

Daily Newswatch

Market Review

The FBMKLCI rose on Tuesday on the back of bargain-hunting activities on selected heavyweight stocks in the energy sector. Market breadth was positive with 514 gainers and 452 losers. The energy sector was the top gainer increasing by +1.03%, while the health care sector was the top loser declining by -0.28%. NESTLE (4707) was the top gainer surging by RM1.30 or +1.0%. The FBMKLCI rose by +0.11% to 1,513.0.

Economics

- **China cracks down on market risks**, eases margin calls to steady stocks
- **Cargo ship hit by drone off Yemen**; US and UK retaliate against Houthis

Companies

- **Rohas Tecnic JV (9741)** bags RM200 mil contract for Johor Bahru Rapid Transit project
- **Wentel Engineering (0298)** soars on ACE Market debut, raising RM71 mil
- **Seal Incorporated (4286)** inks RM15 mil deal to enter solar power market, eyes stake in growing renewable energy player
- **Hartalega (5168)** records a net profit of RM22.4 million in 3Q FY2024

Expresso for the Day

- **Technical Watch – Uzma (7250)** Entry Price: RM1.19, Target Price: RM1.31, Stop Loss: RM1.02, Support: RM1.13, Resistance: RM1.19
- **Technical Watch – Dayang (5141)** Entry Price: RM2.07, Target Price: RM2.28, Stop Loss: RM1.77, Support: RM1.97, Resistance: RM2.07

Local	Close	(%)
FBMKLCI	1,513.0	0.11
Volume (mil)	3,086.9	(4.22)
Value (RM'mil)	2,170.8	2.42
Gainers	514	
Losers	452	
Unchanged	430	
Foreign	Close	(%)
Dow Jones	38,425.8	0.1
Nasdaq CI	15,546.9	(0.3)
S&P 500	4,941.3	(0.0)
FTSE 100	7,681.0	0.9
Nikkei 225	36,160.7	(0.5)
Shanghai CI	2,789.5	3.2
HSI	16,136.9	4.0
STI	3,125.7	(0.3)
Most Active	RM	Chg (RM)
WENTEL	0.280	0.020
WIDAD	0.115	(0.010)
RENEUCO	0.080	(0.015)
VELESTO	0.255	0.005
MRCB	0.605	0.010
Top Gainers	RM	Chg (RM)
NESTLE	121.300	1.300
F&N	28.880	0.420
PETDAG	21.800	0.300
APOLLO	5.590	0.290
HEIM	24.880	0.200
Top Losers	RM	Chg (RM)
IDEAL	3.110	(0.380)
KESM	6.690	(0.270)
MPI	26.580	(0.200)
AMWAY	6.650	(0.120)
KLK	22.100	(0.120)
Other Stats	RM	(%)
USD/MYR	4.77	0.39
USD/RMB	7.19	(0.12)
Brent (USD/barrel)	78.23	0.31
Gold (USD/troy oz)	2,034.97	0.49
CPO (RM/metric t)	3,832.50	0.85

Daily Newswatch

Economics

CHINA: China's securities regulator, the China Securities Regulatory Commission (CSRC), has announced plans to intensify oversight of margin financing, combat malicious short selling, and address risks related to pledged shares. Amid concerns about declining share prices triggering a potential market downturn, the CSRC aims to guide brokerages to offer investors more time to respond to margin calls, easing downward market pressure. The regulator also pledges a crackdown on illegal activities exploiting market volatility and expresses "zero tolerance" for malicious short sellers, warning of severe consequences for those violating the law. Despite manageable risks so far, the CSRC emphasizes its commitment to ensuring stable operations in China's 1.6 trillion-yuan margin financing business. (Reuters)

YEMEN: A cargo ship sailing off the coast of Yemen's Hodeidah, identified as the Morning Tide, suffered minor damage after being hit by a projectile fired by an unmanned aerial vehicle (UAV). The ship, owned by British firm Furadino Shipping, reported slight damage to the bridge windows. The Houthi group in Yemen, aligned with Iran, has been targeting commercial vessels in the Red Sea using drones and missiles since mid-November. The attacks have disrupted global shipping and raised concerns about the potential spread of conflict in the Middle East. The U.S. and Britain have conducted strikes against Houthi targets in response to the attacks on Red Sea shipping. (Reuters)

Companies

Rohas Tecnic Bhd's (9741) subsidiary, Rohas-Euco Industries Bhd, has formed a joint venture (JV) company named Rohas Sediabena Builders Consortium Sdn Bhd with Sediabena Builders. The purpose of the JV is to act as a contractor for Package 8 of the Bukit Chagar Station's Façade construction project for the Rapid Transit System Link between Johor Bahru and Singapore. The agreement was made on Feb 2, 2024, and the project, located in Bukit Chagar, Johor Bahru, is set to begin construction in the first half of 2024 and is expected to be completed by May 31, 2025, with a total contract sum of RM199.84 million. (The Star)

Wentel Engineering Holdings Bhd (0298) made its debut on the ACE Market of Bursa Malaysia, starting trading flat at 26 sen and raising RM71 million in total. By midday, the stock rose by 7.69% to 28 sen and became the most actively traded counter with 214.83 million shares transacted. The funds raised will be allocated towards financing the construction of factories and workers' hostels, purchasing new machinery and equipment, and covering listing expenses. Wentel Engineering specialises in metal fabrication and assembly, catering to various industries such as security screening equipment, CNC machines, semiconductor manufacturing, and medical diagnostic equipment. (The Star)

Seal Incorporated Bhd (4286) is venturing into the solar project engineering, procurement, construction, and commissioning (EPCC) sector through a RM15 million deal with MSR Green Energy Sdn Bhd. This agreement may increase Seal's stake in MSR Green Energy to 20%. The transaction, which is considered a related party deal, involves subscribing for ordinary and preference shares in MSR Green Energy. MSR Green Energy has successfully commissioned around 176MWp of solar photovoltaic facilities and aims to become a renewable energy asset owner. Seal's investment is part of MSR Green Energy's plans to develop a green digital park in Johor and expand its renewable energy portfolio. (The Edge)

Hartalega Holdings Bhd (5168) acknowledges positive indications of global oversupply easing due to efforts in capacity rationalisation, as CEO Kuan Mun Leong highlights recent demand stabilisation and the expected gradual return to pre-pandemic levels by late 2024 or early 2025. Despite ongoing challenges in the glove sector, the company aims to enhance operational efficiency and fiscal management, guided by its 5-Year Strategic Plan, to emerge stronger and more resilient. In the third quarter of the fiscal year ending Dec 31, 2023 (3Q), Hartalega recorded a net profit of RM22.4 million, a significant improvement from the net loss of RM31.9 million in the same period last year, attributed to factors such as lower raw material costs, enhanced production efficiency, and cost savings from operational rationalisation. (The Star)

Uzma Berhad

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 >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.

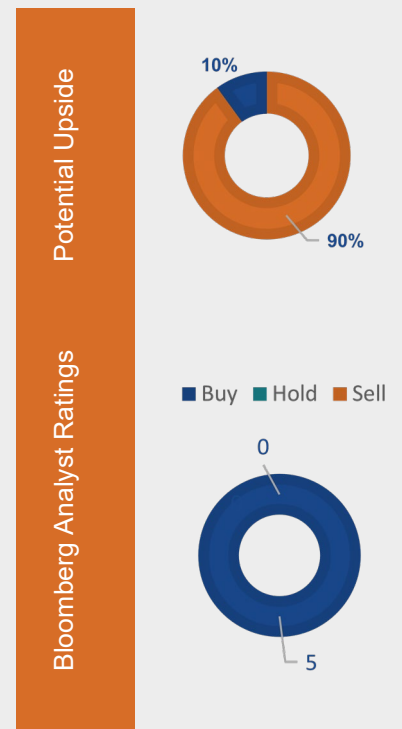
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	10.6	10.1	22.0
P/B	0.4	0.4	1.1
P/CF	2.5	2.6	12.2
P/S	0.5	0.5	0.8

Entry Price	RM1.19
Market Cap (m)	RM460.8
52w high	RM1.19
52w low	RM0.56
Stop Loss	RM1.02
Immediate Support	RM1.13
Immediate Resistance	RM1.19 (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: RM1.19
 Target Price: RM1.31



Dayang Enterprise Holdings Bhd

Bloomberg: DEHB MK | KLSE Stock Code: 5141

Technical Watch

“BUY on Potential Upside”

Company Overview

Dayang Enterprise Holdings Bhd., through its subsidiaries, provides offshore maintenance services. The Company also offers minor fabrication operations, offshore hook-ups, and commissioning and chartering of marine vessels to the oil and gas industry.

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 >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.

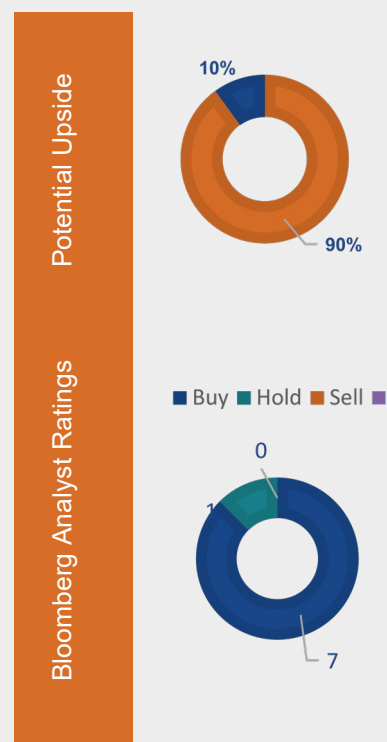
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	14.6	49.3	35.6
P/B	1.0	1.0	1.1
P/CF	7.9	5.5	6.4
P/S	1.6	1.6	1.6

Entry Price	RM2.07
Market Cap (m)	RM2,396.6
52w high	RM2.16
52w low	RM1.10
Stop Loss	RM1.77
Immediate Support	RM1.97
Immediate Resistance	RM2.07 (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)	3,330,369.3

Main Market

Energy
Subsector – Energy Infra,
Equipment & Services
Current Price: RM2.07
Target Price: RM2.28





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
9/1/2024	HengYuan	4324	3.300	3.100	2.820	3.690	0.977	-6.1	-
9/1/2024	Kelington	0151	2.350	2.210	2.010	2.585	3.271	-6.0	-
10/1/2024	Telekom	4863	5.740	5.940	4.910	6.310	-0.168	3.5	-
10/1/2024	GenP	2291	5.890	6.310	5.040	6.480	0.960	7.1	-
11/1/2024	QL Resources	7084	5.880	5.770	5.030	6.470	-0.517	-1.9	-
11/1/2024	HeitechPadu	5028	1.130	1.110	0.970	1.240	0.909	-1.8	SL Triggered
12/1/2024	GenP	2291	6.300	6.310	5.390	6.930	0.960	0.2	-
12/1/2024	Frontken	0128	3.580	3.450	3.060	3.940	0.000	-3.6	-
15/1/2024	KeckSeng	3476	5.300	5.650	4.530	5.800	0.534	6.6	TP Achieved
15/1/2024	Telekom	4863	5.820	5.940	4.980	6.400	-0.168	2.1	-
16/1/2024	TaAnnHoldings	5012	3.750	3.720	3.210	4.130	0.000	-0.8	-
16/1/2024	E&O	3417	0.930	0.855	0.800	1.020	1.786	-8.1	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.650	4.280	5.500	-0.641	-7.0	-
17/1/2024	Allianz	1163	20.100	19.200	17.190	22.110	-0.518	-4.5	-
18/1/2024	AffinBank	5185	2.450	2.500	2.090	2.700	-0.794	2.0	-
18/1/2024	AME Elite	5923	1.840	1.830	1.570	2.030	3.977	-0.5	-
19/1/2024	QL Resources	7084	5.900	5.770	5.040	6.490	-0.517	-2.2	-
19/1/2024	MSM	5202	1.880	2.330	1.610	2.070	1.304	23.9	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.750	4.130	5.310	0.211	-1.7	-
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	1.160	0.970	1.240	2.655	2.7	-
24/1/2024	PetDag	5681	21.200	21.800	18.130	22.300	1.395	2.8	-
24/1/2024	Genetec	0104	2.090	1.900	1.790	2.299	-3.553	-9.1	-
26/1/2024	BermazAuto	5248	2.470	2.440	2.110	2.720	2.092	-1.2	-
26/1/2024	MPI	3867	29.700	26.580	25.390	32.670	-0.747	-10.5	SL Triggered
29/1/2024	MSM	5202	2.410	2.330	2.060	2.650	1.304	-3.3	-
29/1/2024	YTL	4677	2.450	2.190	2.090	2.700	0.459	-10.6	SL Triggered
30/1/2024	IHH	5225	6.150	6.170	5.260	6.780	0.489	0.3	-
30/1/2024	UchiTech	7100	3.870	3.870	3.310	4.260	0.000	0.0	-
31/1/2024	Solarvest	0215	1.450	1.420	1.240	1.600	0.000	-2.1	-
31/1/2024	ITMax	5309	1.900	1.990	1.620	2.090	2.051	4.7	-
2/2/2024	TNB	5347	10.720	10.780	9.170	11.790	0.372	0.6	-
2/2/2024	Uzma	7250	1.180	1.190	1.010	1.290	8.182	0.8	-
5/2/2024	GentingM	4715	2.770	2.790	2.370	3.050	0.000	0.7	-
5/2/2024	Maybank	1155	9.340	9.310	7.990	10.270	-0.107	-0.3	-
6/2/2024	RCE	9296	3.170	3.180	2.710	3.490	0.315	0.3	-
6/2/2024	PGF	8117	1.850	1.780	1.580	2.040	-3.784	-3.8	-
7/2/2024	Uzma	7250	1.190	1.190	1.020	1.310	8.182	0.0	-
7/2/2024	Dayang	5141	2.090	2.070	1.770	2.280	3.500	-1.0	-

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	0.20	11.05
MBM RESOURCES BHD	CONSUMER	4.55	0.46	10.13
HEKTAR REITS	REITs	0.66	0.06	8.70
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	0.75	8.20
YTL HOSPITALITY REIT	REITs	1.17	0.09	8.03
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.73
UOA REITS	REITs	1.10	0.08	7.55
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.25
AMWAY (M) HOLDINGS BHD	CONSUMER	6.65	0.46	6.92
RHB BANK	FINANCE	5.61	0.39	6.92
CAPITALAND MALAYSIA TRUST	REITs	0.62	0.04	6.83

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	5.3	25.2	10.6	15.7	11.6	N/A
Plantation	2.4	95.5	9.7	31.1	14.8	16.9
Consumer	2.0	22.5	14.9	18.8	14.9	14.9
Technology	(2.4)	46.1	23.0	31.7	31.7	24.1
Construction	8.8	34.6	17.0	25.5	17.0	13.9
Energy	7.4	11.5	9.5	10.5	9.5	9.2
Healthcare	3.4	36.1	5.1	24.5	26.0	31.9
Ind. Prod.	(0.3)	24.9	12.7	18.2	17.7	14.9
REIT	4.2	29.5	13.6	19.4	13.6	16.1
Telco	5.1	31.0	19.8	26.6	27.6	21.3

Source: Bloomberg

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Published & Printed By:

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