

Daily Newswatch

Market Review

The FBMKLCI declined on Tuesday, breaking its sixth-day winning streak, as investors took profits on selected heavyweight counters against the backdrop of a decline in equities in China's market. Market breadth was negative with 383 gainers and 622 losers. The utilities sector was the top gainer increasing by +0.88%, while the plantation sector was the top loser declining by -0.75%. F&N (3689) was the top gainer surging by RM0.38 or +1.4%. The FBMKLCI declined by -0.17% to 1,512.8.

Economics

- **Middle East tensions boost oil prices**, tempered by concerns over China's economy
- **IMF predicts smooth global economic recovery**, raises 2024 growth forecast

Companies

- **Yinson (7293)** unit acquires 97-megawatt Matarani solar project in Peru
- **HE Group (0296)** secures a RM35 mil power distribution system contract from semicon component manufacturer
- **DPS Resources (7198)** collaborates with Sunview on green energy projects
- **Dayang (5141)** receives contract extension for PM8E Seligi oilfields

Expresso for the Day

- **Technical Watch – Solarvest (0215)** Entry Price: RM1.45, Target Price: RM1.60, Stop Loss: RM1.24, Support: RM1.38, Resistance: RM1.45
- **Technical Watch – ITMAX (5309)** Entry Price: RM1.90, Target Price: RM2.09, Stop Loss: RM1.62, Support: RM1.81, Resistance: RM1.92

Local	Close	(%)
FBMKLCI	1,512.8	(0.17)
Volume (mil)	3,776.8	(12.57)
Value (RM'mil)	2,638.9	(11.57)
Gainers	383	
Losers	622	
Unchanged	459	
Foreign	Close	(%)
Dow Jones	38,467.3	0.3
Nasdaq CI	15,509.9	(0.8)
S&P 500	4,924.8	(0.1)
FTSE 100	7,666.3	0.4
Nikkei 225	36,065.9	0.1
Shanghai CI	2,830.5	(1.8)
HSI	15,703.5	(2.3)
STI	3,150.0	0.3
Most Active	RM	Chg (RM)
HEGROUP	0.325	0.045
WIDAD	0.145	(0.010)
TWL	0.040	0.000
YNHPROP	0.685	(0.160)
SAPNRG	0.050	0.000
Top Gainers	RM	Chg (RM)
F&N	27.900	0.380
YTLPOWR	4.200	0.250
AMWAY	6.830	0.190
VITROX	7.000	0.150
KHIND	2.700	0.120
Top Losers	RM	Chg (RM)
HEIM	24.740	(1.160)
MPI	28.000	(1.040)
RAPID	1.330	(0.410)
LCTITAN	1.230	(0.230)
ALLIANZ	19.240	(0.220)
Other Stats	RM	(%)
USD/MYR	4.73	(0.13)
USD/RMB	7.18	(0.04)
Brent (USD/barrel)	82.75	0.42
Gold (USD/troy oz)	2,037.01	0.19
CPO (RM/metric t)	3,966.00	(0.23)

Daily Newswatch

Economics

COMMODITY: Oil prices rose slightly on Tuesday due to escalating tensions in the Middle East, raising supply concerns. However, gains were limited by concerns over a grim economic outlook in China. March Brent crude futures increased to \$82.48 a barrel, while the more active April contract rose to \$81.96. U.S. West Texas Intermediate crude also saw a modest increase to \$77.02 a barrel. The previous day, both contracts had dropped over \$1, attributed to concerns about China's real estate crisis impacting crude demand. Additionally, a deadly drone attack in Jordan led to the first U.S. military deaths since the Israel-Gaza war, heightening market uncertainties. Washington pledged to take "all necessary actions" in response to the attack. (Reuters)

UNITED STATES: The IMF revised its global economic growth forecast upwards, citing improvements in the United States and China, driven by faster-than-expected easing of inflation. Chief economist Pierre-Olivier Gourinchas noted a "soft landing" was approaching, though growth and global trade still lag behind historical averages. Factors contributing to the improved outlook include increased spending, labour force participation, restored supply chains, and lower energy prices. The IMF predicts global growth of 3.1% in 2024, slightly higher than previous estimates, with growth expected to remain steady at 3.2% in 2025, though below the pre-pandemic average. (Reuters)

Companies

Yinson Holdings Bhd (7293)'s renewables business unit, Yinson Renewables, has finalized the acquisition of the 97 MWp Matarani Solar Project in Peru from Grenergy Renewables. The project, situated in the Mollendo desert, benefits from high solar irradiation. Most of its energy is secured through a 15-year power purchase agreement. Project Matarani, currently under construction, is set to commence operations by the third quarter of 2024. Alongside the acquisition, Grenergy is tasked with engineering, procurement, and construction, with additional earnouts totalling around US\$65 million. (The Star)

HE Group Bhd (0296), a newcomer to the ACE Market, has secured a RM34.79 million contract from an undisclosed semiconductor component manufacturer for a low-voltage power distribution system. The contract, awarded to its wholly owned subsidiary Hexatech Engineering Sdn Bhd, encompasses the design, supply, installation, testing, and commissioning of the system. Work is set to begin on January 31, 2024, and is scheduled for completion by April 30, 2024, according to the company's filing. (The Edge)

DPS Resources Bhd (7198), involved in construction, housing development, and home furniture, has partnered with Sunview Group Bhd to venture into green energy projects. DPS and its subsidiary, DPS Sunview Sdn Bhd, signed an agreement with Sunview's subsidiary, Sunview Asset Management Sdn Bhd. The collaboration involves Sunview Asset Management taking a 40% stake in DPSS, leaving DPS with a 60% stake. This move marks DPS's entry into the green energy sector, combining its expertise in civil and structural work with Sunview's capabilities in solar photovoltaic systems' engineering, procurement, construction, and commissioning. (The Edge)

Dayang Enterprise Holdings Bhd (5141) has received an amendment and extension for its maintenance, construction, and modification contract for the PM8E Seligi oilfields from EnQuest Petroleum Production Malaysia Ltd. The contract extension, lasting approximately one year and five months until December 31, 2024, was confirmed by Dayang in a filing to Bursa Malaysia. The amendment, agreed upon by Dayang's wholly-owned unit Dayang Enterprise Sdn Bhd (DESB), allows for the contract's value to be determined by any work orders issued by EnQuest during the extension period. (The Edge)

Solarvest Holdings Berhad

Bloomberg: SOLAR MK | KLSE Stock Code: 0215

Technical Watch

“BUY on Potential Upside”

Company Overview

Solarvest Holdings Berhad operates as a holding company. The Company, through its subsidiaries, provides engineering, procurement, construction, commissioning, management, and operation and maintenance services for solar projects. Solarvest Holdings serves customers in Malaysia.

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 >70).

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.

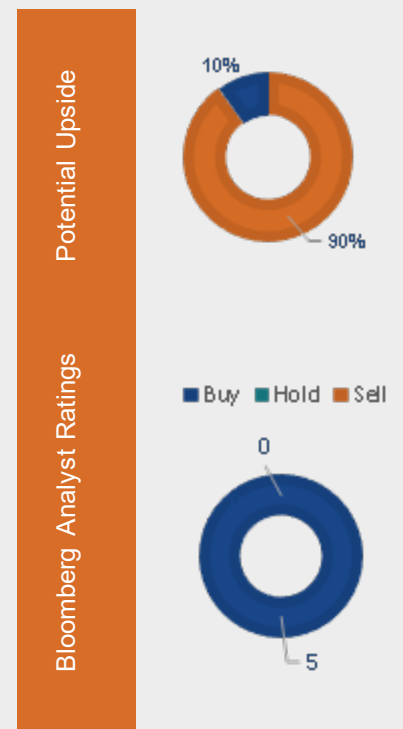
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	42.2	45.3	45.3
P/B	3.4	4.4	4.4
P/CF	29.7	38.2	38.2
P/S	2.1	2.7	2.7

Entry Price	RM1.45
Market Cap (m)	RM969.9
52w high	RM1.48
52w low	RM0.84
Stop Loss	RM1.24
Immediate Support	RM1.38
Immediate Resistance	RM1.48 (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)	1,375,243.1

Main Market

Industrial Products & Services
 Subsector – Industrial Services
 Current Price: RM1.45
 Target Price: RM1.60



ITMAX System Berhad

Bloomberg: ITMAX MK | KLSE Stock Code: 5309

Technical Watch

"BUY on Potential Upside"

Company Overview

ITMAX System Berhad operates as an integrated digital infrastructure provider. The Company offer 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.

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

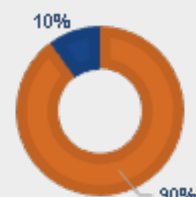
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	6.5	6.5	6.5
P/B	5.3	5.3	5.3
P/CF	6.8	6.8	6.8
P/S	2.4	2.4	2.4

Entry Price	RM1.90
Market Cap (m)	RM1,954.6
52w high	RM1.92
52w low	RM1.30
Stop Loss	RM1.62
Immediate Support	RM1.81
Immediate Resistance	RM1.92 (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)	23,126,931.2

Main Market

Technology
 Subsector – Digital Services
 Current Price: RM1.90
 Target Price: RM2.09

Potential Upside



Bloomberg Analyst Ratings

Buy Hold Sell





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
3/1/2024	DutchLady	3026	24.000	23.980	20.520	26.400	0.000	-0.1	-
3/1/2024	PMBTech	7172	2.990	2.540	2.560	3.290	-0.781	-15.1	SL Triggered
4/1/2024	Hartalega	5168	2.880	2.750	2.460	3.170	0.365	-4.5	-
4/1/2024	Ranhill	5272	1.030	1.130	0.880	1.130	0.000	9.7	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.850	1.490	1.910	-2.632	6.3	-
5/1/2024	Hume	5000	2.460	2.820	2.100	2.710	-1.742	14.6	TP Achieved
8/1/2024	TNB	5347	10.500	10.480	8.960	11.550	-0.190	-0.2	-
8/1/2024	IJM	3336	2.080	2.270	1.780	2.288	2.252	9.1	-
9/1/2024	HengYuan	4324	3.300	3.100	2.820	3.690	-0.641	-6.1	-
9/1/2024	Kelington	0151	2.350	2.210	2.010	2.585	-2.212	-6.0	-
10/1/2024	Telekom	4863	5.740	5.950	4.910	6.310	-0.168	3.7	-
10/1/2024	GenP	2291	5.890	6.310	5.040	6.480	0.000	7.1	-
11/1/2024	QL Resources	7084	5.880	5.850	5.030	6.470	0.000	-0.5	-
11/1/2024	HeitechPadu	5028	1.130	0.900	0.970	1.240	-2.174	-20.4	SL Triggered
12/1/2024	GenP	2291	6.300	6.310	5.390	6.930	0.000	0.2	-
12/1/2024	Frontken	0128	3.580	3.550	3.060	3.940	0.282	-0.8	-
15/1/2024	KeckSeng	3476	5.300	5.940	4.530	5.800	-1.656	12.1	TP Achieved
15/1/2024	Telekom	4863	5.820	5.950	4.980	6.400	-0.168	2.2	-
16/1/2024	TaAnnHoldings	5012	3.750	3.760	3.210	4.130	0.267	0.3	-
16/1/2024	E&O	3417	0.930	0.830	0.800	1.020	-5.143	-10.8	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.750	4.280	5.500	-1.656	-5.0	-
17/1/2024	Allianz	1163	20.100	19.240	17.190	22.110	-1.131	-4.3	-
18/1/2024	AffinBank	5185	2.450	2.620	2.090	2.700	4.800	6.9	-
18/1/2024	AME Elite	5923	1.840	1.820	1.570	2.030	0.000	-1.1	-
19/1/2024	QL Resources	7084	5.900	5.850	5.040	6.490	0.000	-0.8	-
19/1/2024	MSM	5202	1.880	2.280	1.610	2.070	-5.000	21.3	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	0.000	-4.3	-
23/1/2024	RCE	9296	3.240	3.170	2.770	3.560	1.278	-2.2	-
23/1/2024	JayaTiasa	4383	1.130	1.170	0.970	1.240	-4.098	3.5	-
24/1/2024	PetDag	5681	21.200	21.160	18.130	22.300	0.380	-0.2	-
24/1/2024	Genetec	0104	2.090	1.910	1.790	2.299	-1.546	-8.6	-
26/1/2024	BermazAuto	5248	2.470	2.460	2.110	2.720	1.235	-0.4	-
26/1/2024	MPI	3867	29.700	28.000	25.390	32.670	-3.581	-5.7	-
29/1/2024	MSM	5202	2.410	2.280	2.060	2.650	-5.000	-5.4	-
29/1/2024	YTL	4677	2.450	2.390	2.090	2.700	0.420	-2.4	-
30/1/2024	IHH	5225	6.150	6.060	5.260	6.780	-1.463	-1.5	-
30/1/2024	UchiTech	7100	3.870	3.900	3.310	4.260	0.775	0.8	-
30/1/2024	Solarvest	0215	1.450	1.450	1.240	1.600	4.317	0.0	-
30/1/2024	ITMax	5309	1.900	1.900	1.620	2.090	2.703	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.50	0.73	13.22
UOA DEVELOPMENT BERHAD	PROPERTY	1.84	0.22	11.96
MBM RESOURCES BHD	CONSUMER	4.37	0.46	10.55
HEKTAR REITS	REITs	0.66	0.06	8.70
SENTRAL REIT	REITs	0.80	0.07	8.50
BERMAZ AUTO BERHAD	CONSUMER	2.46	0.21	8.41
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.09	0.74	8.17
YTL HOSPITALITY REIT	REITs	1.16	0.09	8.10
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.91
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.77
UOA REITS	REITs	1.15	0.08	7.22
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.18
RHB BANK	FINANCE	5.64	0.39	6.88
CAPITALAND MALAYSIA TRUST	REITs	0.57	0.04	6.84
AMWAY (M) HOLDINGS BHD	CONSUMER	6.83	0.46	6.73

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	4.0	24.2	14.8	18.0	14.8	13.6
Finance	4.0	13.0	10.2	12.0	10.2	10.1
Property	7.4	25.2	10.6	15.8	11.8	N/A
Plantation	2.9	95.5	9.7	31.1	14.9	17.0
Consumer	1.3	22.5	14.8	18.8	14.8	14.9
Technology	(0.6)	46.1	23.0	31.8	32.2	24.5
Construction	10.1	34.6	17.2	25.5	17.2	13.8
Energy	7.5	11.5	9.5	10.5	9.5	9.4
Healthcare	3.4	36.1	5.1	24.5	26.0	31.5
Ind. Prod.	0.6	24.9	12.7	18.3	17.9	15.0
REIT	2.8	29.5	13.4	19.3	13.4	15.8
Telco	4.3	31.0	19.8	26.6	27.4	21.2

Source: Bloomberg

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