

# Daily Newswatch

## Market Review

The FBMKLCI on Wednesday experienced a subdued performance amidst heightened market apprehension preceding the Federal Reserve's imminent interest rate decision announcement. Market breadth was negative with 401 gainers and 635 losers. The energy sector was the top gainer increasing by +1.81%, while the technology sector was the top loser declining by -1.59%. TNB (5347) was the top gainer surging by RM0.24 or +2.3%. The FBMKLCI rose by +0.02% to 1,513.0.

## Economics

- **Malaysian economy** expected to grow 3.4% in 4Q23 – DOSM
- **China's manufacturing activity contracts** for fourth straight month in January

## Companies

- **Minetech (7219)** gets RM230mil contract extension
- **Kimlun (5171)** bags RM133.6mil construction job
- **Haily (0237)** gets RM45.8mil residential development job
- **Mah Sing (8583)** Inks agreement to develop Sepang Business Park,

## Expresso for the Day

- **Technical Watch – TNB (5347)** Entry Price: RM10.72, Target Price: RM11.79, Stop Loss: RM9.17, Support: RM10.18, Resistance: RM10.78
- **Technical Watch – Uzma (7250)** Entry Price: RM1.18, Target Price: RM1.29, Stop Loss: RM1.01, Support: RM1.12, Resistance: RM1.18

Local	Close	(%)
FBMKLCI	1,513.0	0.02
Volume (mil)	3,672.6	(2.76)
Value (RM'mil)	2,854.0	8.15
Gainers	401	
Losers	635	
Unchanged	427	

Foreign	Close	(%)
Dow Jones	38,519.8	1.0
Nasdaq CI	15,361.6	1.3
S&P 500	4,906.2	1.3
FTSE 100	7,622.2	(0.1)
Nikkei 225	36,011.5	(0.8)
Shanghai CI	2,770.7	(0.6)
HSI	15,566.2	0.5
STI	3,143.0	(0.3)

Most Active	RM	Chg (RM)
TWL	0.040	0.000
RENEUCO	0.085	(0.070)
PERDANA	0.260	(0.005)
VELESTO	0.260	(0.005)
SAPNRG	0.045	(0.005)

Top Gainers	RM	Chg (RM)
TENAGA	10.720	0.240
PETDAG	21.340	0.180
DAYANG	2.050	0.160
KLCC	7.370	0.120
MCEHLDG	1.720	0.110

Top Losers	RM	Chg (RM)
MPI	27.000	(1.000)
HEIM	24.100	(0.640)
KSENG	5.670	(0.270)
PENTA	4.040	(0.220)
F&N	27.700	(0.200)

Other Stats	RM	(%)
USD/MYR	4.73	0.00
USD/RMB	7.10	(0.18)
Brent (USD/barrel)	81.88	0.17
Gold (USD/troy oz)	2,072.80	0.08
CPO (RM/metric t)	3,832.50	(3.37)

# Daily Newswatch

## Economics

**MALAYSIA:** According to Department of Statistic Malaysia (DOSM) in the fourth quarter of 2023, **Malaysia's economy is projected to grow by 3.4%**, slightly higher than the previous quarter's 3.3% growth, driven primarily by positive performance in the services sector. However, the manufacturing sector experienced a downturn with a negative growth of 0.1%, attributed to declines in sales of petroleum, chemical, rubber, plastic products, and electrical and electronics products. Despite this, the wholesale and retail trade sectors saw growth, contributing to overall economic stability. Additionally, while the inflation rate remained steady at 1.5%, total trade shrank by 2.4%, with a decrease in exports and an increase in imports, leading to a decrease in the trade balance surplus compared to the previous year. (Bernama)

**CHINA:** China's manufacturing activity contracted for the fourth consecutive month in January, with the official purchasing managers' index (PMI) rising slightly to 49.2 from 49.0 in December. Weak external demand and subdued domestic orders contributed to the contraction. To stimulate growth, China's central bank announced a cut to banks' reserve requirement ratio. The official non-manufacturing PMI rose to 50.7 from 50.4 in December, indicating modest expansion in services and construction. The composite PMI reached a four-month high of 50.9 in January. Despite some improvement, analysts caution that growth momentum remains fragile. The International Monetary Fund raised China's growth forecast for 2024 to 4.6%, citing fiscal support and a less severe-than-expected property sector slowdown. China has yet to release its official 2024 growth target, but policy insiders expect it to be around 5%. (The Star)

## Companies

**Minetech Resources Bhd (7219)** has extended its Selinsing Gold Mine Project contract for 36 months, valued at RM230 million, with Able Return Sdn Bhd and Damar Consolidated Exploration Sdn Bhd. The agreement covers waste removal, ore deliveries, and related tasks for open pit mining, running from January 1, 2024, to December 31, 2026. This renewal is expected to impact revenue, earnings, and net assets from March 31, 2024, to March 31, 2027. (The Star)

**Kimlun Corp Bhd's (5171)** wholly-owned subsidiary, Kimlun Sdn Bhd, has secured a construction contract from Sunway Parkview Sdn Bhd for main building works, including houses, ancillary buildings, and amenities in a development located in Johor Baru, Johor, valued at RM133.60 million. According to a filing with Bursa Malaysia, the construction project is slated for completion in the third quarter of 2026. Kimlun anticipates a positive impact on earnings and net assets throughout the contract period. (The Star)

**Haily Group Bhd (0237)** has been awarded a contract worth RM45.8 million by RDC Arkitek Sdn Bhd on behalf of Property Village Bhd. The contract entails the construction and completion of 120 units of double-storey cluster houses in Kulai, Johor. Additionally, the scope of work includes the construction of two Tenaga Nasional Bhd sub-stations and one guard house. The contract is fixed-price-based, with provisions for adjustment only for specified provisional works upon completion based on actual work done, as outlined in the letter of award submitted to Bursa Malaysia. (The Star)

**Mah Sing Group Bhd (8583)** has entered an agreement to develop 74.87 hectares of industrial land in Sepang, with an estimated GDV of RM728 million. The development, named Mah Sing Business Park, will be managed by its subsidiary, Fusion Heights Development Sdn Bhd. The land purchase, totaling RM100.73 million at RM12.50 psf, includes an option for an additional 152.42 hectares. Premier Land Resources Sdn Bhd, the landowner, intends to acquire a 20% stake in Fusion Heights Development. (The Star)

# Tenaga Nasional Berhad

Bloomberg: TNB MK | KLSE Stock Code: 5347

## Technical Watch

“BUY on Potential Upside”

### Company Overview

Tenaga Nasional Berhad transmits, distributes, and sells electricity under license issued by the Director General of Electricity Supply. Through its subsidiaries, the Company manufactures, sells and repairs transformers and switchgears. Tenaga Nasional also provides project management and consultancy, engineering works and energy project development services.

### 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).

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 hold moving forward.

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	15.2	15.1	11.7
P/B	0.9	0.9	1.0
P/CF	7.1	5.0	4.7
P/S	1.0	1.1	1.1

Entry Price	<b>RM10.72</b>
Market Cap (m)	RM62,040.2
<b>52w high</b>	<b>RM10.78</b>
<b>52w low</b>	<b>RM8.82</b>
Stop Loss	RM9.17
Immediate Support	RM10.18
Immediate Resistance	RM10.78 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	4,751,183.0

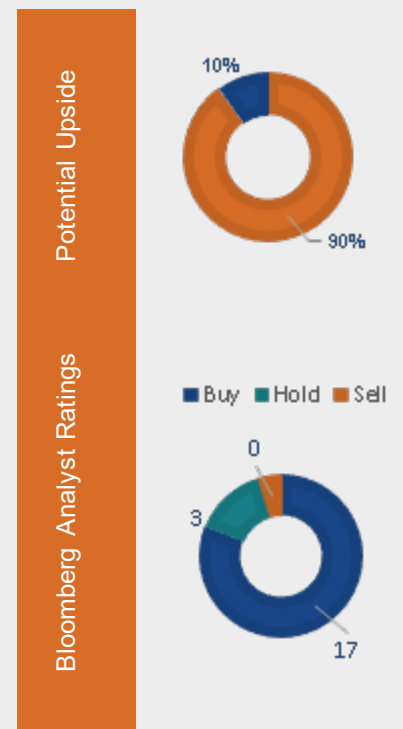
### Main Market

Utilities

Subsector – Electricity

Current Price: RM10.72

Target Price: RM11.79



# Uzma Bhd

Bloomberg: UZMA MK | KLSE Stock Code: 7250

## Technical Watch

“BUY on Potential Upside”

### Company Overview

Uzma Bhd is an investment holding company. The Company through its subsidiaries works with provision of oil and gas geoscience and reservoir engineering services, provision of oil and gas drilling and operations services and provision of oil and gas project and operations services. Uzma activities also include oil and gas engineer and personal replacement and management systems.

### 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 >75).

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.

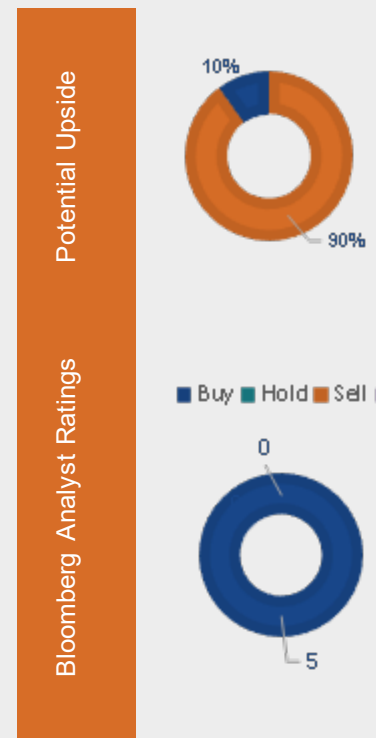
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	10.6	10.1	22.0
P/B	0.4	0.4	1.1
P/CF	2.5	2.6	12.4
P/S	0.5	0.5	0.8

Entry Price	<b>RM1.18</b>
Market Cap (m)	RM456.9
<b>52w high</b>	<b>RM1.18</b>
<b>52w low</b>	<b>RM0.56</b>
Stop Loss	RM1.01
Immediate Support	RM1.12
Immediate Resistance	RM1.18 (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)	3,105,440.3

### Main Market

Energy  
 Subsector – Energy Infra,  
 Equipment & Services  
 Current Price: RM1.18  
 Target Price: RM1.29





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
4/1/2024	Hartalega	5168	2.880	2.740	2.460	3.170	-0.364	-4.9	-
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	0.000	6.3	-
5/1/2024	Hume	5000	2.460	2.820	2.100	2.710	0.000	14.6	TP Achieved
8/1/2024	TNB	5347	10.500	10.720	8.960	11.550	2.290	2.1	-
8/1/2024	IJM	3336	2.080	2.240	1.780	2.288	-1.322	7.7	-
9/1/2024	HengYuan	4324	3.300	3.090	2.820	3.690	-0.323	-6.4	-
9/1/2024	Kelington	0151	2.350	2.200	2.010	2.585	-0.452	-6.4	-
10/1/2024	Telekom	4863	5.740	5.920	4.910	6.310	-0.504	3.1	-
10/1/2024	GenP	2291	5.890	6.370	5.040	6.480	0.951	8.1	-
11/1/2024	QL Resources	7084	5.880	5.830	5.030	6.470	-0.342	-0.9	-
11/1/2024	HeitechPadu	5028	1.130	0.900	0.970	1.240	0.000	-20.4	SL Triggered
12/1/2024	GenP	2291	6.300	6.370	5.390	6.930	0.951	1.1	-
12/1/2024	Frontken	0128	3.580	3.460	3.060	3.940	-2.535	-3.4	-
15/1/2024	KeckSeng	3476	5.300	5.670	4.530	5.800	-4.545	7.0	TP Achieved
15/1/2024	Telekom	4863	5.820	5.920	4.980	6.400	-0.504	1.7	-
16/1/2024	TaAnnHoldings	5012	3.750	3.690	3.210	4.130	-1.862	-1.6	-
16/1/2024	E&O	3417	0.930	0.895	0.800	1.020	7.831	-3.8	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.740	4.280	5.500	-0.211	-5.2	-
17/1/2024	Allianz	1163	20.100	19.140	17.190	22.110	-0.520	-4.8	-
18/1/2024	AffinBank	5185	2.450	2.630	2.090	2.700	0.382	7.3	-
18/1/2024	AME Elite	5923	1.840	1.790	1.570	2.030	-1.648	-2.7	-
19/1/2024	QL Resources	7084	5.900	5.830	5.040	6.490	-0.342	-1.2	-
19/1/2024	MSM	5202	1.880	2.360	1.610	2.070	3.509	25.5	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	3.180	2.770	3.560	0.315	-1.9	-
23/1/2024	JayaTiasa	4383	1.130	1.140	0.970	1.240	-2.564	0.9	-
24/1/2024	PetDag	5681	21.200	21.340	18.130	22.300	0.851	0.7	-
24/1/2024	Genetec	0104	2.090	1.900	1.790	2.299	-0.524	-9.1	-
26/1/2024	BermazAuto	5248	2.470	2.440	2.110	2.720	-0.813	-1.2	-
26/1/2024	MPI	3867	29.700	27.000	25.390	32.670	-3.571	-9.1	-
29/1/2024	MSM	5202	2.410	2.360	2.060	2.650	3.509	-2.1	-
29/1/2024	YTL	4677	2.450	2.340	2.090	2.700	-2.092	-4.5	-
30/1/2024	IHH	5225	6.150	6.100	5.260	6.780	0.660	-0.8	-
30/1/2024	UchiTech	7100	3.870	3.880	3.310	4.260	-0.513	0.3	-
31/1/2024	Solarvest	0215	1.450	1.430	1.240	1.600	-1.379	-1.4	-
31/1/2024	ITMax	5309	1.900	2.000	1.620	2.090	5.263	5.3	-
2/2/2024	TNB	5347	10.720	10.720	9.170	11.790	2.290	0.0	-
2/2/2024	Uzma	7250	1.180	1.180	1.010	1.290	8.257	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	1.81	0.22	12.15
MBM RESOURCES BHD	CONSUMER	4.36	0.46	10.57
HEKTAR REITS	REITs	0.65	0.06	8.77
BERMAZ AUTO BERHAD	CONSUMER	2.44	0.21	8.48
SENTRAL REIT	REITs	0.81	0.07	8.45
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.08	0.74	8.18
YTL HOSPITALITY REIT	REITs	1.16	0.09	8.10
TALIWORKS CORPORATION BHD	UTILITIES	0.86	0.07	7.91
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
UOA REITS	REITs	1.14	0.08	7.28
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.18
RHB BANK	FINANCE	5.60	0.39	6.93
CAPITALAND MALAYSIA TRUST	REITs	0.59	0.04	6.84
GAS MALAYSIA BERHAD	UTILITIES	3.27	0.22	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	3.9	13.0	10.2	12.0	10.2	10.1
Property	6.8	25.2	10.6	15.8	11.7	N/A
Plantation	2.3	95.5	9.7	31.1	14.8	16.9
Consumer	0.7	22.5	14.7	18.8	14.7	14.8
Technology	(2.2)	46.1	23.0	31.7	31.7	24.2
Construction	9.4	34.6	17.1	25.5	17.1	13.7
Energy	9.5	11.5	9.7	10.6	9.7	9.6
Healthcare	4.2	36.1	5.1	24.6	26.2	31.7
Ind. Prod.	0.1	24.9	12.7	18.3	17.8	15.0
REIT	3.6	29.5	13.5	19.3	13.5	16.0
Telco	4.3	31.0	19.8	26.6	27.4	21.2

Source: Bloomberg

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