

# Daily Newswatch

## Market Review

The FBMKLCI extended its decline on Thursday despite strong performance in selected counters in technology sector. Market breadth was positive with 571 gainers and 462 losers. The technology sector was the top gainer increasing by +3.33%, while the utilities sector was the top loser declining by -0.90%. MPI (3867) was the top gainer surging by RM2.60 or +9.90%. The FBMKLCI decreased by -0.4% to 1,545.5.

## Economics

- **The German government has revised its economic growth forecast for the year**, anticipating a mere 0.2% expansion.
- **South Korea now favours China** over the United States as its primary choice for e-commerce.

## Companies

- **MPI (3867)** reports more than 75% increase in its net profit for the second quarter.
- **Reneuco Bhd (7130)** and **Citaglobal Bhd (7245)** obtains 30-year contract to provide electricity to the ECRL
- **LBS Bina (5789)** announced a 31% increase in its net profit for the fourth quarter.
- **Suncon (5263)** has been awarded a shopping mall project worth RM720.99 million in Perak.

## Expresso for the Day

- **Technical Watch – Mi Tech (5286)** Entry Price: RM2.07, Target Price: RM2.28, Stop Loss: RM1.77, Support: RM1.97, Resistance: RM2.08
- **Technical Watch – Genetec (0104)** Entry Price: RM2.05, Target Price: RM2.26, Stop Loss: RM1.75, Support: RM1.95, Resistance: RM2.09

Local	Close	(%)
<b>FBMKLCI</b>	1,545.5	(0.4)
Volume (mil)	3,718.5	1.8
Value (RM'mil)	2,576.1	(5.0)
<b>Gainers</b>	571	
<b>Losers</b>	462	
<b>Unchanged</b>	494	
Foreign	Close	(%)
<b>Dow Jones</b>	38,612.2	1.2
<b>Nasdaq CI</b>	15,580.9	3.0
<b>S&amp;P 500</b>	4,981.8	2.1
<b>FTSE 100</b>	7,662.5	0.3
<b>Nikkei 225</b>	38,849.8	2.2
<b>Shanghai CI</b>	2,968.2	1.3
<b>HSI</b>	16,548.2	1.5
<b>STI</b>	3,209.7	0.2
Most Active	RM	Chg (RM)
<b>HONGSENG</b>	0.020	0.000
<b>RENEUCO</b>	0.090	(0.005)
<b>NOTION</b>	0.455	0.140
<b>MINETEC</b>	0.175	0.000
<b>DNEX</b>	0.355	(0.020)
Top Gainers	RM	Chg (RM)
<b>MPI</b>	28.780	2.600
<b>HLIND</b>	10.280	0.700
<b>VITROX</b>	7.640	0.430
<b>KLK</b>	22.860	0.260
<b>F&amp;N</b>	29.420	0.220
Top Losers	RM	Chg (RM)
<b>ALLIANZ</b>	18.640	(0.420)
<b>PPB</b>	15.200	(0.300)
<b>NESTLE</b>	121.700	(0.300)
<b>UTDPLT</b>	20.720	(0.280)
<b>RCECAP</b>	2.830	(0.270)
Other Stats	RM	(%)
<b>USD/MYR</b>	4.79	(0.39)
<b>USD/RMB</b>	7.19	0.04
<b>Brent (USD/barrel)</b>	83.05	0.48
<b>Gold (USD/troy oz)</b>	2,028.14	(0.08)
<b>CPO (RM/metric t)</b>	3,995.50	0.95

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## Economics

**GERMANY:** The German government has revised its economic growth forecast for the year, anticipating a mere **0.2% expansion, significantly lower than the previously projected 1.3%**. Factors such as weak global demand, geopolitical uncertainties, and persistent high inflation have dampened prospects for a rapid recovery. This adjustment was endorsed by the Cabinet as part of the government's annual economic report, with Economy Minister Robert Habeck expected to provide further details. Germany's economy contracted by 0.3% in 2023, and there are widespread expectations of another technical recession in the first quarter of this year. Challenges cited include elevated inflation leading to decreased purchasing power, geopolitical tensions, and potential interest rate hikes. In November, the government's advisory council had forecasted a 0.7% growth for 2024. The next official update is scheduled for mid-May. (The Edge)

**CHINA:** In 2023, **China surpassed the United States as South Korea's top choice for overseas direct purchases**, driven by increasing demand for cost-effective goods through Chinese e-commerce platforms. South Korean consumers spent 6.75 trillion won on foreign products online, with China accounting for 48% of the total expenditure, experiencing significant growth. The United States ranked second with 27% of transactions, facing a decline compared to previous years. China's dominance in the market is expected to continue due to its expanding consumer base and efficient online shopping landscape. Chinese cross-border online platforms like AliExpress from Alibaba Group and Temu, a property of online discounter PDD Holdings, are becoming increasingly favored by budget-conscious South Korean shoppers due to their affordable offerings and extensive online marketing campaigns. (The Star)

## Companies

**Malaysian Pacific Industries Bhd (3867)** reported a net profit increase of over 75% in the second quarter ended December 31, 2023, reaching RM32.15 million compared to RM18.33 million a year earlier. Despite a slight revenue dip of 0.7% year-on-year to RM522.75 million, attributed to declines in its Asian and European segments, MPI's lower expenses and additional operating income drove the profit surge. (The Edge)

**Reneuco Bhd (7130)** and **Citaglobal Bhd (7245)** jointly announced that their consortium has successfully obtained a 30-year concession to supply electricity to the East Coast Rail Line (ECRL). Under this agreement, the consortium is responsible for developing transmission and distribution interconnection facilities valued at RM600 million, as well as operating and maintaining these assets for the duration of the concession. Citaglobal holds a majority stake of 60% in the consortium, with Reneuco holding the remaining 40%. The contract is exclusive and will provide electricity and renewable energy of up to 100MW to the ECRL network, catering to both traction and non-traction systems. (The Edge)

**LBS Bina Group Bhd (5789)** experienced a significant 31% increase in its fourth-quarter net profit, driven by a stronger performance in its property development business and improved progress in construction projects. In the quarter ending on December 31, 2023 (4QFY2023), net profit rose to RM36.55 million, up from RM27.90 million the previous year. The company also saw a substantial 58.88% surge in quarterly revenue, reaching RM596.72 million compared to RM375.58 million a year earlier. This growth was attributed to heightened development activities across various ongoing projects. For the entire fiscal year, LBS Bina's net profit increased by 9.13% to RM140.27 million, or 7.70 sen per share, from RM128.54 million, or 6.87 sen per share, in FY2022. Additionally, full-year revenue rose by 6.07% to RM1.83 billion, up from RM1.72 billion in the previous fiscal year. (The Edge)

**Sunway Construction Group Bhd (5263)** has secured a RM720.99 million project to build a shopping mall in Perak's Kinta district through a related party transaction. The contract, awarded to its subsidiary, Sunway Construction Sdn Bhd, by Sunway Bhd's subsidiary, Sunway Lost World Water Park Sdn Bhd, involves constructing a six-floor shopping complex, cinema, and shops. The project is set to begin on March 1 and expected to finish by January 31, 2027. This latest contract boosts SunCon's total secured projects for the year to RM831 million. (The Edge)

# Mi Technovation Berhad

Bloomberg: MI MK | KLSE Stock Code: 5286

## Technical Watch

“BUY on Potential Upside”

### Company Overview

Mi Technovation Berhad operates as a holding company. The Company, through its subsidiaries, designs, develops and manufactures wafer level chip scale packaging sorting machines and related spare parts for the semiconductor industry. Mi Technovation serves customers in Asia and the United States.

### 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 >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.

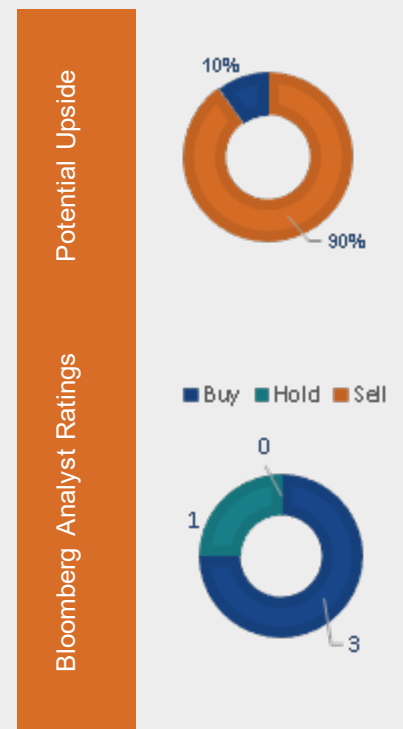
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	21.6	30.5	30.2
P/B	1.3	3.2	3.3
P/CF	18.1	80.3	80.7
P/S	3.7	6.8	6.7

Entry Price	<b>RM2.07</b>
Market Cap (m)	RM1,849.7
<b>52w high</b>	<b>RM2.11</b>
<b>52w low</b>	<b>RM1.29</b>
Stop Loss	RM1.77
Immediate Support	RM1.97
Immediate Resistance	RM2.08 (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)	2,469,690.5

### Main Market

Technology  
 Subsector – Technology  
 Equipment  
 Current Price: RM2.07  
 Target Price: RM2.28



# Genetech Technology Berhad

Bloomberg: GENE MK | KLSE Stock Code: 0104

## Technical Watch

“BUY on Potential Breakout”

### Company Overview

Genetech Technology Berhad designs and develops both customized and standardized industrial automated equipments for high technology related manufacturing companies. The Company also provides integrated engineering solutions that incorporates mechanical, engineering and software functions.

### Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think there is a potential breakout of resistance supported by a marubozu with a rising 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 to crossover and SMA to hold moving forward.

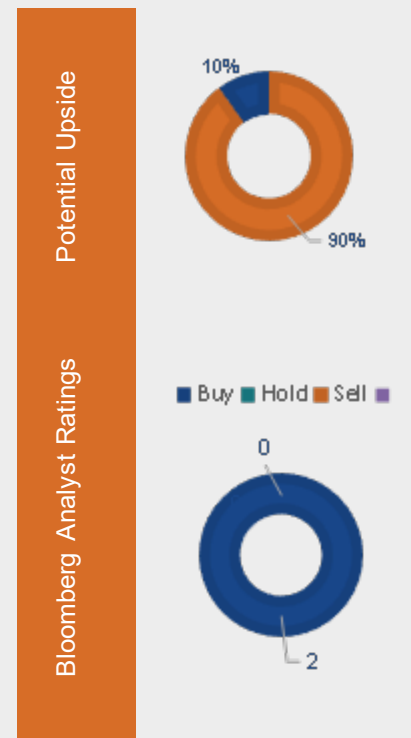
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	26.3	48.5	71.5
P/B	14.2	12.9	6.9
P/CF	71.4	28.4	15.2
P/S	6.5	4.3	2.3

Entry Price	<b>RM2.05</b>
Market Cap (m)	RM1,589.0
<b>52w high</b>	<b>RM2.93</b>
<b>52w low</b>	<b>RM1.85</b>
Stop Loss	RM1.75
Immediate Support	RM1.95
Immediate Resistance	RM2.09 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	3,938,560.9

### Main Market

Technology  
 Subsector – Technology  
 Equipment  
 Current Price: RM2.05  
 Target Price: RM2.26





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
24/1/2024	PetDag	5681	21.200	22.720	18.130	22.300	-0.612	7.2	-
24/1/2024	Genetec	0104	2.090	2.050	1.790	2.299	5.670	-1.9	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.470	2.110	2.720	0.816	0.0	-
26/1/2024	MPI	3867	29.700	28.780	25.390	32.670	9.931	-3.1	SL Triggered
29/1/2024	MSM	5202	2.410	2.350	2.060	2.650	-0.844	-2.5	-
29/1/2024	YTL	4677	2.450	2.150	2.090	2.700	-3.153	-12.2	SL Triggered
30/1/2024	IHH	5225	6.150	6.180	5.260	6.780	-0.323	0.5	-
30/1/2024	UchiTech	7100	3.870	4.090	3.310	4.260	-0.244	5.7	-
31/1/2024	Solarvest	0215	1.450	1.480	1.240	1.600	0.680	2.1	-
31/1/2024	ITMax	5309	1.900	2.240	1.620	2.090	1.818	17.9	TP Achieved
2/2/2024	TNB	5347	10.720	11.220	9.170	11.790	-1.406	4.7	-
2/2/2024	Uzma	7250	1.180	1.120	1.010	1.290	-5.085	-5.1	-
5/2/2024	GentingM	4715	2.770	2.890	2.370	3.050	0.000	4.3	-
5/2/2024	Maybank	1155	9.340	9.520	7.990	10.270	-0.105	1.9	-
6/2/2024	RCE	9296	3.170	2.830	2.710	3.490	-8.710	-10.7	SL Triggered
6/2/2024	PGF	8117	1.850	1.730	1.580	2.040	-0.575	-6.5	-
7/2/2024	Uzma	7250	1.190	1.120	1.020	1.310	-5.085	-5.9	-
7/2/2024	Dayang	5141	2.090	2.230	1.770	2.280	0.000	6.7	TP Achieved
8/2/2024	YTLPower	6742	4.040	3.780	3.450	4.440	-3.077	-6.4	-
8/2/2024	Suncon	5263	2.470	2.600	2.110	2.720	-0.383	5.3	-
9/2/2024	MSM	5202	2.410	2.350	2.060	2.650	-0.844	-2.5	-
9/2/2024	AeonCredit	5139	6.010	6.260	5.140	6.610	-0.318	4.2	-
13/2/2024	AjinamotoMy	2658	16.760	17.200	14.330	18.440	0.000	2.6	-
13/2/2024	Solarvest	0215	1.470	1.480	1.260	1.620	0.680	0.7	-
14/2/2024	HapSeng	3034	4.810	4.760	4.110	5.290	-1.245	-1.0	-
14/2/2024	MNRB	6459	1.730	1.840	1.480	1.900	-4.167	6.4	TP Achieved
15/2/2024	HumeCement	5000	2.930	3.090	2.510	3.220	0.000	5.5	-
15/2/2024	ITMax	5309	2.140	2.240	1.830	2.350	1.818	4.7	-
16/2/2024	TNB	5347	11.100	11.220	9.490	12.210	-1.406	1.1	-
16/2/2024	QL Resources	7084	5.860	5.910	5.010	6.450	0.169	0.9	-
19/2/2024	BankIslam	5258	2.440	2.350	2.090	2.680	0.000	-3.7	-
19/2/2024	PWF	7134	1.040	1.010	0.890	1.140	0.000	-2.9	-
20/2/2024	JayaTiasa	4383	1.340	1.320	1.150	1.470	0.000	-1.5	-
20/2/2024	Padini	7052	3.580	3.510	3.060	3.940	0.286	-2.0	-
21/2/2024	Axiata	6888	2.890	2.760	2.470	3.180	-1.075	-4.5	-
21/2/2024	Sime Darby	4197	2.630	2.610	2.250	2.890	-0.760	-0.8	-
22/2/2024	PIE	7095	3.330	3.300	2.850	3.660	-0.901	-0.9	-
22/2/2024	Jetson	9083	0.365	0.380	0.310	0.400	4.110	4.1	-
23/2/2024	MiTech	5286	2.070	2.070	1.770	2.280	6.701	0.0	-
23/2/2024	Genetec	0104	2.050	2.050	1.750	2.260	5.670	0.0	-

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.51	0.73	13.19
UOA DEVELOPMENT BERHAD	PROPERTY	1.84	0.22	11.96
MBM RESOURCES BHD	CONSUMER	4.60	0.46	10.02
HEKTAR REITS	REITs	0.63	0.06	9.05
BERMAZ AUTO BERHAD	CONSUMER	2.45	0.21	8.45
SENTRAL REIT	REITs	0.81	0.07	8.45
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.82	0.70	7.97
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.77
YTL HOSPITALITY REIT	REITs	1.21	0.09	7.77
UOA REITS	REITs	1.10	0.08	7.55
SPORTS TOTO BERHAD	CONSUMER	1.53	0.11	7.06
RHB BANK	FINANCE	5.66	0.39	6.86
AMWAY (M) HOLDINGS BHD	CONSUMER	6.85	0.46	6.72
CAPITALAND MALAYSIA TRUST	REITs	0.63	0.04	6.67

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	6.4	24.2	14.8	18.0	15.2	13.7
Finance	6.4	13.0	10.5	12.0	10.5	10.3
Property	7.3	25.2	10.6	15.8	11.8	N/A
Plantation	4.7	95.5	9.7	31.1	15.1	17.4
Consumer	4.6	22.5	15.3	18.9	15.3	14.4
Technology	1.4	46.1	23.0	31.9	32.6	24.7
Construction	10.8	34.6	17.3	25.5	17.3	14.1
Energy	14.8	11.5	10.1	10.8	10.1	9.5
Healthcare	3.5	36.1	5.1	24.5	26.0	32.5
Ind. Prod.	2.7	24.9	12.7	18.3	18.2	15.4
REIT	4.5	29.5	13.2	19.1	13.2	15.0
Telco	8.0	31.0	19.8	26.9	28.5	21.4

Source: Bloomberg

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