

Daily Newswatch

Market Review

The FBMKLCI closed lower on Wednesday, driven by profit-taking after Tuesday's strong gains, in line with regional market trends. Market breadth was negative with 311 gainers and 780 losers. The utilities sector was the top loser declining by -2.58%. Nestle (4707) was the top gainer surging by RM2.30 or +1.9%. The FBMKLCI decreased by -0.8% to 1,545.6.

Economics

- **The inflation rate in UK stores drops** to its lowest point in almost two years.
- **The Producer Price Index (PPI) for Malaysia in January has contracted** to 0.6%. – DOSM

Companies

- **Mah Sing Group Bhd (8583)** reported a 38% increase in its net profit during the fourth quarter of 2023.
- **Petronas Gas Bhd (6033)** saw a 7.04% increase in its net profit during the fourth quarter.
- **Nestlé (Malaysia) Bhd (4707)** saw an 11.48% year-on-year increase in its net profit for the fourth quarter.
- **UOA Development Bhd (5200)** witnessed a significant increase in its fourth quarter net profit, more than doubling to RM118.72 million.

Expresso for the Day

- **Technical Watch – UTDPLT (2089)** Entry Price: RM21.68, Target Price: RM23.85, Stop Loss: RM18.54, Support: RM20.60, Resistance: RM21.90
- **Technical Watch – UNISEM (5005)** Entry Price: RM3.35, Target Price: RM3.69, Stop Loss: RM2.86, Support: RM3.18, Resistance: RM3.35

Local	Close	(%)
FBMKLCI	1,545.6	(0.8)
Volume (mil)	4,777.0	23.2
Value (RM'mil)	3,301.2	6.9
Gainers	311	
Losers	780	
Unchanged	404	

Foreign	Close	(%)
Dow Jones	38,949.0	(0.1)
Nasdaq CI	15,947.7	(0.5)
S&P 500	5,069.8	(0.2)
FTSE 100	7,625.0	(0.8)
Nikkei 225	39,208.0	(0.1)
Shanghai CI	2,957.9	(1.9)
HSI	16,536.9	(1.5)
STI	3,138.9	(0.6)

Most Active	RM	Chg (RM)
VELESTO	0.280	0.015
HONGSENG	0.055	(0.005)
ARMADA	0.520	(0.065)
TWL	0.035	0.000
FITTERS	0.050	0.005

Top Gainers	RM	Chg (RM)
NESTLE	123.800	2.300
UTDPLT	21.680	0.540
HEIM	22.640	0.300
RCECAP	2.810	0.230
GESHEN	2.630	0.180

Top Losers	RM	Chg (RM)
TENAGA	10.960	(0.460)
TEOSEN	2.030	(0.230)
MPI	28.420	(0.200)
NPC	1.760	(0.190)
NHFATT	3.570	(0.180)

Other Stats	RM	(%)
USD/MYR	4.77	0.21
USD/RMB	7.20	0.00
Brent (USD/barrel)	83.26	(0.47)
Gold (USD/troy oz)	2,034.55	0.20
CPO (RM/metric t)	4,002.50	0.53

Daily Newswatch

Economics

UK: In British stores, inflation has decreased to its lowest point since March 2022, bringing relief to households as retailers increase promotions and pass on reduced costs. According to the British Retail Consortium (BRC), shop prices rose by 2.5% in February compared to a year earlier, marking the ninth consecutive monthly decline. Factors such as easing supply-chain pressures, lower input costs for energy and fertilisers, and intense competition among retailers have contributed to this trend. This data supports the broader slowdown in inflation, which was lower than expected in January, indicating a possible emergence from a slight economic downturn. Retail sales rebounded last month due to significant discounting following a challenging December. (The Star)

MALAYSIA: In January 2024, **Malaysia's Producer Price Index (PPI) decreased by 0.6%**, showing a slight improvement from December 2023's larger decline of 1.3%, as reported by the Department of Statistics Malaysia (DoSM). The moderation was mainly influenced by the mining sector, which saw a less severe drop of 1.3% compared to December's 3.4% decline, primarily due to a significant 6.8% reduction in the natural gas extraction index. While manufacturing improved slightly with a 0.9% decrease in January compared to a 1.5% decline in December 2023, the agricultural, forestry, and fishing sector continued to contribute positively, growing by 3.2% in January versus a 1.3% increase in December 2023. Additionally, the water supply index rose by 0.6% in January, while the electricity and gas supply sector experienced a slight decline of 0.8%, contrasting with a 0.6% fall in the previous month. (The Edge)

Companies

Mah Sing Group Bhd's (8583) net profit surged by 38% in the fourth quarter of 2023 compared to the previous year, reaching RM64.74 million, largely due to improved margins and lower net finance costs. Revenue for the quarter saw a marginal increase to RM671.28 million. For the full year 2023, net profit rose by almost 20% to RM215.29 million, thanks to higher property sales and progressive revenue recognition from ongoing construction projects, with unbilled sales totaling RM2.33 billion. (The Edge)

Petronas Gas Bhd (6033) experienced a 7.04% increase in its net profit for the fourth quarter ended December 31, 2023. This rise was attributed to reduced other expenses and financing costs, as well as a higher contribution from joint venture (JV) companies. However, it was partially offset by decreased other income and increased tax expenses. PetGas reported a net profit of RM441.59 million for 4QFY2023, compared to RM412.55 million in 4QFY2022. Earnings per share also saw an increase from 20.85 sen to 22.32 sen. The company declared an interim dividend of 22 sen per share, maintaining its full-year payout at 72 sen per share, consistent with FY2022. (The Edge)

Nestlé (Malaysia) Bhd (4707) concluded its financial year ending December 31, 2023 on a positive note, with a notable increase in its fourth-quarter net profit, rising by 11.48% year-on-year. This growth was largely attributed to the absence of the prosperity tax, or Cukai Makmur, which had been imposed on its earnings in FY2022. Additionally, the company announced a third interim dividend payout of RM1.28 per share for shareholders, marking an increase of six sen compared to the RM1.22 third interim dividend announced in FY2022. This brings the year-to-date payout to RM2.68, up from RM2.62 in the corresponding period of the previous year. Net profit for the fourth quarter ending December 31, 2023, surged to RM148.1 million from RM132.85 million, while revenue also saw a modest increase of 2.26%, climbing to RM1.69 billion from RM1.65 billion. (The Edge)

UOA Development Bhd (5200) fourth-quarter net profit surged to RM118.72 million, more than doubling from RM53.06 million in the corresponding period last year, driven by the progressive recognition of its ongoing development projects. However, revenue for the quarter ended December 31, 2023, declined by 3.1% to RM109.01 million from RM112.52 million. For the full year, net profit increased by 27.1% to RM279.55 million compared to RM219.94 million in FY2022, despite a decrease in revenue by 11.6% to RM399.39 million from RM451.65 million. UOA Development proposed a final dividend of 10 sen per share, totaling a dividend of 30 sen per share for FY2023, compared with 10 sen per share in FY2022. (The Edge)

UTDPLT Berhad

Bloomberg: UPL MK | KLSE Stock Code: 2089

Technical Watch

“BUY on Potential Upside”

Company Overview

United Plantations Berhad (U.P.) cultivates and processes oil palm and coconut. Through its subsidiaries, the Company manufactures edible oils, fats, soap products and cocoa butter. United Plantations also transports and stores vegetable oil and molasses, and has operation in engineering consultancy 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 >80).

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.

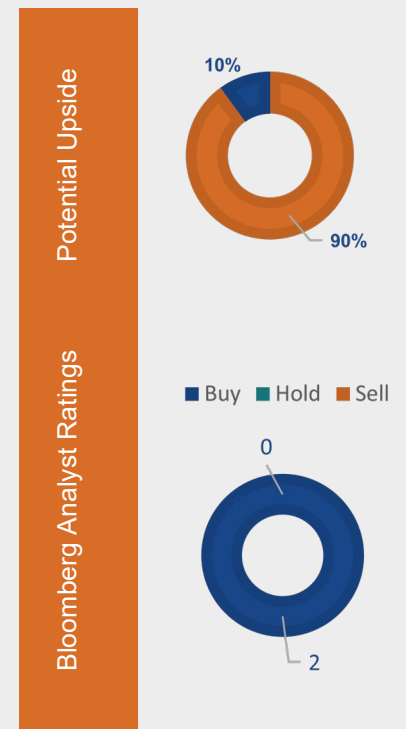
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	9.9	11.1	11.0
P/B	2.1	1.8	1.7
P/CF	10.8	10.1	9.9
P/S	2.7	3.0	3.0

Entry Price	RM21.68
Market Cap (m)	RM8,992.5
52w high	RM21.90
52w low	RM14.48
Stop Loss	RM18.54
Immediate Support	RM20.60
Immediate Resistance	RM21.90 (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)	314,535.6

Main Market

Plantation
 Subsector – Plantation
 Current Price: RM21.68
 Target Price: RM23.85



UNISEM Berhad

Bloomberg: UNI MK | KLSE Stock Code: 5005

Technical Watch

“BUY on Potential Upside”

Company Overview

Unisem (M) Berhad manufactures semiconductor devices. The Company provides turnkey solutions to its customers in wafer grinding, packaging and testing of integrated circuits, tape and reel, and dropship services. Unisem also provides packaging and testing wide range of lead frame packages.

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 rising momentum on the stock (RSI >55).

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.

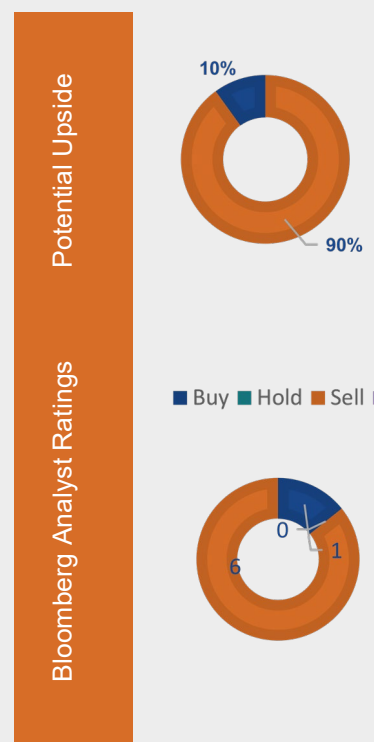
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	28.6	32.6	23.5
P/B	1.7	1.8	1.5
P/CF	12.4	12.2	8.7
P/S	2.9	2.6	1.9

Entry Price	RM3.35
Market Cap (m)	RM5,403.8
52w high	RM3.67
52w low	RM2.75
Stop Loss	RM2.86
Immediate Support	RM3.18
Immediate Resistance	RM3.35 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising momentum
Volume (4-Weeks Average)	1,140,063.5

Main Market

Technology
 Subsector – Semiconductors
 Current Price: RM3.35
 Target Price: RM3.69





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
31/1/2024	Solarvest	0215	1.450	1.500	1.240	1.600	-0.662	3.4	-
31/1/2024	ITMax	5309	1.900	2.210	1.620	2.090	-3.070	16.3	TP Achieved
2/2/2024	TNB	5347	10.720	10.960	9.170	11.790	-4.028	2.2	-
2/2/2024	Uzma	7250	1.180	1.230	1.010	1.290	-0.806	4.2	-
5/2/2024	GentingM	4715	2.770	2.870	2.370	3.050	-1.712	3.6	-
5/2/2024	Maybank	1155	9.340	9.510	7.990	10.270	0.000	1.8	-
6/2/2024	RCE	9296	3.170	2.810	2.710	3.490	8.915	-11.4	SL Triggered
6/2/2024	PGF	8117	1.850	1.600	1.580	2.040	-4.762	-13.5	-
7/2/2024	Uzma	7250	1.190	1.230	1.020	1.310	-0.806	3.4	-
7/2/2024	Dayang	5141	2.090	2.360	1.770	2.280	-0.422	12.9	TP Achieved
8/2/2024	YTLPower	6742	4.040	4.010	3.450	4.440	-3.373	-0.7	-
8/2/2024	Suncon	5263	2.470	2.560	2.110	2.720	-1.538	3.6	-
9/2/2024	MSM	5202	2.410	2.790	2.060	2.650	-0.712	15.8	TP Achieved
9/2/2024	AeonCredit	5139	6.010	6.420	5.140	6.610	-0.773	6.8	-
13/2/2024	AjinamotoMy	2658	16.760	17.120	14.330	18.440	0.234	2.1	-
13/2/2024	Solarvest	0215	1.470	1.500	1.260	1.620	-0.662	2.0	-
14/2/2024	HapSeng	3034	4.810	4.620	4.110	5.290	-2.119	-4.0	-
14/2/2024	MNRB	6459	1.730	1.770	1.480	1.900	-2.210	2.3	TP Achieved
15/2/2024	HumeCement	5000	2.930	3.000	2.510	3.220	-0.990	2.4	-
15/2/2024	ITMax	5309	2.140	2.210	1.830	2.350	-3.070	3.3	-
16/2/2024	TNB	5347	11.100	10.960	9.490	12.210	-4.028	-1.3	-
16/2/2024	QL Resources	7084	5.860	5.850	5.010	6.450	-1.681	-0.2	-
19/2/2024	BankIslam	5258	2.440	2.500	2.090	2.680	0.402	2.5	-
19/2/2024	PWF	7134	1.040	0.950	0.890	1.140	-5.941	-8.7	-
20/2/2024	JayaTiasa	4383	1.340	1.180	1.150	1.470	-5.600	-11.9	-
20/2/2024	Padini	7052	3.580	3.400	3.060	3.940	-2.299	-5.0	-
21/2/2024	Axiata	6888	2.890	2.810	2.470	3.180	-1.404	-2.8	-
21/2/2024	Sime Darby	4197	2.630	2.650	2.250	2.890	0.000	0.8	-
22/2/2024	PIE	7095	3.330	3.390	2.850	3.660	0.000	1.8	-
22/2/2024	Jetson	9083	0.365	0.365	0.310	0.400	-8.750	0.0	-
23/2/2024	MiTech	5286	2.070	1.840	1.770	2.280	0.546	-11.1	SL Triggered
23/2/2024	Genetec	0104	2.050	2.290	1.750	2.260	4.566	11.7	-
26/2/2024	ChinHin	5273	4.030	4.010	3.450	4.430	-0.249	-0.5	-
26/2/2024	Ge-Shen	7197	2.000	2.630	1.710	2.200	7.347	31.5	TP Achieved
27/2/2024	Paragon	9407	4.050	3.510	3.460	4.450	-1.955	-13.3	SL Triggered
27/2/2024	MalaysiAirports	7197	8.440	8.450	7.220	9.280	0.118	0.1	-
28/2/2024	KKB	9466	1.830	1.800	1.580	2.010	-2.703	-1.6	-
28/2/2024	MSM Malaysia	5202	2.810	2.790	2.400	3.090	-0.712	-0.7	-
29/2/2024	UPL	2089	21.680	21.680	21.900	23.850	2.554	0.0	-
29/2/2024	UNISEM	5005	3.350	3.330	2.750	3.690	2.147	-0.6	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.50	0.68	12.44
TALIWORKS CORPORATION BHD	UTILITIES	0.78	0.06	7.44
KIM LOONG RESOURCES BHD	PLANTATION	2.15	0.11	5.35
BERMAZ AUTO BERHAD	CONSUMER	2.46	0.21	8.41
SENTRAL REIT	REITs	0.80	0.07	8.38
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.59	0.70	8.18
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.91
MBM RESOURCES BHD	CONSUMER	4.48	0.34	7.59
YTL HOSPITALITY REIT	REITs	1.24	0.09	7.58
UOA REITS	REITs	1.12	0.08	7.41
HEKTAR REITS	REITs	0.61	0.04	7.21
RHB BANK	FINANCE	5.60	0.40	7.20
AMWAY (M) HOLDINGS BHD	CONSUMER	6.49	0.47	7.20
TA ANN HOLDINGS BHD	PLANTATION	3.66	0.25	6.83
SPORTS TOTO BERHAD	CONSUMER	1.43	0.10	6.78

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	6.3	24.2	14.8	18.0	15.2	13.6
Finance	6.1	13.0	10.4	12.0	10.4	10.3
Property	6.9	25.2	10.6	15.8	11.8	N/A
Plantation	2.1	95.5	9.7	31.8	18.1	17.1
Consumer	4.2	22.5	15.4	19.0	15.4	14.3
Technology	1.4	46.1	23.0	32.0	33.4	20.4
Construction	9.3	34.6	17.3	25.6	17.3	14.1
Energy	13.1	11.5	10.1	10.8	10.1	9.9
Healthcare	0.7	36.1	5.1	24.4	25.4	32.3
Ind Prod	1.7	24.9	12.7	18.4	18.2	15.7
REIT	4.5	29.5	13.0	19.0	13.0	14.9
Telco	7.7	31.0	19.8	26.6	27.6	19.3

Source: Bloomberg

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