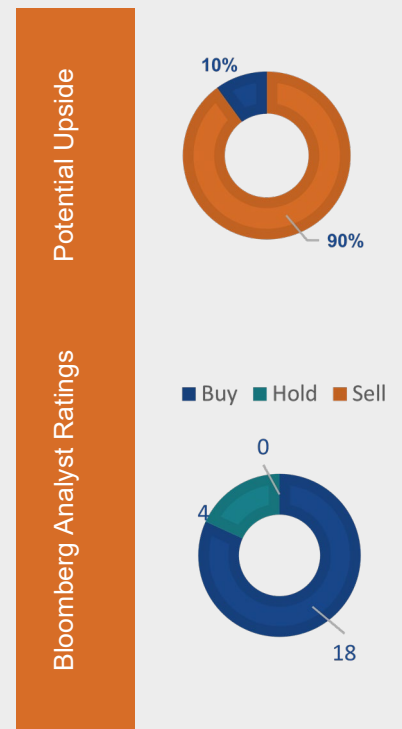
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	26.6	95.6	83.3
P/B	2.0	2.1	2.1
P/CF	12.5	17.0	21.1
P/S	2.8	3.1	4.0

Entry Price	<b>RM6.15</b>
Market Cap (m)	RM54,163.0
52w high	<b>RM6.17</b>
52w low	<b>RM5.53</b>
Stop Loss	RM5.26
Immediate Support	RM5.84
Immediate Resistance	RM6.17 (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)	4,188,265.2

### Main Market

Health Care  
Subsector – HealthCare  
Providers  
Current Price: RM6.15  
Target Price: RM6.78



# Uchi Technologies Berhad

Bloomberg: UCHI MK | KLSE Stock Code: 7100

## Technical Watch

“BUY on Potential Upside”

### Company Overview

Uchi Technologies Berhad is an investment holding company. The Company, through its subsidiaries, designs, researches, develops, and manufactures miniature data terminals, fuzzy logic controllers, and control modules. Uchi Technologies also assembles electrical components onto printed circuit boards and trades complete electric module and saturated paper of PCB lamination.

### 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 >65).

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.

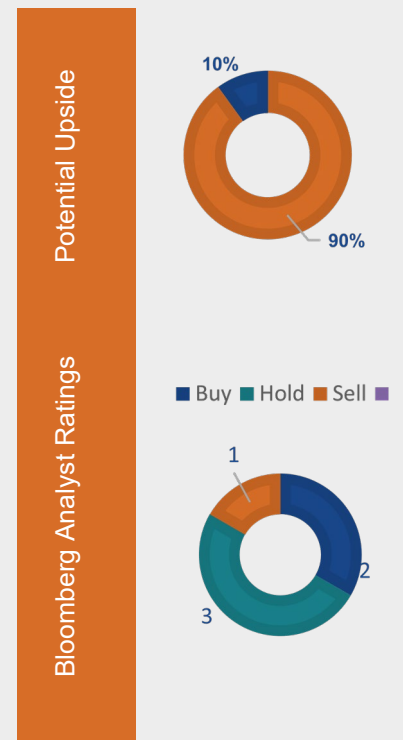
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	11.5	11.8	10.1
P/B	6.3	5.8	4.0
P/CF	11.5	11.3	9.4
P/S	6.6	6.4	5.1

Entry Price	RM3.87
Market Cap (m)	RM1,778.9
52w high	RM3.87
52w low	RM3.09
Stop Loss	RM3.31
Immediate Support	RM3.68
Immediate Resistance	RM3.87 (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)	350,444.5

### Main Market

Industrial Products & Services  
 Subsector – Industrial Materials,  
 Components & Equipment  
 Current Price: RM3.87  
 Target Price: RM4.26





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
2/1/2024	TimeDotCom	5031	5.400	5.480	4.620	5.940	-0.544	1.5	-
2/1/2024	PBA	5041	1.460	2.260	1.250	1.610	-3.419	54.8	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.980	20.520	26.400	-0.083	-0.1	-
3/1/2024	PMBTech	7172	2.990	2.560	2.560	3.290	-1.158	-14.4	SL Triggered
4/1/2024	Hartalega	5168	2.880	2.740	2.460	3.170	-2.491	-4.9	-
4/1/2024	Ranhill	5272	1.030	1.130	0.880	1.130	-0.877	9.7	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.900	1.490	1.910	0.000	9.2	-
5/1/2024	Hume	5000	2.460	2.870	2.100	2.710	0.702	16.7	TP Achieved
8/1/2024	TNB	5347	10.500	10.500	8.960	11.550	-0.380	0.0	-
8/1/2024	IJM	3336	2.080	2.220	1.780	2.288	-0.448	6.7	-
9/1/2024	HengYuan	4324	3.300	3.120	2.820	3.690	0.322	-5.5	-
9/1/2024	Kelington	0151	2.350	2.260	2.010	2.585	-0.441	-3.8	-
10/1/2024	Telekom	4863	5.740	5.960	4.910	6.310	0.506	3.8	-
10/1/2024	GenP	2291	5.890	6.310	5.040	6.480	-1.406	7.1	-
11/1/2024	QL Resources	7084	5.880	5.850	5.030	6.470	-0.171	-0.5	-
11/1/2024	HeitechPadu	5028	1.130	0.920	0.970	1.240	1.657	-18.6	SL Triggered
12/1/2024	GenP	2291	6.300	6.310	5.390	6.930	-1.406	0.2	-
12/1/2024	Frontken	0128	3.580	3.540	3.060	3.940	0.000	-1.1	-
15/1/2024	KeckSeng	3476	5.300	6.040	4.530	5.800	1.684	14.0	TP Achieved
15/1/2024	Telekom	4863	5.820	5.960	4.980	6.400	0.506	2.4	-
16/1/2024	TaAnnHoldings	5012	3.750	3.750	3.210	4.130	1.626	0.0	-
16/1/2024	E&O	3417	0.930	0.875	0.800	1.020	-3.846	-5.9	-
17/1/2024	PressMetal	8869	5.000	4.830	4.280	5.500	1.471	-3.4	-
17/1/2024	Allianz	1163	20.100	19.460	17.190	22.110	-0.409	-3.2	-
18/1/2024	AffinBank	5185	2.450	2.500	2.090	2.700	3.734	2.0	-
18/1/2024	AME Elite	5923	1.840	1.820	1.570	2.030	-2.151	-1.1	-
19/1/2024	QL Resources	7084	5.900	5.850	5.040	6.490	-0.171	-0.8	-
19/1/2024	MSM	5202	1.880	2.400	1.610	2.070	-0.415	27.7	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.740	4.130	5.310	0.000	-1.9	-
22/1/2024	Aurelius	5302	2.770	2.650	2.370	3.050	-1.119	-4.3	-
23/1/2024	RCE	9296	3.240	3.130	2.770	3.560	-2.188	-3.4	-
23/1/2024	JayaTiasa	4383	1.130	1.220	0.970	1.240	3.390	8.0	-
24/1/2024	PetDag	5681	21.200	21.080	18.130	22.300	-1.311	-0.6	-
24/1/2024	Genetec	0104	2.090	1.940	1.790	2.299	-0.513	-7.2	-
26/1/2024	BermazAuto	5248	2.470	2.430	2.110	2.720	0.830	-1.6	-
26/1/2024	MPI	3867	29.700	29.040	25.390	32.670	-2.550	-2.2	-
29/1/2024	MSM	5202	2.410	2.400	2.060	2.650	-0.415	-0.4	-
29/1/2024	YTL	4677	2.450	2.380	2.090	2.700	-2.857	-2.9	-
30/1/2024	IHH	5225	6.150	6.150	5.260	6.780	1.151	0.0	-
30/1/2024	UchiTech	7100	3.870	3.870	3.310	4.260	1.842	0.0	-

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.51	0.73	13.19
UOA DEVELOPMENT BERHAD	PROPERTY	1.79	0.22	12.29
MBM RESOURCES BHD	CONSUMER	4.37	0.46	10.55
HEKTAR REITS	REITs	0.66	0.06	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.41	0.21	8.59
SENTRAL REIT	REITs	0.80	0.07	8.50
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.09	0.74	8.17
YTL HOSPITALITY REIT	REITs	1.16	0.09	8.10
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.10
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
UOA REITS	REITs	1.13	0.08	7.35
SPORTS TOTO BERHAD	CONSUMER	1.50	0.11	7.13
AMWAY (M) HOLDINGS BHD	CONSUMER	6.53	0.46	7.04
RHB BANK	FINANCE	5.61	0.39	6.92
PAVILION REAL ESTATE INV TRUST	REITs	1.27	0.09	6.77

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	4.2	24.2	14.8	18.0	14.8	13.6
Finance	3.9	13.0	10.2	12.0	10.2	10.1
Property	7.7	25.2	10.6	15.8	11.8	N/A
Plantation	3.6	95.5	9.7	31.1	15.0	17.1
Consumer	1.7	22.5	14.9	18.8	14.9	14.9
Technology	(0.3)	46.1	23.0	31.8	32.3	24.5
Construction	9.2	34.6	17.1	25.5	17.1	13.7
Energy	8.1	11.5	9.5	10.5	9.5	9.4
Healthcare	3.9	36.1	5.1	24.6	26.1	31.8
Ind. Prod.	1.1	24.9	12.7	18.3	18.0	15.1
REIT	2.7	29.5	13.4	19.3	13.4	15.8
Telco	4.4	31.0	19.8	26.6	27.5	21.3

Source: Bloomberg

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