

Daily Newswatch

Market Review

The FBMKLCI ended lower on Tuesday in line with the decline in peer markets. Market breadth was negative with 369 gainers and 492 losers. The property sector was the only gainer increasing by +0.57%, while the energy sector was the top loser declining by -0.37%. NESTLE (4707) was the top gainer surging by RM1.1 or +1.0%. The FBMKLCI declined by -0.11% to 1,449.5.

Economics

- US job openings fall to lowest level since early 2021
- US services sector shows pickup in November, but new orders remain flat

Companies

- Advancecon (5281) clinches RM35.6m earthworks job
- Cnergeng's (0246) transfer to Main Market approved by SC
- Haily (0237) bags RM64m construction job from Mah Sing
- EcoFirst (3557) awards RM389m superstructure works contract to China State Construction Engineering
- Kinergy Advancement (0193) bags RM31.04mil contract

Expresso for the Day

- Technical Watch – Vitrox (0097) Entry Price: RM7.04, Target Price: RM7.74, Stop Loss: RM6.02, Support: RM6.69, Resistance: RM7.25
- Technical Watch – Wellcall (7231) Entry Price: RM1.70, Target Price: RM1.87, Stop Loss: RM1.45, Support: RM1.62, Resistance: RM1.70

Local	Close	(%)
FBMKLCI	1,449.5	(0.11)
Volume (mil)	3,538.2	12.06
Value (RM'mil)	1,998.2	6.52
Gainers	369	
Losers	492	
Unchanged	467	

Foreign	Close	(%)
Dow Jones	36,124.6	(0.2)
Nasdaq CI	14,229.9	0.3
S&P 500	4,567.2	(0.1)
FTSE 100	7,489.8	(0.3)
Nikkei 225	32,775.8	(1.4)
Shanghai CI	2,972.3	(1.7)
HSI	16,327.9	(1.9)
STI	3,077.2	(0.2)

Most Active	RM	Chg (RM)
SAPNRG	0.040	(0.005)
CLASSITA	0.055	0.010
VELESTO	0.220	0.000
LEFORM	0.340	0.005
WIDAD	0.465	(0.005)

Top Gainer	RM	Chg (RM)
NESTLE	115.000	1.100
DLADY	22.600	0.380
MPI	26.980	0.360
RAPID	28.000	0.300
PANAMY	18.000	0.300

Top Loser	RM	Chg (RM)
HEIM	21.280	(0.220)
HEXTECH	22.600	(0.200)
HAPSENG	4.390	(0.140)
AYER	7.090	(0.100)
SMRT	0.945	(0.085)

Other Stats	RM	(%)
USD/MYR	4.66	0.13
USD/RMB	7.15	0.05
Brent (USD/barrel)	77.20	(1.06)
Gold (USD/troy oz)	2,019.48	(0.50)
CPO (RM/metric t)	3,688.00	(0.82)



Daily Newswatch

Economics

UNITED STATES: In October, US job openings dropped to the lowest level since early 2021, indicating a easing labor market as higher interest rates cool demand in the economy. Job openings fell by 617,000 to 8.733 million, according to the Labor Department's monthly Job Openings and Labor Turnover Survey (JOLTS) report. The data suggests a slowing labor market and easing inflation, which has led to optimism that the Federal Reserve may be done raising interest rates in this cycle. Financial markets are even anticipating a rate cut in mid-2024. The Federal Reserve has raised its benchmark overnight interest rate by 525 basis points since March 2022 to the current 5.25%-5.50% range. (The Edge)

UNITED STATES: The US services sector demonstrated improvement in November with the Institute for Supply Management (ISM) reporting a non-manufacturing PMI increase from 51.8 to 52.7, indicating growth in the sector. Despite the rise, new orders remained flat, and the gauge of input inflation slightly dipped. The Federal Reserve's efforts to curb high inflation by raising its policy rate have impacted the economy, and while demand is expected to weaken in the current quarter, particularly for services, the central bank is monitoring indicators like the slight drop in input inflation as it strives to bring inflation back to its 2% target rate. (The Edge)

Companies

Advancecon Holdings Bhd (5281) has secured a RM35.58m earthworks contract from Sime Darby Property Bhd for the Bandar Bukit Raja project in Klang. This marks the seventh contract for different phases of Sime Darby Property's Bandar Bukit Raja development in Selangor. (The Edge)

Cnenergiz Bhd (0246), an electronics manufacturing solutions provider listed on the ACE Market, has received approval from the Securities Commission Malaysia to transfer to the Main Market. The company's aggregate adjusted profit after tax for the past three audited financial years, strong financial position, and a public shareholding spread of approximately 29.84% have fulfilled the transfer conditions. The transfer is expected to be completed by the first quarter of 2024. Cnenergiz initially listed on the ACE Market in May 2022 at an IPO price of 58 sen. (The Edge)

Haily Group Bhd (0237) has secured a RM64m contract to construct 327 units of double-storey terrace houses and two substations in Parcel 2G of Mah Sing Group Bhd's Meridin East township in Johor Baru. The contract, awarded by Mah Sing's subsidiary Meridin East Sdn Bhd, is divided into two phases and is expected to be completed within 15 months from the respective commencement dates of Parcel 2G1 and Parcel 2G2. The contract is anticipated to positively impact Haily Group's earnings and net assets throughout the project's duration, assuming no significant delays. (The Edge)

EcoFirst Consolidated Bhd (3557) has awarded a RM389m contract to China State Construction Engineering (M) Sdn Bhd for the superstructure works of serviced apartment KL48 in Chan Sow Lin, Sungai Besi. KL48, with an approximate gross development value of RM1 billion, sits on 4.18 freehold acres of land and comprises 1,700 units with built-ups of 650 square feet and 850 square feet, starting from RM500,000. The project is expected to be completed by the second quarter of 2027. (The Edge)

Kinergy Advancement Bhd (0193) has been appointed as a sub-contractor for electrical, telephone, and extra low voltage (ELV) services for the M Nova residential development in Kepong, Kuala Lumpur, worth RM31.04 million. The appointment was made by Myvilla Development Sdn Bhd, a subsidiary of Mah Sing Group Bhd. The project involves electrical, telephone, and ELV works for a three-block serviced apartment project with a total of 2,080 units to be built in two phases. (The Edge)

Vitrox Corporation Berhad

Bloomberg: VITRO MK | KLSE Stock Code: 0097

Technical Watch

“BUY on Potential Upside”

Company Overview

Vitrox Corporation Bhd, through its subsidiary, develops and produces automated vision inspection systems. The Company provides machine vision solutions for semiconductor integrated circuit inspection.

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 > 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.

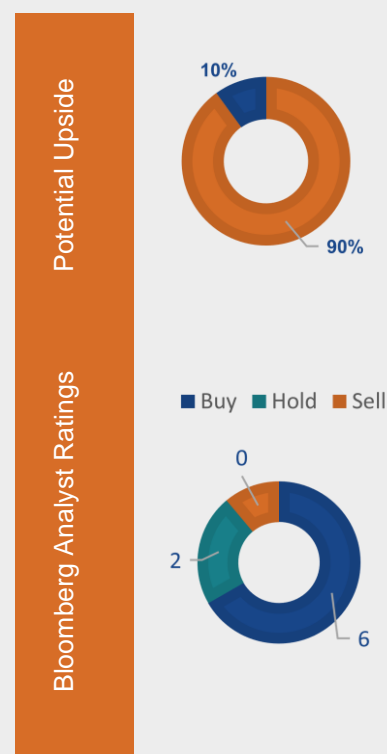
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	40.1	46.8	33.3
P/B	9.0	9.6	7.2
P/CF	49.6	58.1	55.0
P/S	10.3	11.4	8.3

Entry Price	RM7.04
Market Cap (m)	RM6,655.3
52w high	RM8.67
52w low	RM6.73
Stop Loss	RM6.02
Immediate Support	RM6.69
Immediate Resistance	RM8.51 (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)	278,542.6

Main Market

Technology
Subsector – Semiconductors
Current Price: RM7.04
Target Price: RM7.74



Wellcall Holdings Berhad

Bloomberg: WELL MK | KLSE Stock Code: 7231

Technical Watch

“BUY on Potential Upside”

Company Overview

Wellcall Holdings Bhd. manufactures and sells rubber hose.

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 > 60).

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

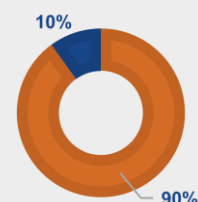
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	15.5	14.2	13.8
P/B	4.6	4.1	4.3
P/CF	14.7	12.2	12.2
P/S	3.2	3.0	3.0

Entry Price	RM1.70
Market Cap (m)	RM845.7
52w high	RM1.70
52w low	RM1.11
Stop Loss	RM1.45
Immediate Support	RM1.62
Immediate Resistance	RM1.70 (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)	220,404.8

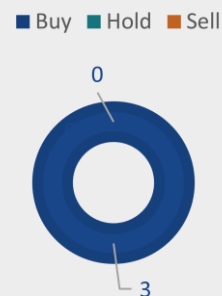
Main Market

Industrial Products & Services
 Subsector – Industrial Materials,
 Components & Equipment
 Current Price: RM1.70
 Target Price: RM1.87

Potential Upside



Bloomberg Analyst Ratings





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
8/11/2023	Hartalega	5168	2.330	2.450	1.990	2.560	0.000	5.2	-
8/11/2023	MRDIY	5296	1.580	1.540	1.350	1.740	-0.645	-2.5	-
9/11/2023	ALLIANZ	1163	16.720	18.320	14.300	18.390	0.000	9.6	-
9/11/2023	Kperangsang	5843	0.840	0.715	0.720	0.920	0.000	-14.9	SL Triggered
10/11/2023	HupSeng	5024	0.800	0.790	0.680	0.880	0.637	-1.3	-
10/11/2023	Toyoven	7173	1.430	1.410	1.220	1.360	-0.704	-1.4	-
14/11/2023	Mflour	3662	0.700	0.640	0.590	0.770	-0.775	-8.6	-
14/11/2023	IGBB	5606	2.350	2.370	2.010	2.590	0.000	0.9	-
15/11/2023	RedTone	0032	0.810	0.660	0.690	0.890	0.000	-18.5	SL Triggered
15/11/2023	Pensonic	9997	0.770	0.685	0.660	0.850	-2.143	-11.0	SL Triggered
16/11/2023	GenP	2291	5.730	5.460	4.900	6.300	-0.365	-4.7	-
16/11/2023	Suria	6521	1.790	1.730	1.530	1.970	0.000	-3.4	-
17/11/2023	YTLPower	6742	2.360	2.250	2.020	2.590	0.446	-4.7	-
17/11/2023	ChinHin	5273	3.910	3.630	3.340	4.300	-0.548	-7.2	-
20/11/2023	Ranhill	5272	0.920	0.835	0.790	1.010	-1.765	-9.2	-
20/11/2023	Day3	0281	0.450	0.350	0.380	0.490	-1.408	-22.2	SL Triggered
21/11/2023	PIE	7095	3.340	3.180	2.860	3.670	1.923	-4.8	-
21/11/2023	Globetronic	7022	1.640	1.660	1.400	1.810	-0.599	1.2	-
22/11/2023	INARI	0166	3.050	2.890	2.610	3.360	1.404	-5.2	-
22/11/2023	GENTING	3182	4.430	4.580	3.790	4.870	-1.505	3.4	-
23/11/2023	TeoSeng	7252	1.650	1.640	1.410	1.820	-1.796	-0.6	-
23/11/2023	Dufu	7233	1.850	1.790	1.580	2.040	-1.105	-3.2	-
24/11/2023	Supermax	7106	1.040	0.930	0.890	1.140	1.087	-10.6	SL Triggered
24/11/2023	Hartalega	5166	2.620	2.450	2.240	2.880	0.000	-6.5	-
27/11/2023	Mcement	3226	4.040	4.210	3.450	4.440	-1.865	4.2	-
27/11/2023	Hextech	1286	23.700	22.600	20.260	26.070	-0.877	-4.6	-
28/11/2023	GentingM	4715	2.700	2.680	2.310	2.970	-0.372	-0.7	-
28/11/2023	Kelington	0151	1.750	1.950	1.500	1.930	2.632	11.4	TP Achieved
29/11/2023	AeonCredit	5139	5.780	5.710	4.940	6.360	0.175	-1.2	-
29/11/2023	BAT	4162	9.350	9.280	7.990	10.290	-0.749	-0.7	-
30/11/2023	FarmFresh	5306	1.360	1.350	1.160	1.490	0.000	-0.7	-
30/11/2023	BAT	5000	2.060	2.170	1.760	2.270	-1.364	5.3	-
1/12/2023	Infomina	0265	1.770	1.800	1.510	1.950	-0.552	1.7	-
1/12/2023	Vitrox	0097	7.000	7.040	5.990	7.700	0.571	0.6	-
4/12/2023	Nationgate	0270	1.360	1.340	1.160	1.490	-1.471	-1.5	-
4/12/2023	Kossan	7153	1.690	1.710	1.440	1.860	1.786	1.2	-
5/12/2023	RCECapital	9296	2.760	2.760	2.360	3.040	0.000	0.0	-
5/12/2023	Aurelius	5302	2.740	2.720	2.340	3.010	-0.730	-0.7	-
6/12/2023	Vitrox	0097	7.040	7.040	6.019	7.744	0.571	0.0	-
6/12/2023	WellCall	7231	1.700	1.700	1.454	1.870	3.030	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.07	0.73	14.34
UOA DEVELOPMENT BERHAD	PROPERTY	1.76	0.22	12.50
MBM RESOURCES BHD	CONSUMER	4.44	0.46	10.38
YTL HOSPITALITY REIT	REITs	1.03	0.09	9.13
HEKTAR REITS	REITs	0.63	0.06	9.05
AMWAY (M) HOLDINGS BHD	CONSUMER	5.56	0.46	8.27
BERMAZ AUTO BERHAD	CONSUMER	2.33	0.19	8.07
BRITISH AMERICAN TOBACCO (M) TALIWORKS CORPORATION BHD	CONSUMER	9.28	0.74	8.01
KIP REAL ESTATE INVESTMENT TRUST	UTILITIES	0.84	0.07	7.98
UOA REITS	REITs	0.90	0.07	7.78
SENTRAL REIT	REITs	1.11	0.09	7.75
SCICOM (MSC) BHD	REITs	0.82	0.06	7.56
CAPITALAND MALAYSIA TRUST	IND. PROD.	1.08	0.08	7.41
SPORTS TOTO BERHAD	REITs	0.56	0.04	7.32
	CONSUMER	1.48	0.11	7.30

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	(3.4)	24.2	17.0	18.8	14.2	13.3
Finance	(1.1)	13.0	9.8	12.3	9.8	9.8
Property	31.1	25.1	7.4	11.5	10.5	#N/A N/A
Plantation	(1.6)	95.5	14.4	36.8	14.4	16.6
Consumer	(6.2)	22.5	14.7	21.5	14.7	14.7
Technology	(2.4)	48.6	22.5	27.8	31.2	23.8
Construction	19.6	36.8	15.9	19.2	15.9	11.2
Energy	3.4	9.3	-	-	9.3	9.4
Healthcare	4.0	36.1	23.8	29.9	23.8	32.7
Ind. Prod.	(6.9)	24.9	17.3	22.4	17.3	14.5
REIT	1.4	13.1	-	-	13.1	15.3
Telco	(7.1)	28.5	19.8	22.0	24.3	20.4

Source: Bloomberg

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Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my