

# Daily Newswatch

## Market Review

The FBMKLCI ended lower on Wednesday in line with decline in Wall Street stocks overnight. Market breadth was negative with 365 gainers and 452 losers. The technology sector was the only gainer increasing by +0.08%, while the energy sector was the top loser declining by -0.89%. RAPID (7765) was the top gainer surging by RM0.7 or +2.5%. The FBMKLCI declined by -0.25% to 1,445.82.

## Economics

- China to establish backup coal production system by 2027
- US worker productivity surges in Q3, putting downward pressure on labor costs and inflation

## Companies

- Gamuda (5398) clinches RM1.8bn Singapore job
- UMW (4588) secures RM50.0m service agreement with IOI Corp
- HSSEB (0185) proposes RM51.57m private placement
- HeiTech Padu (5028) awarded RM37.0m contract from MoH
- MyEG (0138) inks RM108.0m deal with PDC to develop foreign workers' village

## Expresso for the Day

- Technical Watch – D&O (7204) Entry Price: RM3.60, Target Price: RM3.96, Stop Loss: RM3.08, Support: RM3.42, Resistance: RM3.64
- Technical Watch – Matrix (5236) Entry Price: RM1.68, Target Price: RM1.85, Stop Loss: RM1.44, Support: RM1.60, Resistance: RM1.68

Local	Close	(%)
FBMKLCI	1,445.8	(0.25)
Volume (mil)	2,797.70	(20.93)
<b>Value (RM'mil)</b>	1,998.2	6.52
Gainers	365	
Losers	452	
Unchanged	471	

Foreign	Close	(%)
Dow Jones	36,054.4	(0.2)
Nasdaq CI	14,146.7	(0.6)
S&P 500	4,549.3	(0.4)
FTSE 100	7,515.4	0.3
Nikkei 225	33,445.9	2.1
Shanghai CI	2,968.9	(0.1)
HSI	16,463.3	0.8
STI	3,087.2	0.3

Most Active	RM	Chg (RM)
VELESTO	0.205	(0.015)
WIDAD	0.470	0.005
BPURI	0.070	0.005
SCIB	0.795	0.015
LEFORM	0.350	0.010

Top Gainer	RM	Chg (RM)
RAPID	28.700	0.700
EG	1.680	0.190
CARLSBG	19.120	0.140
KOTRA	4.790	0.140
PIE	3.290	0.110

Top Loser	RM	Chg (RM)
NESTLE	114.300	(0.700)
EUROSP	1.110	(0.440)
F&N	27.260	(0.380)
HEXTECH	22.280	(0.320)
MPI	26.700	(0.280)

Other Stats	RM	(%)
USD/MYR	4.66	0.10
USD/RMB	7.16	0.19
Brent (USD/barrel)	74.45	0.20
Gold (USD/troy oz)	2,043.20	(0.23)
CPO (RM/metric t)	3,654.50	(0.91)



# Daily Newswatch

## Economics

**CHINA:** China's state planner announced plans to establish a backup coal production system by 2027, aiming for 7% of 2022 production, or 300 million metric tonnes, to stabilize prices and secure supply. Despite phasing down coal use, the initiative addresses concerns about energy security following the 2021 shortage and global crises. Mines with at least three million tonnes of yearly capacity can apply, offering readiness to address market fluctuations or shortages. The move underscores China's commitment to balance energy needs amid previous coal reduction pledges. Draft rules are open for public comment until January 6, 2024. (The Edge)

**UNITED STATES:** The Labor Department's Bureau of Labor Statistics reported that nonfarm productivity in the US grew at an annualized rate of 5.2% in the third quarter, exceeding initial estimates and marking the fastest pace since Q3 2020. Economists had expected a growth rate of 4.9%. The data revealed a decrease in unit labor costs by 1.2% in Q3, initially estimated at a 0.8% decline. This trend, if sustained, could contribute to the Federal Reserve's efforts to lower inflation. Financial markets anticipate possible interest rate cuts by the Fed in March 2023, given signs of subsiding inflation and easing labor market conditions. (The Edge)

## Companies

Gamuda Bhd (5398) has won a RM1.77bn contract from the Singapore Land Transport Authority for the West Coast Station and tunnels, a crucial part of Singapore's Cross Island Line phase two. The project includes an underground station and two tunnels spanning 1.9km, with construction starting in 1Q24 and passenger service expected by 2032. In 1Q24, Gamuda's revenue more than doubled to RM2.8bn with net profit at RM195.04m, driven by increased contributions from overseas projects and higher construction and property earnings. (The Edge)

UMW Group's (4588) subsidiary UMW Industrial Power Services and an authorized distributor of INNIO Jenbacher's engines in Malaysia, has secured a RM50.0m long-term service agreement from IOI Corp Bhd's plantation business. The agreement involves UIPS providing maintenance services for seven units of Jenbacher biogas engines installed at IOI Plantation Services Sdn Bhd's seven palm oil mills in Lahad Datu and Sandakan in Sabah. The scope of work includes scheduled services and maintenance for the engines over a period of 16 years. (The Edge)

HSS Engineering Bhd (0185) is planning a private placement to raise up to RM51.57m. The proposed placement involves up to 49.59 million shares, constituting 10% of the total issued and paid-up share capital, with an indicative issue price of RM1.04 per placement share, according to a filing with Bursa Malaysia. (The Edge)

Heitech Padu Bhd (5028) has been awarded a contract worth RM37.02m by the Health Ministry to provide hardware, software, and systems for the Health Information System at Sultan Ismail Hospital, Johor. The 36-month contract is set to begin on December 18, 2023. (The Edge)

MyEG Services Bhd's (0138) subsidiary MyEG Lodging (NC) Sdn Bhd, has signed a 30-year lease agreement with Penang Development Corp to undertake a RM108 million foreign workers' village project. The lease, valued at RM20.4 million, allows MyEG Lodging to construct and operate the village and related facilities on an 8.39-acre land parcel in Batu Kawan Industrial Park 3, Seberang Perai Selatan, Penang. The project, pending necessary approvals, is expected to commence development soon. (The Edge)

# D&O Green Technologies Berhad

Bloomberg: DOGT MK | KLSE Stock Code: 7204

## Technical Watch

“BUY on Potential Upside”

### Company Overview

D&O Green Technologies Bhd, through its subsidiary, manufactures semiconductor components. The Company manufactures and assembles semiconductor components under original equipment manufacturer contract manufacturing and captive line arrangements. D&O serves multinational corporations.

### Investment Highlights

On a sideways, 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 > 60).

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.

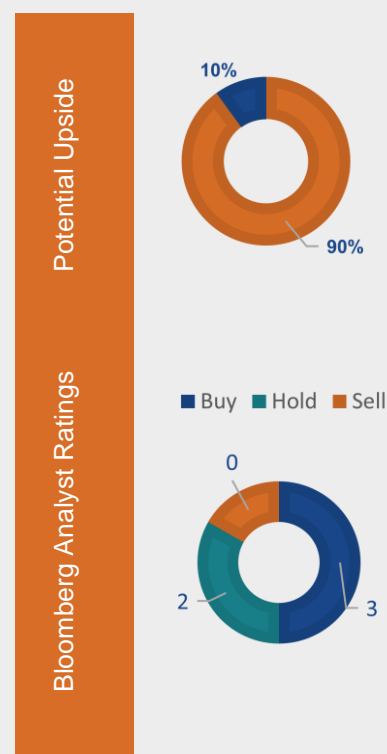
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	84.7	59.4	64.3
P/B	9.1	11.1	8.1
P/CF	149.0	59.9	35.8
P/S	5.4	4.3	2.7

Entry Price	RM3.60
Market Cap (m)	RM4,457.8
52w high	RM4.94
52w low	RM3.03
Stop Loss	RM3.08
Immediate Support	RM3.42
Immediate Resistance	RM3.64 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising momentum
Volume (4-Weeks Average)	1,555,931.8

### Main Market

Technology  
Subsector – Semiconductors  
Current Price: RM3.60  
Target Price: RM3.96



# Matrix Concepts Holdings Berhad

Bloomberg: MCH MK | KLSE Stock Code: 5236

## Technical Watch

“BUY on Potential Upside”

### Company Overview

Matrix Concepts Holdings Berhad is an investment holding company that specializes in property development and construction.

### 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 > 70).

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.

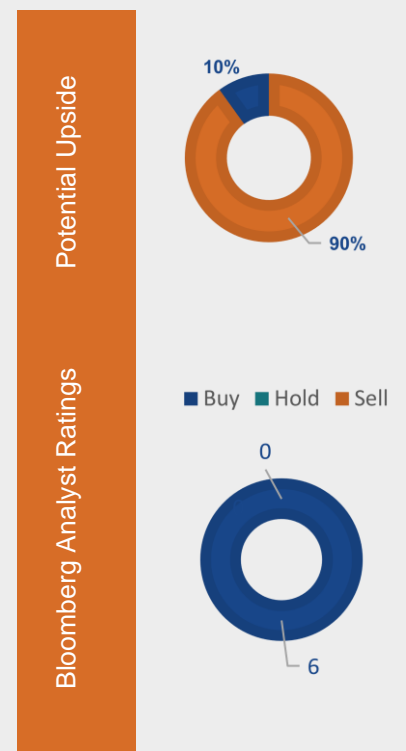
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.3	6.5	5.8
P/B	0.8	0.8	0.9
P/CF	14.5	16.1	52.9
P/S	1.8	1.4	1.3

Entry Price	RM1.68
Market Cap (m)	RM2,102.3
52w high	RM1.68
52w low	RM1.37
Stop Loss	RM1.44
Immediate Support	RM1.60
Immediate Resistance	RM1.68 (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)	888,230.2

### Main Market

Property  
Subsector – Property  
Current Price: RM1.68  
Target Price: RM1.85





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
9/11/2023	ALLIANZ	1163	16.720	18.160	14.300	18.390	-0.873	8.6	-
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	0.795	0.680	0.880	0.633	-0.6	-
10/11/2023	Toyoven	7173	1.430	1.380	1.220	1.360	-2.128	-3.5	-
14/11/2023	Mflour	3662	0.700	0.640	0.590	0.770	0.000	-8.6	-
14/11/2023	IGBB	5606	2.350	N/A	2.010	2.590	N/A	N/A	-
15/11/2023	RedTone	0032	0.810	0.660	0.690	0.890	0.000	-18.5	SL Triggered
15/11/2023	Pensonic	9997	0.770	0.665	0.660	0.850	-2.920	-13.6	SL Triggered
16/11/2023	GenP	2291	5.730	5.410	4.900	6.300	-0.916	-5.6	-
16/11/2023	Suria	6521	1.790	1.750	1.530	1.970	1.156	-2.2	-
17/11/2023	YTLPower	6742	2.360	2.260	2.020	2.590	0.444	-4.2	-
17/11/2023	ChinHin	5273	3.910	3.550	3.340	4.300	-2.204	-9.2	-
20/11/2023	Ranhill	5272	0.920	0.820	0.790	1.010	-1.796	-10.9	SL Triggered
20/11/2023	Day3	0281	0.450	0.355	0.380	0.490	1.429	-21.1	SL Triggered
21/11/2023	PIE	7095	3.340	3.290	2.860	3.670	3.459	-1.5	-
21/11/2023	Globetronic	7022	1.640	1.690	1.400	1.810	1.807	3.0	-
22/11/2023	INARI	0166	3.050	2.870	2.610	3.360	-0.692	-5.9	-
22/11/2023	GENTING	3182	4.430	4.610	3.790	4.870	0.655	4.1	-
23/11/2023	TeoSeng	7252	1.650	1.650	1.410	1.820	0.610	0.0	-
23/11/2023	Dufu	7233	1.850	1.780	1.580	2.040	-0.559	-3.8	-
24/11/2023	Supermax	7106	1.040	0.915	0.890	1.140	-1.613	-12.0	SL Triggered
24/11/2023	Hartalega	5166	2.620	2.370	2.240	2.880	-3.265	-9.5	-
27/11/2023	Mcement	3226	4.040	4.250	3.450	4.440	0.950	5.2	-
27/11/2023	Hextech	1286	23.700	22.280	20.260	26.070	-1.416	-6.0	-
28/11/2023	GentingM	4715	2.700	2.670	2.310	2.970	-0.373	-1.1	-
28/11/2023	Kelington	0151	1.750	1.880	1.500	1.930	-3.590	7.4	-
29/11/2023	AeonCredit	5139	5.780	5.680	4.940	6.360	-0.525	-1.7	-
29/11/2023	BAT	4162	9.350	9.280	7.990	10.290	0.000	-0.7	-
30/11/2023	FarmFresh	5306	1.360	1.380	1.160	1.490	2.222	1.5	-
30/11/2023	BAT	5000	2.060	2.250	1.760	2.270	3.687	9.2	-
1/12/2023	Infomina	0265	1.770	1.800	1.510	1.950	0.000	1.7	-
1/12/2023	Vitrox	0097	7.000	7.050	5.990	7.700	0.142	0.7	-
4/12/2023	Nationgate	0270	1.360	1.400	1.160	1.490	4.478	2.9	-
4/12/2023	Kossan	7153	1.690	1.680	1.440	1.860	-1.754	-0.6	-
5/12/2023	RCECapital	9296	2.760	2.770	2.360	3.040	0.362	0.4	-
5/12/2023	Aurelius	5302	2.740	2.730	2.340	3.010	0.368	-0.4	-
6/12/2023	Vitrox	0097	7.04	7.050	6.019	7.744	0.142	0.1	-
6/12/2023	WellCall	7231	1.700	1.770	1.454	1.870	4.118	4.1	-
7/12/2023	D&O	7204	3.600	3.600	3.078	3.960	2.564	0.0	-
7/12/2023	Matrix	5236	1.680	1.680	1.4364	1.848	2.439	0.0	-

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.04	0.73	14.42
UOA DEVELOPMENT BERHAD	PROPERTY	1.75	0.22	12.57
MBM RESOURCES BHD	CONSUMER	4.48	0.46	10.29
YTL HOSPITALITY REIT	REITs	1.02	0.09	9.22
HEKTAR REITS	REITs	0.63	0.06	9.05
AMWAY (M) HOLDINGS BHD	CONSUMER	5.55	0.46	8.29
BERMAZ AUTO BERHAD	CONSUMER	2.32	0.19	8.10
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.26	0.74	8.02
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	7.98
UOA REITS	REITs	1.10	0.09	7.82
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.78
SENTRAL REIT	REITs	0.82	0.06	7.61
CAPITALAND MALAYSIA TRUST	REITs	0.56	0.04	7.32
SCICOM (MSC) BHD	IND. PROD.	1.10	0.08	7.27
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	14.2	13.2
Finance	(1.1)	13.0	9.8	12.3	9.8	9.8
Property	31.2	25.1	7.4	11.5	10.6	#N/A N/A
Plantation	(1.6)	95.5	14.4	36.8	14.4	16.6
Consumer	(6.3)	22.5	14.7	21.5	14.7	14.7
Technology	(2.2)	48.6	22.5	27.9	31.3	23.9
Construction	19.6	36.8	15.9	19.2	15.9	11.2
Energy	3.4	9.3	-	-	9.3	9.3
Healthcare	2.9	36.1	23.8	30.0	23.8	32.8
Ind. Prod.	(6.5)	24.9	17.3	22.4	17.3	14.5
REIT	1.4	13.1	-	-	13.1	15.3
Telco	(6.8)	28.5	19.8	22.0	24.3	20.4

Source: Bloomberg

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