

Daily Newswatch

Market Review

The FBMKLCI ended higher on Friday continuing its week-long streak as investors risk appetite heightened following surges in US government bonds last week. Market breadth was positive with 528 gainers and 426 losers. Most sectors ended in green with the health care sector being the top gainer increasing by +1.50%, while the health care and property sector were the two losers declining by -0.87% and -0.54% respectively. NESTLE (4707) was the top gainer surging by RM1.20 or +1.0%. The FBMKLCI rose by +0.43% to 1,462.5.

Economics

- **China** plan 3% **budget** deficit for 2024
- **China's industrial output** surges 6.6% in November, **retail sales** accelerate.

Companies

- **Hextar Industries (0161)** buys stake in Hextar Mitai, engineering solutions provider.
- **Petra Energy (5133)** sells work barge for RM18.45mil, announces 4 cent dividend.
- **Apollo (6432)** reports growth in RM9.95m net profit, files trading suspension pending material announcement.

Expresso for the Day

- **Technical Watch – GASMSIA (5209)** Entry Price: RM3.23, Target Price: RM3.55, Stop Loss: RM2.76, Support: RM3.07, Resistance: RM3.41
- **Technical Watch – SIME (4197)** Entry Price: RM2.45, Target Price: RM2.69, Stop Loss: RM2.09, Support: RM2.33, Resistance: RM2.47

Local	Close	(%)
FBMKLCI	1,462.5	0.43
Volume (mil)	3,770.4	(11.22)
Value (RM'mil)	3,406.0	22.59
Gainers	528	
Losers	426	
Unchanged	459	
Foreign	Close	(%)
Dow Jones	37,305.2	0.2
Nasdaq CI	14,813.9	0.4
S&P 500	4,719.2	(0.0)
FTSE 100	7,576.4	(0.9)
Nikkei 225	32,970.6	0.9
Shanghai CI	2,942.6	(0.6)
HSI	16,792.2	2.4
STI	3,116.5	(0.2)
Most Active	RM	Chg (RM)
MINETEC	0.120	0.025
TOPGLOV	0.900	(0.010)
SCIB	0.850	0.020
WIDAD	0.470	0.010
RENEUCO	0.240	0.025
Top Gainer	RM	Chg (RM)
NESTLE	117.200	1.200
PETGAS	17.740	0.540
PETDAG	22.080	0.400
HEIM	23.140	0.380
UTDPLT	17.500	0.300
Top Loser	RM	Chg (RM)
YNHPROP	4.310	(0.430)
F&N	27.240	(0.260)
PPB	14.300	(0.200)
IDEAL	2.360	(0.180)
MPI	27.980	(0.180)
Other Stats	RM	(%)
USD/MYR	4.67	(0.05)
USD/RMB	7.12	0.13
Brent (USD/barrel)	76.55	(0.08)
Gold (USD/troy oz)	2,019.62	(0.82)
CPO (RM/metric t)	3,623.00	(0.23)

Daily Newswatch

Economics

CHINA: China have agreed to maintain a budget deficit of 3% of GDP in 2024, lower than the revised 3.8% target for the current year. China historically maintains a deficit ratio at or below 3%, and the flexibility provided by off-budget measures allows for potential stimulus to sustain economic growth. The government is also considering new fiscal and tax reforms, aiming to improve spending structures to support strategic objectives. China's growth target for 2024 is expected to be around 5%, with investors closely monitoring the fiscal position following a recent downgrade warning from Moody's. (Reuters)

CHINA: In November, China's industrial output demonstrated robust growth, expanding by 6.6% YoY, surpassing October's 4.6% gain and beating analysts' expectations. Retail sales also increased by 10.1%, an acceleration from October's 7.6% rise, although falling short of the forecasted 12.5%. Despite these positive indicators, fixed asset investment expanded by 2.9% in the first 11 months of 2023, missing expectations for a 3% rise. (Reuters)

Companies

Hextar Industries Bhd, (0161) listed on the ACE Market, is set to expand its presence in the industrial products sector through the acquisition of a 70% stake in Hextar Mitai Sdn Bhd (HMT), an engineering solutions company, for RM4.55m in cash. The transaction, structured as a related party transaction (RPT), involves HMT, controlled by Hextar Holdings Sdn Bhd. HMT specializes in providing engineering solutions across various industries, including oil and gas, food and beverage, and aerospace. (The Edge)

Petra Energy Bhd's (5133) subsidiary, Petra Marine Sdn Bhd, is selling its accommodation work barge, Petra Lyra, for RM18.45m to Great Sky Investments Corp, a company nominated by Star Chance Ltd. The barge, constructed in 2009 and sailing under the Malaysian flag, will be divested to Star Chance, a Seychelles-based company primarily engaged in vessel owning and chartering for the oil and gas industry. Alongside this transaction, Petra Energy has announced a special dividend of four sen per share for its fiscal year 2023, to be paid out on 14th February 2024. (The Edge)

Apollo Food Holdings Bhd (6432) has reported a 5.15% YoY growth in net profit to RM9.95m for 2QFY2024, attributed to a higher gross profit margin. Despite this positive trend in profitability, quarterly revenue experienced a decline of 6.13% to RM65.99m from RM70.3m, primarily due to a decrease in export sales. On a QoQ basis, the company saw a substantial increase of 30% in net profit from RM7.64m in 1QFY2024, and revenue also rose by 13% from RM58.34m. Notably, Apollo Food Holdings Bhd has also successfully requested a trading suspension effective Monday (18th December 2023), citing a pending "material announcement" under a listing rule related to a potential takeover. (The Edge)

Gas Malaysia Berhad

Bloomberg: GMB MK | KLSE Stock Code: 5209

Technical Watch

"BUY on Potential Upside"

Company Overview

Gas Malaysia Bhd. provides exploration of oil and gas services. The Company offers natural gas and liquefied petroleum gas.

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 strong momentum on the stock (RSI > 55).

Contracting 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	10.9	12.9	14.5
P/B	3.1	2.9	2.7
P/CF	6.4	12.5	23.5
P/S	0.5	0.5	0.6

Entry Price RM3.23

Market Cap (m) RM4,147.3

52w high **RM3.46**

52w low **RM2.97**

Stop Loss RM2.76

Immediate Support RM3.07

Immediate Resistance RM3.41 (Previous high)

Moving Average (EMA) Bullish

Moving Average (SMA) Bearish

Bollinger Bands (Long Run) Less volatile over the long run

RSI Strong momentum

Volume (4-Weeks Average) 600,202.7

Main Market

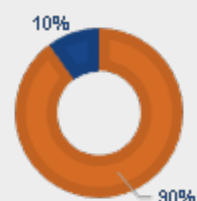
Utilities

Subsector – Gas, Water & Multi-Utilities

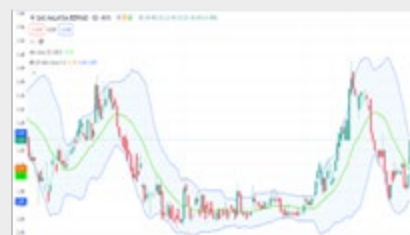
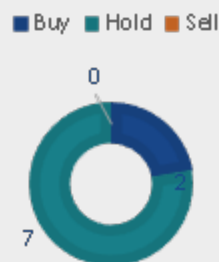
Current Price: RM3.23

Target Price: RM3.55

Potential Upside



Bloomberg Analyst Ratings



Sime Darby Berhad

Bloomberg: SIME MK | KLSE Stock Code: 4197

Technical Watch

"BUY on Potential Upside"

Company Overview

Sime Darby Berhad operates as a trading and logistics company. The Company offers assembling and distribution services for industrial, motors, and logistics sectors, as well as the healthcare, insurance, and retail segments. Sime Darby serves customers in Malaysia.

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 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

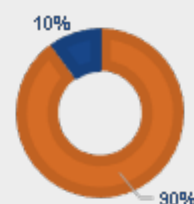
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.0	12.3	10.5
P/B	0.9	0.9	0.6
P/CF	16.4	21.8	12.0
P/S	0.3	0.3	0.3

Entry Price	RM2.45
Market Cap (m)	RM16,698.2
52w high	RM2.47
52w low	RM1.98
Stop Loss	RM2.09
Immediate Support	RM2.33
Immediate Resistance	RM2.47 (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)	7,275,352.8

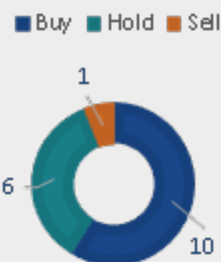
Main Market

Consumer Products & Services
Subsector – Automotive
Current Price: RM2.45
Target Price: RM2.69

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
21/11/2023	PIE	7095	3.340	3.230	2.860	3.670	-1.223	-3.3	-
21/11/2023	Globetronic	7022	1.640	1.800	1.400	1.810	1.695	9.8	-
22/11/2023	INARI	0166	3.050	2.950	2.610	3.360	0.340	-3.3	-
22/11/2023	GENTING	3182	4.430	4.700	3.790	4.870	-0.212	6.1	-
23/11/2023	TeoSeng	7252	1.650	1.570	1.410	1.820	-1.258	-4.8	-
23/11/2023	Dufu	7233	1.850	1.810	1.580	2.040	0.000	-2.2	-
24/11/2023	Supermax	7106	1.040	0.920	0.890	1.140	-4.167	-11.5	SL Triggered
24/11/2023	Hartalega	5166	2.620	2.690	2.240	2.880	-2.536	2.7	-
27/11/2023	Mcement	3226	4.040	4.300	3.450	4.440	0.703	6.4	-
27/11/2023	Hextech	1286	23.700	22.000	20.260	26.070	0.000	-7.2	-
28/11/2023	GentingM	4715	2.700	2.730	2.310	2.970	1.487	1.1	-
28/11/2023	Kelington	0151	1.750	1.860	1.500	1.930	-1.587	6.3	-
29/11/2023	AeonCredit	5139	5.780	5.660	4.940	6.360	0.891	-2.1	-
29/11/2023	BAT	4162	9.350	9.280	7.990	10.290	1.754	-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	2.230	1.760	2.270	-1.327	8.3	-
1/12/2023	Infomina	0265	1.770	1.750	1.510	1.950	-1.130	-1.1	-
1/12/2023	Vitrox	0097	7.000	7.210	5.990	7.700	-0.139	3.0	-
4/12/2023	Nationgate	0270	1.360	1.470	1.160	1.490	3.521	8.1	-
4/12/2023	Kossan	7153	1.690	1.800	1.440	1.860	-2.703	6.5	-
5/12/2023	RCECapital	9296	2.760	2.950	2.360	3.040	-0.338	6.9	-
5/12/2023	Aurelius	5302	2.740	2.700	2.340	3.010	0.372	-1.5	-
6/12/2023	Vitrox	0097	7.04	7.210	6.019	7.744	-0.139	2.4	-
6/12/2023	WellCall	7231	1.7	1.670	1.454	1.87	0.000	-1.8	-
7/12/2023	D&O	7204	3.6	3.580	3.078	3.96	0.845	-0.6	-
7/12/2023	Matrix	5236	1.68	1.650	1.4364	1.848	-1.786	-1.8	-
8/12/2023	Aurelius	5302	2.8	2.700	2.394	3.08	0.372	-3.6	-
8/12/2023	GFM	0039	0.27	0.260	0.2309	0.297	-3.704	-3.7	-
11/12/2023	RCECapital	9296	2.99	2.950	2.5565	3.289	-0.338	-1.3	-
11/12/2023	Thong Guan	7034	1.89	1.880	1.6160	2.079	0.000	-0.5	-
12/12/2023	GenP	2291	5.62	5.610	4.8051	6.182	2.186	-0.2	-
12/12/2023	Unisem	5005	3.37	3.350	2.8814	3.707	1.208	-0.6	-
13/12/2023	SFPTech	0251	1.02	0.975	0.8721	1.122	1.036	-4.4	-
13/12/2023	Tropicana	5401	1.26	1.290	1.0773	1.386	1.575	2.4	-
14/12/2023	SWKPLNT	5135	2.17	2.160	1.8554	2.387	0.465	-0.5	-
14/12/2023	YBS	0025	0.7	0.695	0.5985	0.77	-0.714	-0.7	-
15/12/2023	UTDPLT	2089	17.2	17.500	14.706	18.92	1.744	1.7	-
15/12/2023	PMETAL	8869	4.93	4.930	4.2152	5.423	0.366	0.0	-
18/12/2023	GASMSIA	5209	3.23	3.230	2.7617	3.553	3.195	0.0	-
18/12/2023	SIME	4197	2.45	2.45	2.0948	2.695	2.510	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.25	0.73	13.85
UOA DEVELOPMENT BERHAD	PROPERTY	1.77	0.22	12.43
MBM RESOURCES BHD	CONSUMER	4.44	0.46	10.38
YTL HOSPITALITY REIT	REITs	1.03	0.09	9.13
BERMAZ AUTO BERHAD	CONSUMER	2.39	0.21	8.83
HEKTAR REITS	REITs	0.65	0.06	8.77
AMWAY (M) HOLDINGS BHD	CONSUMER	5.56	0.46	8.27
TALIWORKS CORPORATION BHD	UTILITIES	0.81	0.07	8.27
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.29	0.74	8.00
SENTRAL REIT	REITs	0.78	0.06	7.95
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
UOA REITS	REITs	1.10	0.09	7.82
CAPITALAND MALAYSIA TRUST	REITs	0.55	0.04	7.52
SCICOM (MSC) BHD	IND. PROD.	1.07	0.08	7.48
SPORTS TOTO BERHAD	CONSUMER	1.50	0.11	7.20

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	(2.3)	24.2	17.0	18.8	14.2	13.3
Finance	(0.2)	13.0	9.9	12.3	9.9	9.8
Property	31.4	25.1	7.4	11.5	10.7	#N/A N/A
Plantation	(0.9)	95.5	14.5	36.8	14.5	17.0
Consumer	(5.3)	22.5	14.7	21.5	14.7	14.9
Technology	(0.5)	48.6	22.5	27.9	31.7	24.3
Construction	23.0	36.8	15.2	19.0	15.2	11.6
Energy	5.2	8.7	-	-	8.7	9.1
Healthcare	8.6	36.1	25.1	30.6	25.1	32.8
Ind. Prod.	(5.0)	24.9	17.4	22.4	17.4	14.7
REIT	1.2	13.0	-	-	13.0	15.4
Telco	(5.9)	28.5	19.8	22.7	25.6	20.6

Source: Bloomberg

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