

Daily Newswatch

Market Review

The FBMKLCI declined on Thursday despite strong buying momentum in the broader market. Market breadth was positive with 557 gainers and 370 losers. The telco sector was the top gainer increasing by +1.04%, while the construction sector was the top loser declining by -0.72%. UTDPLT (2089) was the top gainer surging by RM0.28 or +1.40%. The FBMKLCI declined by -0.06% to 1,528.4.

Economics

- **US retail sales decline in January** as weekly jobless claims decrease.

Companies

- **Priceworth (7123)** proposes 1-for-2 bonus issue of warrants
- **Carimin (5257)** secures contract extension from Petronas Carigali
- **Uzma (7250)** secures term contract from Petronas Carigali
- **F&N (3689)** leases land in Cambodia to set up dairy product manufacturing facility
- **Hume Cement (5000)** unit to dispose of Prai industrial plot to Skygate for RM39.8 mil cash

Expresso for the Day

- **Technical Watch – Tenaga Nasional Berhad (5347)** Entry Price: RM11.10, Target Price: RM12.21, Stop Loss: RM9.49, Support: RM10.55, Resistance: RM11.10
- **Technical Watch – QL Resources (7084)** Entry Price: RM5.86, Target Price: RM6.45, Stop Loss: RM5.01, Support: RM5.57, Resistance: RM5.92

Local	Close	(%)
FBMKLCI	1,528.4	(0.06)
Volume (mil)	3,679.0	31.06
Value (RM'mil)	2,275.3	17.99
Gainers	557	
Losers	370	
Unchanged	468	
Foreign	Close	(%)
Dow Jones	38,656.3	0.6
Nasdaq CI	15,877.4	0.1
S&P 500	5,011.2	0.2
FTSE 100	7,597.5	0.4
Nikkei 225	38,157.9	1.2
Shanghai CI	2,865.9	1.3
HSI	15,944.6	0.4
STI	3,176.7	1.2
Most Active	RM	Chg (RM)
TWL	0.035	0.000
HONGSENG	0.020	0.000
MINETEC	0.170	0.020
WIDAD	0.135	0.010
SCABLE	0.235	0.075
Top Gainers	RM	Chg (RM)
UTDPLT	20.000	0.280
DLADY	23.980	0.280
MNRB	1.910	0.210
MCEMENT	4.850	0.200
HEIM	24.800	0.200
Top Losers	RM	Chg (RM)
PETDAG	21.960	(0.300)
F&N	29.000	(0.160)
MPI	26.200	(0.140)
FAREAST	3.600	(0.120)
HLFG	16.360	(0.120)
Other Stats	RM	(%)
USD/MYR	4.78	(0.08)
USD/RMB	7.19	(0.04)
Brent (USD/barrel)	82.93	1.63
Gold (USD/troy oz)	2,003.61	0.57
CPO (RM/metric t)	3,968.50	1.84

Daily Newswatch

Economics

UNITED STATES: US retail sales experienced a significant 0.8% drop in January, the largest decline since February 2023, attributed partially to winter storms and technical factors that distorted the data, with the Commerce Department highlighting a sharp decrease in receipts at services stations due to lower gasoline prices, though economists caution against overinterpreting the decline, emphasizing the continuing support from a robust labor market sustaining wage growth; although motor vehicle and parts dealers saw a notable 1.7% decline in receipts, furniture stores experienced a surge of 1.5%, and despite a drop in online sales by 0.8%, dining out increased by 0.7%, indicating resilient consumer spending, particularly with unemployment benefits remaining low and companies reluctant to lay off workers despite some high-profile layoffs, suggesting a generally healthy consumer spending environment. (The Edge)

Companies

Priceworth International Bhd (7123) has announced a proposed bonus issue of 801.81 million free warrants, subject to one warrant for every two shares held, with the warrants' entitlement date and exercise price to be determined later, aiming to fix the exercise price at a premium range of 10% to 30% to the five-day volume weighted average market price, potentially raising up to RM104.24 million for working capital purposes assuming a hypothetical exercise price of 13 sen each, with the bonus issue expected to be completed by the second quarter of 2024. (The Edge)

Carimin Petroleum Bhd (5257) has secured a contract extension from Petronas Carigali Sdn Bhd for integrated hook-up and commissioning (iHUC) services through its unit Carimin Engineering Services Sdn Bhd, extending from Jan 1, 2024 to Dec 31, 2024, with largely unchanged terms and scope of work, albeit with additions related to Petronas Cyber Security Requirements and updated rates for junior and graduate engineers, expecting positive earnings contributions throughout the agreement duration. (The Edge)

Uzma Bhd (7250) has secured a term contract from Petronas Carigali Sdn Bhd for a portable water injection module (PWIM) for the Sepat platform in Terengganu, continuing from a previous award, with an estimated duration of 20 months or until the primary contract expiry of Sepat Redevelopment, expected to positively impact its earnings and net assets for the financial year ending June 30, 2024 and beyond. (The Edge)

Fraser & Neave Holdings Bhd (3689) is leasing a parcel of industrial land in Cambodia for 50 years at US\$3.86 million (RM18.5 million) to establish a manufacturing facility for dairy products, expected to commence operations in the first quarter of 2026, with an estimated total setup cost of US\$37.5 million (RM179.5 million). (The Edge)

Hume Cement Industries Bhd (5000) has entered into an agreement to sell a plot of land in Penang's Prai Industrial Estate for RM39.8 million cash, including buildings and fixtures, with the disposal expected to yield a net gain of approximately RM32 million, contributing to increased earnings and net assets per share. The sale, based on arm's length negotiations and a land valuation of RM28 million, is anticipated to be completed in the second half of the year. (The Edge)

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 three white soldiers 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	15.3	15.1	11.8
P/B	0.9	0.9	1.0
P/CF	7.0	5.0	4.7
P/S	1.0	1.1	1.1

Entry Price **RM11.10**

Market Cap (m) **RM64,239.4**

52w high **RM11.14**

52w low **RM8.82**

Stop Loss **RM9.49**

Immediate Support **RM10.55**

Immediate Resistance **RM11.10 (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) **4,751,183.0**

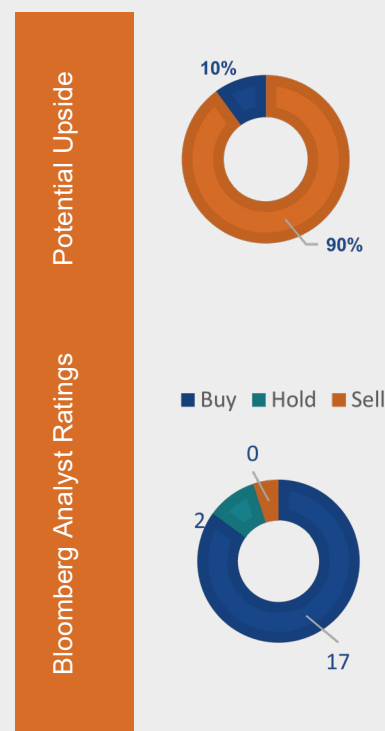
Main Market

Utilities

Subsector – Electricity

Current Price: RM11.10

Target Price: RM12.21



QL Resources Berhad

Bloomberg: QLG MK | KLSE Stock Code: 7084

Technical Watch

“BUY on Potential Upside”

Company Overview

QL Resources Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and sells fishmeal, surimi, and surimi-based products, distributes animal feed raw materials, animal health products, and layer farming, and cultivates oil palm and crude palm oil milling.

Investment Highlights

On a trend reversal, 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 >55).

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	42.1	47.9	39.4
P/B	4.9	5.6	4.6
P/CF	22.6	25.9	26.7
P/S	2.2	2.7	2.4

Entry Price **RM5.86**

Market Cap (m) **RM14,261.2**

52w high **RM6.03**

52w low **RM5.23**

Stop Loss **RM5.01**

Immediate Support **RM5.57**

Immediate Resistance **RM5.92 (Previous high)**

Moving Average (EMA) **Bullish**

Moving Average (SMA) **Bullish**

Bollinger Bands (Long Run) **Less volatile over the long run**

RSI **Strong momentum**

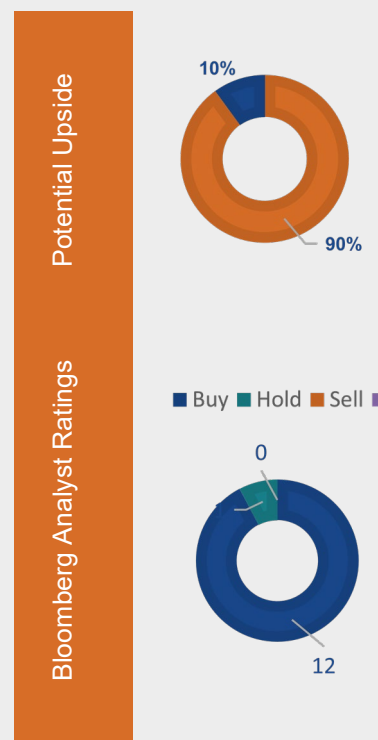
Volume (4-Weeks Average) **1,609,237.8**

Main Market

Consumer Products & Services
Subsector – Agricultural
Products

Current Price: RM5.86

Target Price: RM6.45





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/ Loss from TP (%)	Remark
17/1/2024	PressMetal	8869	5.000	4.580	4.280	5.500	-0.435	-8.4	-
17/1/2024	Allianz	1163	20.100	19.580	17.190	22.110	-0.102	-2.6	-
18/1/2024	AffinBank	5185	2.450	2.530	2.090	2.700	0.000	3.3	-
18/1/2024	AME Elite	5923	1.840	1.790	1.570	2.030	-2.717	-2.7	-
19/1/2024	QL Resources	7084	5.900	5.860	5.040	6.490	2.091	-0.7	-
19/1/2024	MSM	5202	1.880	2.430	1.610	2.070	0.413	29.3	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.850	4.130	5.310	4.301	0.4	-
22/1/2024	Aurelius	5302	2.770	2.630	2.370	3.050	1.154	-5.1	-
23/1/2024	RCE	9296	3.240	3.100	2.770	3.560	-0.641	-4.3	-
23/1/2024	JayaTiasa	4383	1.130	1.210	0.970	1.240	-0.820	7.1	-
24/1/2024	PetDag	5681	21.200	21.960	18.130	22.300	-1.348	3.6	-
24/1/2024	Genetec	0104	2.090	1.920	1.790	2.299	1.587	-8.1	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.460	2.110	2.720	-0.405	-0.4	-
26/1/2024	MPI	3867	29.700	26.200	25.390	32.670	-0.532	-11.8	SL Triggered
29/1/2024	MSM	5202	2.410	2.430	2.060	2.650	0.413	0.8	-
29/1/2024	YTL	4677	2.450	2.300	2.090	2.700	0.437	-6.1	SL Triggered
30/1/2024	IHH	5225	6.150	6.180	5.260	6.780	0.651	0.5	-
30/1/2024	UchiTech	7100	3.870	4.070	3.310	4.260	1.750	5.2	-
31/1/2024	Solarvest	0215	1.450	1.530	1.240	1.600	4.795	5.5	-
31/1/2024	ITMax	5309	1.900	2.110	1.620	2.090	-1.402	11.1	TP Achieved
2/2/2024	TNB	5347	10.720	11.100	9.170	11.790	0.362	3.5	-
2/2/2024	Uzma	7250	1.180	1.190	1.010	1.290	3.478	0.8	-
5/2/2024	GentingM	4715	2.770	2.850	2.370	3.050	0.000	2.9	-
5/2/2024	Maybank	1155	9.340	9.400	7.990	10.270	0.000	0.6	-
6/2/2024	RCE	9296	3.170	3.100	2.710	3.490	-0.641	-2.2	-
6/2/2024	PGF	8117	1.850	1.770	1.580	2.040	-0.562	-4.3	-
7/2/2024	Uzma	7250	1.190	1.190	1.020	1.310	3.478	0.0	-
7/2/2024	Dayang	5141	2.090	2.110	1.770	2.280	0.957	1.0	-
8/2/2024	YTLPower	6742	4.040	3.930	3.450	4.440	-0.758	-2.7	-
8/2/2024	Suncon	5263	2.470	2.550	2.110	2.720	-0.391	3.2	-
9/2/2024	MSM	5202	2.410	2.430	2.060	2.650	0.413	0.8	-
9/2/2024	AeonCredit	5139	6.010	6.140	5.140	6.610	0.327	2.2	-
13/2/2024	AjinamotoMy	2658	16.760	17.120	14.330	18.440	0.588	2.1	-
13/2/2024	Solarvest	0215	1.470	1.530	1.260	1.620	4.795	4.1	-
14/2/2024	HapSeng	3034	4.810	4.850	4.110	5.290	-0.818	0.8	-
14/2/2024	MNRB	6459	1.730	1.910	1.480	1.900	12.353	10.4	TP Achieved
15/2/2024	HumeCement	9884	2.930	2.930	2.510	3.220	0.000	0.0	-
15/2/2024	ITMax	5000	2.140	2.110	1.830	2.350	-1.402	-1.4	-
16/2/2024	TNB	5347	11.100	11.100	9.490	12.210	0.362	0.0	-
16/2/2024	QL Resources	7084	5.860	5.860	5.010	6.450	2.091	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.60	0.73	12.98
UOA DEVELOPMENT BERHAD	PROPERTY	1.82	0.20	10.99
MBM RESOURCES BHD	CONSUMER	4.60	0.46	10.02
HEKTAR REITS	REITs	0.64	0.06	8.98
SENTRAL REIT	REITs	0.81	0.07	8.45
BERMAZ AUTO BERHAD	CONSUMER	2.46	0.21	8.41
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.91
YTL HOSPITALITY REIT	REITs	1.20	0.09	7.83
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.03	0.70	7.79
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.73
UOA REITS	REITs	1.11	0.08	7.48
SPORTS TOTO BERHAD	CONSUMER	1.52	0.11	7.11
RHB BANK	FINANCE	5.61	0.39	6.92
AMWAY (M) HOLDINGS BHD	CONSUMER	6.90	0.46	6.67
PAVILION REAL ESTATE INV TRUST	REITs	1.32	0.09	6.52

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	5.1	24.2	14.8	18.0	15.0	13.7
Finance	5.1	13.0	10.3	12.0	10.3	10.2
Property	6.9	25.2	10.6	15.8	11.7	N/A
Plantation	3.0	95.5	9.7	31.1	14.9	17.0
Consumer	3.1	22.5	15.1	18.9	15.1	15.0
Technology	(0.6)	46.1	23.0	31.8	32.2	24.4
Construction	11.9	34.6	17.6	25.6	17.6	14.3
Energy	8.8	11.5	9.6	10.6	9.6	9.3
Healthcare	4.7	36.1	5.1	24.6	26.3	32.8
Ind. Prod.	1.2	24.9	12.7	18.3	18.0	15.1
REIT	4.5	29.5	13.2	19.2	13.2	14.9
Telco	8.7	31.0	19.8	26.9	28.6	21.9

Source: Bloomberg

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