

Daily Newswatch

Market Review

The FBMKLCI ended lower on Wednesday dragged down by selling in telecommunication and banking heavyweights. Market breadth was negative with 354 gainers and 588 losers. The REIT sector was the top gainer increasing by +0.28%, while the health care sector was the top loser declining by -1.47%. F&N (3689) was the top gainer surging by RM0.56 or +2.0%. The FBMKLCI fell by -0.13% to 1,446.07.

Economics

- Coal Mining Association anticipates **Indonesia** to exceed 2023 coal production goal
- Germany's** 2024 GDP growth expected, yet OECD warns of potential decline due to court ruling

Companies

- MMHE (5186)** unit lands RM1.2bil subcontract for offshore wind project in the Netherlands
- QL Resources (7084)** sees a 30.6% surge in net profit to RM122.6mil in the second quarter
- PJBumi (7163)** granted approval for RM42mil industrial factory development in Sungai Petani
- Sarawak Oil Palms (5126)** records 14% rise in third quarter net profit due to increased FFB output and sales volume
- MAHB (5014)** records RM95mil net profit in third quarter with increased revenue and reduced finance costs

Expresso for the Day

- Technical Watch – Farm Fresh (5306)** Entry Price: RM1.36, Target Price: RM1.49, Stop Loss: RM1.16, Support: RM1.29, Resistance: RM1.58
- Technical Watch – Hume (5000)** Entry Price: RM2.06, Target Price: RM2.27, Stop Loss: RM1.76, Support: RM1.96, Resistance: RM2.06

Local	Close	(%)
FBMKLCI	1,446.1	(0.13)
Volume (mil)	3,275.3	(14.07)
Value (RM'mil)	2,273.7	(4.80)
Gainers	354	
Losers	588	
Unchanged	426	

Foreign	Close	(%)
Dow Jones	35,430.4	0.0
Nasdaq CI	14,258.5	(0.2)
S&P 500	4,550.6	(0.1)
FTSE 100	7,423.5	(0.4)
Nikkei 225	33,321.2	(0.3)
Shanghai CI	3,021.7	(0.6)
HSI	16,993.4	(2.1)
STI	3,084.7	0.6

Most Active	RM	Chg (RM)
TOPGLOV	0.860	(0.040)
FITTERS	0.050	0.000
LEFORM	0.320	0.005
WIDAD	0.470	0.000
SCIB	0.735	0.020

Top Gainer	RM	Chg (RM)
F&N	28.040	0.560
PERTAMA	3.030	0.270
BAT	9.530	0.180
HTPADU	0.915	0.145
NESTLE	121.700	0.100

Top Loser	RM	Chg (RM)
HEIM	22.800	(0.580)
AJI	8.350	(0.280)
KOBAY	19.380	(0.280)
KOTRA	1.080	(0.270)
HLFG	23.300	(0.200)

Other Stats	RM	(%)
USD/MYR	4.65	(0.40)
USD/RMB	7.13	(0.14)
Brent (USD/barrel)	83.10	1.74
Gold (USD/troy oz)	2,045.19	0.16
CPO (RM/metric t)	3,749.50	0.28

Daily Newswatch

Economics

INDONESIA: The Indonesian Coal Mining Association (ICMA) anticipates that the coal production for 2023 will surpass the official target of 695 million metric tons, as stated by a group official on Wednesday. Hendra Sinadia, the ICMA's executive director, noted that the current output has already reached 690 million tons, indicating an expected surpassing of the year-end target. He mentioned that the average monthly coal output in September and October was 61 million tons. However, Hendra cautioned that the monthly output might decrease due to the onset of the rainy season in Indonesia. (Reuters)

GERMANY: According to the Organisation for Economic Cooperation and Development (OECD), Germany's economy is estimated to expand by 0.6% in 2024 and 1.2% in 2025, following a slight contraction in 2023, as per their forecasts released on Wednesday. However, the OECD's projections are less positive compared to the German government's expectations, which anticipate growth rates of 1.3% in 2024 and 1.5% in 2025. Recent action from the constitutional court, which blocked the government's intended use of untapped pandemic funds for green initiatives and industry support about two weeks ago, has raised concerns. (Reuters)

Companies

Malaysia Marine and Heavy Engineering Holdings Berhad (5186) unit has successfully obtained a subcontract for the initial offshore substation (OSS) high voltage direct current (HVDC) platform, encompassing the topside and jacket for the Ijmuiden ver Alpha Project from Petrofac International (UAE) LLC. The contract, secured by MMHE's wholly-owned subsidiary, Malaysia Marine and Heavy Engineering Sdn Bhd, is estimated at approximately RM1.2 billion, as indicated by the group's announcement. (The Star)

QL Resources Berhad (7084) remains cautiously optimistic about sustaining strong performance in the upcoming quarter despite high interest rates and global economic uncertainties. The company highlighted the government's egg cost subsidy as a factor that would help counterbalance the elevated farming expenses. In the second quarter ending on Sept 30, QL experienced a significant increase in net profit, rising by 30.6% to RM122.6 million compared to RM93.9 million from the corresponding quarter last year. (The Star)

PJBumi Berhad (7163) announced the receipt of a conditional development order from the Sungai Petani Municipal Council for its planned development on a 4.6-acre industrial site in Sungai Petani, Kedah. The proposed development encompasses 24 units of smart medium industrial factories, estimating a gross development value (GDV) of RM42 million, as disclosed by PJBumi in a bourse filing on Wednesday. (The Edge)

Sarawak Oil Palms Berhad (5126) witnessed a 14.83% increase in third-quarter net profit, reaching RM94.55 million compared to RM82.34 million a year ago, attributed to heightened fresh fruit bunches (FFB) production and increased sales volume. The group reported earnings per share of 10.62 sen for the quarter concluding on Sept 30, 2023 (3QFY2023), a rise from 9.25 sen, as outlined in a bourse filing. (The Edge)

Malaysia Airports Holdings Berhad (5014) reported a net profit of RM94.76 million in the third quarter that ended on Sept 30, 2023 (3QFY2023). This marked a significant turnaround from the net loss of RM9.04 million in the previous year. The positive shift was attributed to increased revenue, other income, improved profits from associates and joint ventures, and reduced finance costs. The airport operator highlighted a substantial 48.32% surge in quarterly revenue, reaching RM1.28 billion compared to RM863.61 million. (The Edge)

Farm Fresh Berhad

Bloomberg: FFB MK | KLSE Stock Code: 5306

Technical Watch

“BUY on Potential Continuation”

Company Overview

Farm Fresh Berhad provides dairy products. The Company offers a wide variety of milk and flavored yogurt. Farm Fresh serves customers in Malaysia.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential continuation 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.

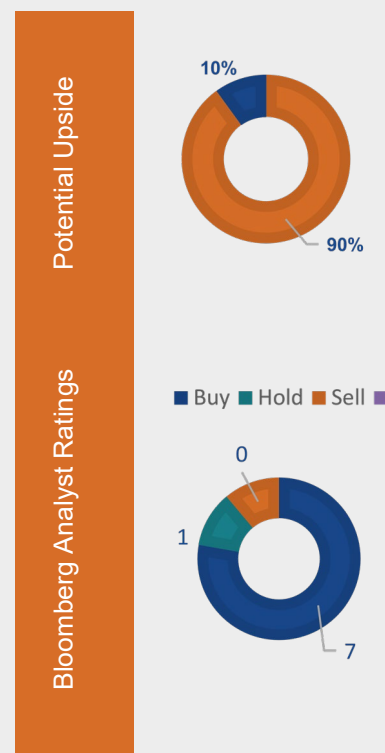
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	47.2	47.2	47.2
P/B	4.5	4.5	4.5
P/CF	54.3	54.3	54.3
P/S	4.9	4.9	4.9

Entry Price	RM1.36
Market Cap (m)	RM2,545.8
52w high	RM1.65
52w low	RM0.99
Stop Loss	RM1.16
Immediate Support	RM1.29
Immediate Resistance	RM1.58 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	1,048,348.3

Main Market

Consumer Products & Services
Subsector – Food & Beverages
Current Price: RM1.36
Target Price: RM1.49



Hume Cement Industries Berhad

Bloomberg: HUME MK | KLSE Stock Code: 5000

Technical Watch

“BUY on Potential Upside”

Company Overview

Hume Cement Industries Berhad is a building material manufacturer. The Company, through its subsidiaries, is engaged in the manufacturing and sales of cement and cement related products. Hume Cement Industries serves customers worldwide.

Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a marubozu with a rising momentum on the stock (RSI > 70).

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.

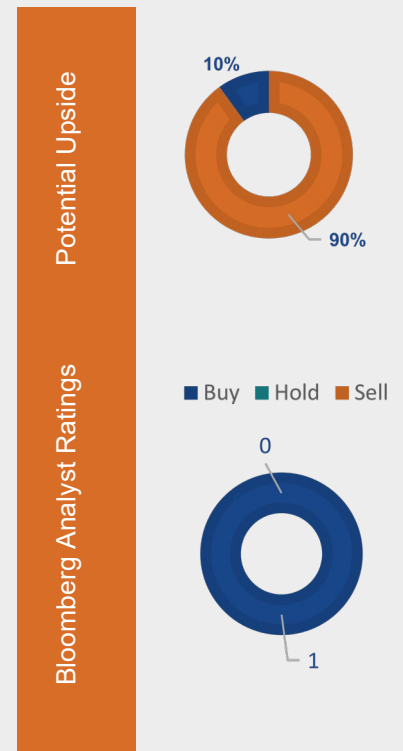
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	75.8	75.8	55.8
P/B	1.6	1.4	2.5
P/CF	24.6	21.1	33.1
P/S	0.8	0.8	1.4

Entry Price	RM2.06
Market Cap (m)	RM1,074.9
52w high	RM2.08
52w low	RM0.89
Stop Loss	RM1.76
Immediate Support	RM1.96
Immediate Resistance	RM2.06 (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)	55,819.1

Main Market

Industrial Products & Services
 Subsector – Building Materials
 Current Price: RM2.06
 Target Price: RM2.27





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
2/11/2023	Nationgate	0270	1.190	1.310	1.020	1.310	0.000	10.1	TP Achieved
2/11/2023	GasMsia	5209	3.380	3.100	2.890	3.720	-1.274	-8.3	-
3/11/2023	Padini	7052	3.970	3.780	3.390	4.370	-1.047	-4.8	-
3/11/2023	YTLPOWER	6742	2.290	2.350	1.960	2.520	1.732	2.6	-
6/11/2023	Samaiden	0223	1.150	1.130	0.980	1.270	0.893	-1.7	-
6/11/2023	GENP	2291	5.450	5.500	4.660	5.990	-0.542	0.9	-
7/11/2023	PIE	7095	3.170	3.210	2.710	3.490	-0.311	1.3	-
7/11/2023	Kerjaya	7161	1.480	1.420	1.270	1.630	-2.069	-4.1	-
8/11/2023	Hartalega	5168	2.330	2.450	1.990	2.560	-3.162	5.2	TP Achieved
8/11/2023	MRDIY	5296	1.580	1.550	1.350	1.740	-1.899	-1.9	-
9/11/2023	ALLIANZ	1163	16.720	18.160	14.300	18.390	-0.220	8.6	-
9/11/2023	Kperangsang	5843	0.840	0.750	0.720	0.920	-3.226	-10.7	SL Triggered
10/11/2023	HupSeng	5024	0.800	0.775	0.680	0.880	-0.641	-3.1	-
10/11/2023	Toyoven	7173	1.430	1.420	1.220	1.360	-3.401	-0.7	-
14/11/2023	Mflour	3662	0.700	0.670	0.590	0.770	-0.741	-4.3	-
14/11/2023	IGBB	5606	2.350	2.370	2.010	2.590	N/A	0.9	-
15/11/2023	RedTone	0032	0.810	0.700	0.690	0.890	0.000	-13.6	SL Triggered
15/11/2023	Pensonic	9997	0.770	0.800	0.660	0.850	0.000	3.9	-
16/11/2023	GenP	2291	5.730	5.500	4.900	6.300	-0.542	-4.0	-
16/11/2023	Suria	6521	1.790	1.810	1.530	1.970	0.000	1.1	-
17/11/2023	YTLPower	6742	2.360	2.350	2.020	2.590	1.732	-0.4	-
17/11/2023	ChinHin	5273	3.910	3.650	3.340	4.300	-0.815	-6.6	-
20/11/2023	Ranhill	5272	0.920	0.890	0.790	1.010	-3.261	-3.3	-
20/11/2023	Day3	0281	0.450	0.365	0.380	0.490	-3.947	-18.9	SL Triggered
21/11/2023	PIE	7095	3.340	3.210	2.860	3.670	-0.311	-3.9	-
21/11/2023	Globetronic	7022	1.640	1.630	1.400	1.810	-0.610	-0.6	-
22/11/2023	INARI	0166	3.050	2.880	2.610	3.360	-0.346	-5.6	-
22/11/2023	GENTING	3182	4.430	4.710	3.790	4.870	0.641	6.3	-
23/11/2023	TeoSeng	7252	1.650	1.610	1.410	1.820	-0.617	-2.4	-
23/11/2023	Dufu	7233	1.850	1.780	1.580	2.040	-0.559	-3.8	-
24/11/2023	Supermax	7106	1.040	1.030	0.890	1.140	-1.905	-1.0	-
24/11/2023	Hartalega	5166	2.620	2.450	2.240	2.880	-3.162	-6.5	-
27/11/2023	Mcement	3226	4.040	4.140	3.450	4.440	0.976	2.5	-
27/11/2023	Hextech	1286	23.700	23.260	20.260	26.070	-0.172	-1.9	-
28/11/2023	GentingM	4715	2.700	2.690	2.310	2.970	-0.370	-0.4	-
28/11/2023	Kelington	0151	1.750	1.840	1.500	1.930	-1.075	5.1	-
29/11/2023	AeonCredit	5139	5.780	5.730	4.940	6.360	-0.865	-0.9	-
29/11/2023	BAT	4162	9.350	9.530	7.990	10.290	1.925	1.9	-
30/11/2023	FarmFresh	5306	1.360	1.360	1.160	1.490	3.817	0.0	-
30/11/2023	BAT	5000	2.060	2.060	1.760	2.270	3.518	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.12	0.73	14.20
UOA DEVELOPMENT BERHAD	PROPERTY	1.73	0.22	12.72
MBM RESOURCES BHD	CONSUMER	4.46	0.46	10.34
HEKTAR REITS	REITs	0.61	0.06	9.34
YTL HOSPITALITY REIT	REITs	1.04	0.09	9.04
AMWAY (M) HOLDINGS BHD	CONSUMER	5.63	0.46	8.17
BERMAZ AUTO BERHAD	CONSUMER	2.33	0.19	8.07
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.02
UOA REITS	REITs	1.10	0.09	7.82
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.53	0.74	7.80
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.78
SCICOM (MSC) BHD	IND. PROD.	1.05	0.08	7.62
SENTRAL REIT	REITs	0.83	0.06	7.52
CAPITALAND MALAYSIA TRUST	REITs	0.56	0.04	7.32
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.25

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	(3.3)	24.2	17.0	18.8	14.4	13.0
Finance	(1.4)	13.0	10.1	12.4	10.1	9.7
Property	32.1	25.1	7.4	11.5	10.6	#N/A N/A
Plantation	(1.0)	95.5	14.4	36.8	14.4	16.5
Consumer	(4.9)	22.5	14.9	21.5	14.9	13.9
Technology	(1.5)	48.6	22.5	27.9	31.5	24.0
Construction	20.7	36.8	16.0	19.2	16.0	11.5
Energy	5.9	9.4	-	-	9.4	9.3
Healthcare	5.3	36.1	25.6	30.8	25.6	33.3
Ind. Prod.	(5.5)	24.9	17.4	22.4	17.4	14.5
REIT	1.5	13.1	-	-	13.1	15.4
Telco	(5.8)	28.5	19.8	22.1	24.5	20.4

Source: Bloomberg

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