

# Daily Newswatch

## Market Review

The FBMKLCI rallied on Tuesday on the back of strong buying from foreign funds. Market breadth was positive with 634 gainers and 297 losers. All sectors ended in green with the construction and property sector being the highest gainer increasing by +2.12% and +1.67% respectively. HLBANK (5819) was the top gainer surging by RM0.40 or +2.1%. The FBMKLCI rose by +1.26% to 1,531.4.

## Economics

- **Japan's producer prices rise 0.2%** in January, marking 35th consecutive month of increase
- **US consumer prices surge at start of year**, dashing inflation hopes and impacting rate cut speculations

## Companies

- **PGF Capital (8117)** plans new plant construction
- **Kitacon (5310)** wins RM65.4mil property job from Worldwide
- **Awantec (5204)** seals RM294 mil deal with REDtone Digital to provide cloud computing solutions
- **Dayang (5141)** gets contract extensions for supply of three work boats to Petronas Carigali

## Expresso for the Day

- **Technical Watch – Hap Seng (3034)** Entry Price: RM4.81, Target Price: RM5.29, Stop Loss: RM4.11, Support: RM4.57, Resistance: RM5.00
- **Technical Watch – MNRB (6459)** Entry Price: RM1.73, Target Price: RM1.90, Stop Loss: RM1.48, Support: RM1.64, Resistance: RM1.73

Local	Close	(%)
FBMKLCI	1,531.4	1.26
Volume (mil)	2,108.1	13.17
Value (RM'mil)	2,044.3	86.56
Gainers	634	
Losers	297	
Unchanged	428	

Foreign	Close	(%)
Dow Jones	38,272.8	(1.4)
Nasdaq CI	15,655.6	(1.8)
S&P 500	4,953.2	(1.4)
FTSE 100	7,512.3	(0.8)
Nikkei 225	37,963.9	2.9
Shanghai CI	2,865.9	1.3
HSI	15,746.6	(0.8)
STI	3,141.9	0.1

Most Active	RM	Chg (RM)
WIDAD	0.130	0.130
YNHPROP	0.675	0.060
TWL	0.040	0.005
MYEG	0.810	0.015
SCABLE	0.165	0.035

Top Gainers	RM	Chg (RM)
HLBANK	19.360	0.400
PETDAG	21.720	0.380
F&N	29.000	0.380
IDEAL	3.500	0.350
TENAGA	11.080	0.300

Top Losers	RM	Chg (RM)
HEIM	24.700	(0.300)
SBAGAN	4.680	(0.140)
MCEMENT	4.620	(0.100)
YTLPOWR	3.980	(0.090)
UTDPLT	19.720	(0.080)

Other Stats	RM	(%)
USD/MYR	4.76	(0.04)
USD/RMB	7.19	(0.04)
Brent (USD/barrel)	82.70	0.58
Gold (USD/troy oz)	1,993.15	(1.54)
CPO (RM/metric t)	3,952.50	0.01

# Daily Newswatch

## Economics

**JAPAN: Producer prices in Japan rose by 0.2% year-on-year in January**, marking the 35th consecutive month of increase, according to the Bank of Japan (BoJ), with the growth rate remaining unchanged from December, signaling a deceleration in passing on higher material and energy costs to prices. The producer price index stood at 120.1 against the 2020 base of 100, with prices increasing for 406 of the 515 items surveyed and decreasing for 90, driven by rises in food and beverage costs due to higher material and packaging expenses, as well as increases in petroleum and coal product prices resulting from yen-denominated crude oil price hikes and transportation equipment prices due to elevated logistics costs. However, prices for lumber and wood products declined amidst reduced demand, while electricity, gas, and water prices dropped significantly due to government subsidies. (The Star)

**UNITED STATES: US consumer prices surged at the start of the year**, dashing hopes for a drop in inflation and likely delaying Fed interest-rate cuts. The core consumer price index, excluding food and energy costs, rose 0.4% from December, the largest increase in eight months. These figures lessen chances of imminent rate cuts, causing stock futures to drop and Treasury yields to rise. Increases in food, car insurance, and medical care prices, with shelter costs contributing, were reported by the Bureau of Labor Statistics. New weightings emphasize services over goods in January, slightly boosting the CPI outlook. (The Edge)

## Companies

**PGF Capital Bhd (8117)**, intends to construct a new production plant in either Kulim, Kedah, or Banting, Selangor, with plans to increase its annual capacity by 38,000 tonnes through a RM170 million investment, targeting completion by the second half of 2026. Additionally, PGF is exploring financing options, including equity and debt, and considering reducing its substantial shareholder stake to attract strategic investors. Meanwhile, its planned property development in Tanjong Malim, covering 403 acres with a gross development value of RM3 billion with a targeted launch in June. (The Star)

**Kumpulan Kitacon Bhd (5310)**, through its subsidiary Kitacon Sdn Bhd, has secured a RM65.43 million contract from Selangor state government's Worldwide Holdings Bhd to construct 182 units of landed residences in Selangor Cyber Valley, Dengkil, Selangor, with construction expected to begin on Feb 19, 2024, for an 18-month duration. This contract, along with other recent wins, has increased Kitacon's outstanding order book to RM1.18 billion. (The Star)

**Awantec (5204)**, in collaboration with REDtone Digital, has secured a RM294.27 million contract to provide cloud computing solutions for the government's MyGovUC3.0 project, showcasing its pivotal role in digital transformation initiatives and bolstering operations in the public sector. (The Edge)

**Dayang Enterprise Holdings Bhd's (5141)** DESB Marine Services Sdn Bhd secures contract extensions for the supply of three accommodation work boats to Petronas Carigali Sdn Bhd, with values based on work orders issued throughout the extended contracts. (The Edge)

# Hap Seng Consolidated Berhad

Bloomberg: HAP MK | KLSE Stock Code: 3034

## Technical Watch

"BUY on Potential Upside"

### Company Overview

Hap Seng Consolidated Berhad is an investment holding company. The Company, through its subsidiaries, operates oil palm and cocoa plantations, trades heavy equipment and motor vehicles, fabricates and sells commercial trailers and tankers, provides leasing and money lending, and manufactures agricultural fertilizers, agro-chemicals, building materials, and plantation supplies.

### Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by marubozu with a strong momentum on the stock (RSI >60).

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.

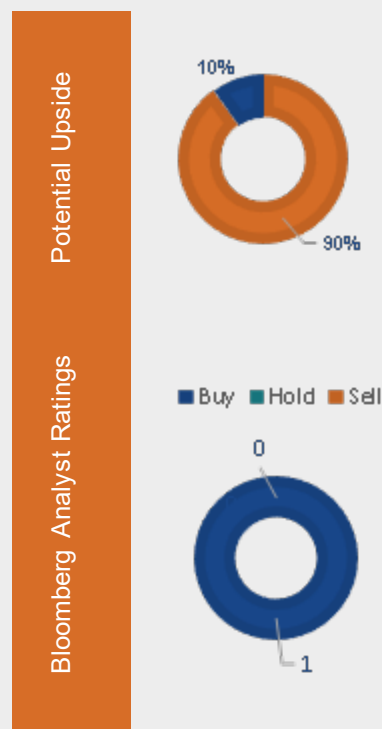
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	13.8	18.0	15.3
P/B	1.7	2.2	2.4
P/CF	17.2	36.1	32.5
P/S	2.0	2.5	2.5

Entry Price	<b>RM4.81</b>
Market Cap (m)	RM11,975.3
<b>52w high</b>	<b>RM7.14</b>
<b>52w low</b>	<b>RM3.03</b>
Stop Loss	RM4.11
Immediate Support	RM4.57
Immediate Resistance	RM5.00 (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)	193,034.4

### Main Market

Industrial Products & Services  
 Subsector – Diversified  
 Industrials  
 Current Price: RM4.81  
 Target Price: RM5.29



# MNRB Holdings Bhd

Bloomberg: MNRB MK | KLSE Stock Code: 6459

## Technical Watch

“BUY on Potential Upside”

### Company Overview

MNRB Holdings Bhd underwrites all classes of general reinsurance business. The main types of general reinsurance business are proportional and non-proportional treaty reinsurance, and facultative reinsurance.

### 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.

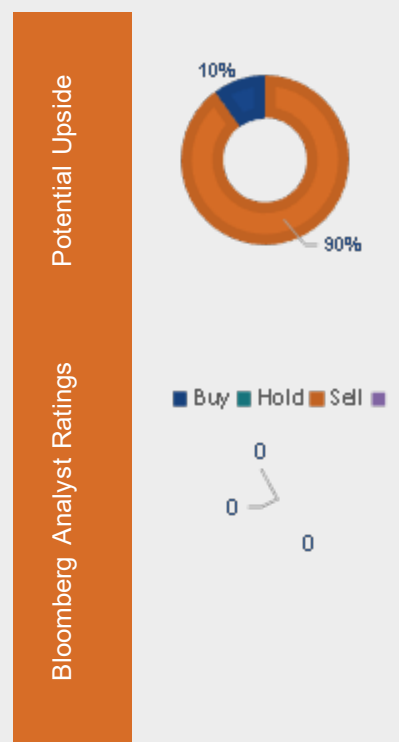
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	10.6	7.3	8.1
P/B	0.3	0.3	0.4
P/CF	30.5	90.6	57.8
P/S	0.3	0.3	0.3

Entry Price	RM1.73
Market Cap (m)	RM1,354.7
52w high	RM1.74
52w low	RM0.93
Stop Loss	RM1.48
Immediate Support	RM1.64
Immediate Resistance	RM1.73 (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)	50,492.5

### Main Market

Financial Services  
 Subsector – Insurance  
 Current Price: RM1.73  
 Target Price: RM1.90





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
15/1/2024	KeckSeng	3476	5.300	5.920	4.530	5.800	2.957	11.7	TP Achieved
15/1/2024	Telekom	4863	5.820	5.850	4.980	6.400	0.000	0.5	-
16/1/2024	TaAnnHoldings	5012	3.750	3.740	3.210	4.130	0.538	-0.3	-
16/1/2024	E&O	3417	0.930	0.890	0.800	1.020	0.000	-4.3	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.660	4.280	5.500	0.648	-6.8	-
17/1/2024	Allianz	1163	20.100	19.660	17.190	22.110	1.340	-2.2	-
18/1/2024	AffinBank	5185	2.450	2.540	2.090	2.700	1.195	3.7	-
18/1/2024	AME Elite	5923	1.840	1.840	1.570	2.030	-2.128	0.0	-
19/1/2024	QL Resources	7084	5.900	5.790	5.040	6.490	0.871	-1.9	-
19/1/2024	MSM	5202	1.880	2.500	1.610	2.070	4.603	33.0	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.620	4.130	5.310	-1.911	-4.3	-
22/1/2024	Aurelius	5302	2.770	2.600	2.370	3.050	0.000	-6.1	-
23/1/2024	RCE	9296	3.240	3.120	2.770	3.560	-0.952	-3.7	-
23/1/2024	JayaTiasa	4383	1.130	1.200	0.970	1.240	2.564	6.2	-
24/1/2024	PetDag	5681	21.200	21.720	18.130	22.300	1.781	2.5	-
24/1/2024	Genetec	0104	2.090	1.930	1.790	2.299	3.763	-7.7	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.480	2.110	2.720	1.639	0.4	-
26/1/2024	MPI	3867	29.700	26.200	25.390	32.670	-0.076	-11.8	SL Triggered
29/1/2024	MSM	5202	2.410	2.500	2.060	2.650	4.603	3.7	-
29/1/2024	YTL	4677	2.450	2.290	2.090	2.700	-1.293	-6.5	SL Triggered
30/1/2024	IHH	5225	6.150	6.210	5.260	6.780	1.471	1.0	-
30/1/2024	UchiTech	7100	3.870	3.940	3.310	4.260	0.767	1.8	-
31/1/2024	Solarvest	0215	1.450	1.470	1.240	1.600	0.000	1.4	-
31/1/2024	ITMax	5309	1.900	2.030	1.620	2.090	-1.456	6.8	-
2/2/2024	TNB	5347	10.720	11.080	9.170	11.790	2.783	3.4	-
2/2/2024	Uzma	7250	1.180	1.160	1.010	1.290	2.655	-1.7	-
5/2/2024	GentingM	4715	2.770	2.860	2.370	3.050	0.704	3.2	-
5/2/2024	Maybank	1155	9.340	9.440	7.990	10.270	1.944	1.1	-
6/2/2024	RCE	9296	3.170	3.120	2.710	3.490	-0.952	-1.6	-
6/2/2024	PGF	8117	1.850	1.800	1.580	2.040	4.046	-2.7	-
7/2/2024	Uzma	7250	1.190	1.160	1.020	1.310	2.655	-2.5	-
7/2/2024	Dayang	5141	2.090	2.120	1.770	2.280	0.474	1.4	-
8/2/2024	YTLPower	6742	4.040	3.980	3.450	4.440	-1.728	-1.5	-
8/2/2024	Suncon	5263	2.470	2.600	2.110	2.720	-1.887	5.3	-
9/2/2024	MSM	5202	2.410	2.500	2.060	2.650	4.603	3.7	-
9/2/2024	AeonCredit	5139	6.010	6.040	5.140	6.610	0.835	0.5	-
13/2/2024	AjinamotoMy	2658	16.760	16.980	14.330	18.440	1.313	1.3	-
13/2/2024	Solarvest	0215	1.470	1.470	1.260	1.620	0.000	0.0	-
14/2/2024	HapSeng	3034	4.810	4.810	4.110	5.290	4.565	0.0	-
14/2/2024	MNRB	6459	1.730	1.730	1.480	1.900	5.488	0.0	-

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.56	0.73	13.08
UOA DEVELOPMENT BERHAD	PROPERTY	1.81	0.20	11.05
MBM RESOURCES BHD	CONSUMER	4.66	0.46	9.89
HEKTAR REITS	REITs	0.63	0.06	9.05
SENTRAL REIT	REITs	0.80	0.07	8.50
BERMAZ AUTO BERHAD	CONSUMER	2.48	0.21	8.35
YTL HOSPITALITY REIT	REITs	1.19	0.09	7.90
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.96	0.70	7.85
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.77
UOA REITS	REITs	1.11	0.08	7.48
SPORTS TOTO BERHAD	CONSUMER	1.50	0.11	7.20
RHB BANK	FINANCE	5.63	0.39	6.89
AMWAY (M) HOLDINGS BHD	CONSUMER	6.90	0.46	6.67
GAS MALAYSIA BERHAD	UTILITIES	3.32	0.22	6.63

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	5.3	24.2	14.8	18.0	15.0	13.7
Finance	5.2	13.0	10.3	12.0	10.3	10.2
Property	7.6	25.2	10.6	15.8	11.8	N/A
Plantation	3.8	95.5	9.7	31.1	15.0	17.1
Consumer	2.9	22.5	15.1	18.9	15.1	15.0
Technology	(0.8)	46.1	23.0	31.8	32.2	24.4
Construction	13.1	34.6	17.7	25.7	17.7	14.4
Energy	9.0	11.5	9.6	10.6	9.6	9.4
Healthcare	4.5	36.1	5.1	24.6	26.3	33.0
Ind. Prod.	1.0	24.9	12.7	18.3	17.9	15.1
REIT	4.9	29.5	13.2	19.2	13.2	15.0
Telco	7.2	31.0	19.8	26.8	28.2	21.6

Source: Bloomberg

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