

Daily Newswatch

Market Review

The FBMKLCI declined further on Wednesday in line with global market selloffs. Market breadth was negative with 374 gainers and 530 losers. The healthcare sector was the top gainer increasing by +1.18%, while the industrial products & services sector was the top loser declining by -1.13%. NESTLE (4707) was the top gainer surging by RM0.30 or +0.2%. The FBMKLCI fell by -0.51% to 1,455.89.

Economics

- Dollar makes modest recovery after hitting 2-1/2 month low following release of Fed minutes
- OPEC expands presence in India's oil market in October, Russia's share declines

Companies

- Hibiscus Petroleum (5199) reports increased first quarter net profit, reaching RM154.3mil in 2024
- Widad (0162) secures RM116.80mil construction project from ECERD
- Genting Plantations (2291) sees 6.7% profit increase in third quarter due to boost in Indonesian production
- Sunway (5211) records 8.76% increase in net profit, reaching RM180.3mil in the third quarter
- SkyWorld (5315) records quarterly profit of RM19mil, announces dividend of 1.25 sen

Expresso for the Day

- Technical Watch – Teo Seng (7252) Entry Price: RM1.65, Target Price: RM1.82, Stop Loss: RM1.41, Support: RM1.57, Resistance: RM1.65
- Technical Watch – Dufu (7233) Entry Price: RM1.85, Target Price: RM2.04, Stop Loss: RM1.58, Support: RM1.76, Resistance: RM2.15

Local	Close	(%)
FBMKLCI	1,455.9	(0.51)
Volume (mil)	2,968.7	(18.80)
Value (RM'mil)	2,039.3	(3.23)
Gainers	374	
Losers	530	
Unchanged	435	

Foreign	Close	(%)
Dow Jones	35,273.0	0.5
Nasdaq CI	14,265.9	0.5
S&P 500	4,556.6	0.4
FTSE 100	7,469.5	(0.2)
Nikkei 225	33,451.8	(0.3)
Shanghai CI	3,043.6	(0.8)
HSI	17,734.6	0.0
STI	3,114.9	0.6

Most Active	RM	Chg (RM)
TOPGLOV	0.840	0.030
WIDAD	0.465	0.005
LEFORM	0.275	0.010
PERDANA	0.240	(0.020)
CAPITALA	0.865	0.030

Top Gainer	RM	Chg (RM)
NESTLE	121.400	0.300
PANAMY	18.080	0.200
F&N	27.000	0.200
TEOSEN	1.650	0.200
SHANG	2.410	0.150

Top Loser	RM	Chg (RM)
ULICORP	1.490	(0.290)
HAPSENG	4.720	(0.280)
PETGAS	16.920	(0.260)
PERTAMA	3.250	(0.260)
BKAWAN	20.500	(0.180)

Other Stats	RM	(%)
USD/MYR	4.68	0.51
USD/RMB	7.16	0.34
Brent (USD/barrel)	81.96	(0.59)
Gold (USD/troy oz)	1,990.20	(0.41)
CPO (RM/metric t)	3,777.00	(0.21)



Daily Newswatch

Economics

UNITED KINGDOM: The dollar staged a recovery from its 2-1/2 month low on Wednesday following the release of the Federal Reserve's meeting minutes. The minutes suggested that although the rate-hike phase might have concluded, interest rates would likely remain elevated for an extended period. Highlighted in the Fed minutes was a cautious approach, with indications that maintaining the current rate setting was the consensus among all participants. The officials expressed a commitment to raising interest rates solely in the event of inflation control issues, echoing recent statements by policymakers. (Reuters)

INDIA: OPEC's proportion of India's oil imports reached a peak in October, marking a 10-month high due to increased purchases of crude from Saudi Arabia and the United Arab Emirates. This rise occurred as discounts reduced for Russian oil during that month, as per trade data. According to Reuters calculations based on trade sources' ship tracking data revealed that Russia's share in the Indian market in October dropped to its lowest point in nine months. India, being the world's third-largest oil importer and consumer, traditionally depends on Middle Eastern producers for the majority of its oil requirements. (Reuters)

Companies

Hibiscus Petroleum Berhad (5199) posted a heightened net profit of RM154.29 million in the first quarter ending on Sept 30, 2023, for the financial year that concludes on June 30, 2024 (1Q FY2024), compared to RM135.26 million in the corresponding quarter of FY2023. According to their filing, the oil and gas exploration and production company noted a 23% increase in revenue to RM746.62 million compared to RM604.76 million previously. (The Star)

Widad Group Berhad (0162) secured a contract valued at RM116.80 million from East Coast Economic Region Development Sdn Bhd (ECERD). The contract pertains to the construction and full completion of Phase 1A of the Tok Bali Industrial Park in Kelantan. Widad Builders Sdn Bhd, a wholly-owned subsidiary of the group, officially accepted the project tender from the East Coast Economic Region Development Council today. (The Star)

Genting Plantations Berhad (2291) witnessed a 6.7% increase in net profit during the third quarter ending on Sept 30, 2023 (3QFY2023), reaching RM80.52 million compared to RM75.49 million from the previous year. This growth was attributed to improved production from its Indonesian estate, compensating for decreased downstream sales volume. According to their bourse filing, quarterly earnings per share climbed to 8.97 sen, up from 8.41 sen in the corresponding quarter the previous year. (The Edge)

Sunway Berhad (5211) recorded 8.76% increase in net profit during the third quarter ending on Sept 30, 2023 (3QFY2023), rising to RM180.3 million from RM165.78 million a year earlier. This growth was supported by heightened contributions from its primary business segments. The conglomerate, engaged in property development, property investment, construction, trading and manufacturing, quarrying, and other sectors, revealed in its bourse filing on Wednesday that earnings per share climbed to 2.61 sen from 2.39 sen. (The Edge)

SkyWorld Development Berhad (5315) announced its inaugural interim dividend of RM12.5 million or 1.25 sen per share for the second quarter ending on Sept 30 (2QFY2024) following a net profit of RM19.1 million or 2.53 sen per share. The property firm stated it held unbilled sales amounting to RM713.9 million as of end-September and reaffirmed intentions to unveil new projects in Kuala Lumpur within the current financial year, collectively carrying an estimated gross development value surpassing RM1 billion. (The Edge)

Teo Seng Capital Berhad

Bloomberg: TSCB MK | KLSE Stock Code: 7252

Technical Watch

“BUY on Potential Upside”

Company Overview

Teo Seng Capital Bhd. is an investment holding company principally involved in poultry farming. The Company is also involved in the manufacture and marketing of paper egg trays and animal feeds, along with the distribution of animal health products.

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 > 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.

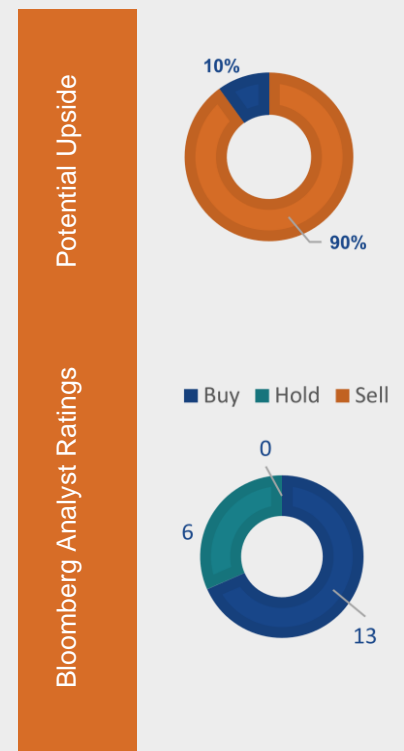
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	19.3	22.7	18.6
P/B	0.7	0.8	1.2
P/CF	19.3	13.6	12.0
P/S	0.4	0.5	0.6

Entry Price	RM1.65
Market Cap (m)	RM484.0
52w high	RM1.73
52w low	RM0.74
Stop Loss	RM1.41
Immediate Support	RM1.57
Immediate Resistance	RM1.65 (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)	59,889.5

Main Market

Consumer Products & Services
Subsector – Agricultural
Products
Current Price: RM1.65
Target Price: RM1.82



Dufu Technology Berhad

Bloomberg: GENT MK | KLSE Stock Code: 7233

Technical Watch

“BUY on Potential Upside”

Company Overview

Dufu Technology Corp Bhd. designs, develops, and manufactures precision machining components, steel molds and stamping components as well as provides marketing and engineering support services.

Investment Highlights

On a trend reversal, 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.

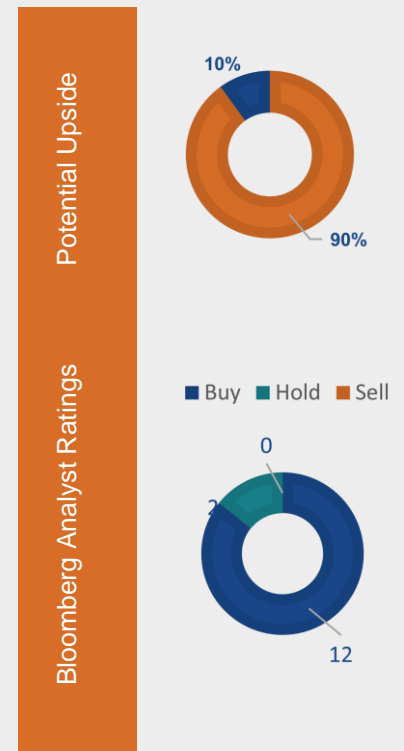
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	21.5	23.7	16.3
P/B	3.8	4.4	2.6
P/CF	21.6	25.4	14.9
P/S	3.9	4.3	2.5

Entry Price	RM1.85
Market Cap (m)	RM981.1
52w high	RM2.38
52w low	RM1.63
Stop Loss	RM1.58
Immediate Support	RM1.76
Immediate Resistance	RM2.15 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	2,252,258.0

Main Market

Industrial Products & Services
 Subsector – Industrial Materials,
 Components & Equipment
 Current Price: RM1.85
 Target Price: RM2.04





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
26/10/2023	Greatec	0208	4.500	4.870	3.850	4.950	-0.205	8.2	-
26/10/2023	D&O	7204	3.220	3.580	2.750	3.540	2.579	11.2	TP Achieved
27/10/2023	Tomei	7230	1.230	1.210	1.050	1.350	1.681	-1.6	-
27/10/2023	Genetec	0104	2.510	2.400	2.150	2.760	-1.235	-4.4	-
30/10/2023	Teo Seng	7252	1.340	1.650	1.150	1.470	13.793	23.1	TP Achieved
30/10/2023	ChinHin	5273	3.890	3.980	3.330	4.260	1.272	2.3	-
31/10/2023	Westports	5246	3.410	3.540	2.920	3.750	1.724	3.8	-
31/10/2023	PESTECH	5219	0.360	0.340	0.310	0.396	1.493	-5.6	-
1/11/2023	Jetson	9083	0.270	0.300	0.230	0.290	-1.639	11.1	TP Achieved
1/11/2023	PJBumi	7163	0.960	0.910	0.820	1.050	-0.546	-5.2	-
2/11/2023	Nationgate	0270	1.190	1.360	1.020	1.310	0.741	14.3	TP Achieved
2/11/2023	GasMsia	5209	3.380	3.200	2.890	3.720	0.000	-5.3	-
3/11/2023	Padini	7052	3.970	3.790	3.390	4.370	-2.320	-4.5	-
3/11/2023	YTLPOWER	6742	2.290	2.300	1.960	2.520	-2.542	0.4	-
6/11/2023	Samaiden	0223	1.150	1.150	0.980	1.270	0.000	0.0	-
6/11/2023	GENP	2291	5.450	5.480	4.660	5.990	-1.083	0.6	-
7/11/2023	PIE	7095	3.170	3.260	2.710	3.490	-0.912	2.8	-
7/11/2023	Kerjaya	7161	1.480	1.450	1.270	1.630	-2.685	-2.0	-
8/11/2023	Hartalega	5168	2.330	2.490	1.990	2.560	2.049	6.9	-
8/11/2023	MRDIY	5296	1.580	1.590	1.350	1.740	1.274	0.6	-
9/11/2023	ALLIANZ	1163	16.720	17.600	14.300	18.390	0.000	5.3	-
9/11/2023	Kperangsang	5843	0.840	0.785	0.720	0.920	-2.484	-6.5	-
10/11/2023	HupSeng	5024	0.800	0.795	0.680	0.880	0.000	-0.6	-
10/11/2023	Toyoven	7173	1.430	1.410	1.220	1.360	0.000	-1.4	-
14/11/2023	Mflour	3662	0.700	0.700	0.590	0.770	0.000	0.0	-
14/11/2023	IGBB	5606	2.350	N/A	2.010	2.590	N/A	N/A	-
15/11/2023	RedTone	0032	0.810	0.700	0.690	0.890	-0.709	-13.6	SL Triggered
15/11/2023	Pensonic	9997	0.770	0.770	0.660	0.850	-1.282	0.0	-
16/11/2023	GenP	2291	5.730	5.480	4.900	6.300	-1.083	-4.4	-
16/11/2023	Suria	6521	1.790	1.800	1.530	1.970	0.000	0.6	-
17/11/2023	YTLPower	6742	2.360	2.300	2.020	2.590	-2.542	-2.5	-
17/11/2023	ChinHin	5273	3.910	3.980	3.340	4.300	1.272	1.8	-
20/11/2023	Ranhill	5272	0.920	0.890	0.790	1.010	-2.732	-3.3	-
20/11/2023	Day3	0281	0.450	0.415	0.380	0.490	-4.598	-7.8	-
21/11/2023	PIE	7095	3.340	3.260	2.860	3.670	-0.912	-2.4	-
21/11/2023	Globetronic	7022	1.640	1.690	1.400	1.810	2.424	3.0	-
22/11/2023	INARI	0166	3.050	3.000	2.610	3.360	-1.639	-1.6	-
22/11/2023	GENTING	3182	4.430	4.360	3.790	4.870	-1.580	-1.6	-
23/11/2023	TeoSeng	7252	1.650	1.650	1.410	1.820	13.793	0.0	-
23/11/2023	Dufu	7233	1.850	1.850	1.580	2.040	2.210	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.16	0.73	14.13
UOA DEVELOPMENT BERHAD	PROPERTY	1.75	0.20	11.43
HEKTAR REITS	REITs	0.61	0.06	10.16
MBM RESOURCES BHD	CONSUMER	4.25	0.40	9.36
YTL HOSPITALITY REIT	REITs	1.02	0.09	9.22
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.00	0.74	8.26
AMWAY (M) HOLDINGS BHD	CONSUMER	5.60	0.46	8.21
BERMAZ AUTO BERHAD	CONSUMER	2.46	0.20	8.09
TALIWORKS CORPORATION BHD	UTILITIES	0.86	0.07	7.84
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
UOA REITS	REITs	1.11	0.09	7.75
SENTRAL REIT	REITs	0.83	0.06	7.52
SCICOM (MSC) BHD	IND. PROD.	1.08	0.08	7.41
CAPITALAND MALAYSIA TRUST	REITs	0.56	0.04	7.39
KIM LOONG RESOURCES BHD	PLANTATION	1.91	0.14	7.33

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	(2.6)	24.2	17.0	18.8	14.6	13.1
Finance	(0.6)	13.0	10.2	12.4	10.2	9.8
Property	34.3	25.1	7.4	11.5	10.5	#N/A N/A
Plantation	(1.8)	95.5	14.2	36.8	14.2	16.9
Consumer	(4.7)	22.5	16.2	21.8	16.2	14.2
Technology	0.5	48.6	22.5	27.9	31.6	23.9
Construction	21.8	36.8	16.2	19.2	16.2	11.7
Energy	10.7	10.2	-	-	10.2	9.7
Healthcare	5.2	36.1	25.6	30.8	25.6	33.4
Ind. Prod.	(4.3)	24.9	14.8	21.9	14.8	14.2
REIT	1.5	14.0	-	-	14.0	15.5
Telco	(3.9)	29.1	19.8	24.4	29.1	21.1

Source: Bloomberg

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