

Daily Newswatch

Market Review

The FBM KLCI experienced a decline on Tuesday with limited trading activity, as investors opted to stay on the sidelines amid the shortened holiday week. Market breadth was negative with 397 gainers and 426 losers. The health care sector was the top gainer increasing by +0.99%, while the plantation sector was the top loser declining by -0.55%. NESTLE (4707) was the top gainer surging by RM1.50 or +1.3%. The FBMKLCI declined by -0.25% to 1,450.8.

Economics

- **Singapore's November Inflation:** Key CPI rises 3.2% YoY, core inflation slows, headline inflation drops to 3.6%
- **Oil prices** inch up amid geopolitical tensions and rate cut optimism

Companies

- **Marine & General (5078)** sells vessel for RM27.2mil
- **HE Group** inks IPO underwriting, to be listed on Ace Market on January
- **Gabungan AQRS (5226)** claims RM89 mil from Econpile, CCCC for SUKE
- **PETRONAS Carigali** and PTTEP ink deal for Blocks SK405B and SK410B off Sarawak coast

Expresso for the Day

- **Technical Watch – Padini (7052)** Entry Price: RM3.56, Target Price: RM3.92, Stop Loss: RM3.04, Support: RM3.38, Resistance: RM3.86
- **Technical Watch – Kelington (0151)** Entry Price: RM2.15, Target Price: RM2.37, Stop Loss: RM1.84, Support: RM2.04, Resistance: RM2.15

Local	Close	(%)
FBMKLCI	1,450.8	(0.25)
Volume (mil)	2,934.2	(1.06)
Value (RM'mil)	1,968.3	6.98
Gainers	397	
Losers	426	
Unchanged	455	
Foreign	Close	(%)
Dow Jones	37,545.3	0.4
Nasdaq CI	15,074.6	0.5
S&P 500	4,774.8	0.3
FTSE 100	7,697.5	0.0
Nikkei 225	33,305.9	0.2
Shanghai CI	2,898.9	(0.7)
HSI	16,340.4	(1.7)
STI	3,140.0	(0.0)
Most Active	RM	Chg (RM)
MINETEC	0.155	0.020
SCABLE	0.280	0.080
MERSEC	0.550	(0.080)
BPURI	0.085	(0.010)
LEFORM	0.410	(0.010)
Top Gainer	RM	Chg (RM)
NESTLE	121.000	1.500
METFSID	1.050	0.4250
HEXTECH	22.220	0.220
HLFG	16.500	0.220
SEEHUP	1.100	0.210
Top Loser	RM	Chg (RM)
HLBANK	18.500	(0.480)
ALLIANZ	18.380	(0.280)
PPB	14.520	(0.180)
F&N	28.320	(0.160)
KLUANG	3.620	(0.130)
Other Stats	RM	(%)
USD/MYR	4.64	0.11
USD/RMB	7.14	0.10
Brent (USD/barrel)	80.81	2.20
Gold (USD/troy oz)	2,078.50	0.45
CPO (RM/metric t)	3,663.00	(1.23)

Daily Newswatch

Economics

SINGAPORE: In November, Singapore's key consumer price index (CPI) rose by 3.2% on a yearly basis, in line with expectations. However, the headline inflation rate dropped to 3.6%. The Monetary Authority of Singapore and the trade ministry stated that both headline and core inflation are projected to average between 3.0% and 4.0%, and 2.5% and 3.5%, respectively, in 2024. Core inflation, which excludes private road transport and accommodation costs, slowed from 3.3% in October, while headline inflation decreased from 4.7% in October and was lower than the forecast of 3.8% in November. The central bank is scheduled to review monetary policy settings next month. (Reuters)

COMMODITY: Oil prices edged higher on Tuesday, with Brent crude futures rising 0.3% to \$79.33 a barrel, and U.S. West Texas Intermediate crude up 0.2% to \$73.72 a barrel. Geopolitical tensions in the Middle East and optimism about potential interest rate cuts by the U.S. Federal Reserve were cited as factors influencing the market. The recent Houthi attacks on ships in the Red Sea, disrupting global shipping and trade, contributed to a rebound in oil prices. Additionally, expectations of interest rate cuts and concerns about conflicts in the Middle East have supported the recent gains. (The Star)

Companies

Marine & General (5078), through its subsidiary TKH Marine, has sold the vessel JM Sutera 7 to Narsimhaa Shipping for \$5.8 million. The disposal is part of the company's strategy to revitalize its fleet, enhance customer service, and realize its initial investment in the vessel. The proceeds from the sale are expected to contribute positively to the company's earnings, net assets, and gearing. Marine & General reported a 50.7% decline in net profit for the second quarter ended October 31, 2023, despite higher revenue. (The Edge)

Electrical engineering service provider **HE Group Bhd** has signed an underwriting agreement with Alliance Islamic Bank Bhd for its upcoming initial public offering (IPO) ahead of its ACE Market listing in January. The IPO involves a public issuance of 86.89 million new shares, representing 19.75% of the group's enlarged share capital. Alliance Islamic Bank, as the principal adviser, sponsor, sole underwriter, and placement agent for the IPO, will underwrite 33 million new shares. (The Edge)

Gabungan AQRS Bhd (5226) is seeking RM89.74 million from Econpile Holdings Bhd for what it alleges was the wrongful termination of a sub-contract under Package SUKE-CA3 of the Sungai Besi-Ulu Kelang Elevated Expressway (Suke) project in 2016. The sub-contract, valued at RM389.07 million, was awarded to Econpile (M) Sdn Bhd (EMSB) and its joint venture partner China Communication Construction Company (M) Sdn Bhd (CCCC) by Gabungan AQRS' unit Gabungan Strategik Sdn Bhd. Econpile noted that EMSB has completed its scope of work, and CCCC and EMSB have submitted a final claim for the work done under the sub-contract. (The Star)

PETRONAS Carigali has signed a MoU and two technical assistance agreements (TAAs) with PTT Exploration and Production (PTTEP) regarding the development of PTTEP-operated Blocks SK405B and SK410B off the coast of Sarawak, offshore Malaysia. The MoU covers the potential evacuation of production from Block SK405B, and the TAAs include study and design works for Block SK405B fields and engineering design assistance for the potential construction, tie-in works, and gas evacuation of Block SK410B. PTTEP holds interests in both blocks, along with MOECO Oil (Sarawak) and PETRONAS Carigali. (The Star)

PADINI HOLDINGS BERHAD

Bloomberg: PAD MK | KLSE Stock Code: 7052

Technical Watch

"BUY on Potential Upside"

Company Overview

Padini Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and retails garments, shoes, ancillary products, and accessories.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by three white soldiers with a rising momentum on the stock (RSI > 50).

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 crossover moving forward.

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	15.6	24.8	18.5
P/B	2.4	2.4	2.7
P/CF	13.2	15.2	13.0
P/S	1.5	1.4	1.3

Entry Price **RM3.56**

Market Cap (m) **RM2,342.2**

52w high **RM4.16**

52w low **RM3.33**

Stop Loss **RM3.04**

Immediate Support **RM3.38**

Immediate Resistance **RM3.86 (Previous high)**

Moving Average (EMA) **Bearish**

Moving Average (SMA) **Bearish**

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

RSI **Rising momentum**

Volume (4-Weeks Average) **308,449.8**

Main Market

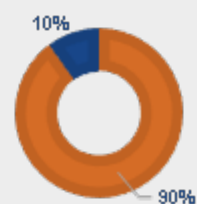
Consumer Products & Services

Subsector – Retailers

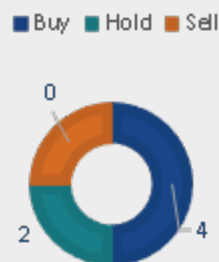
Current Price: RM3.56

Target Price: RM3.92

Potential Upside



Bloomberg Analyst Ratings



Kelington Group Berhad

Bloomberg: KGRB MK | KLSE Stock Code: 0151

Technical Watch

"BUY on Potential Upside"

Company Overview

Kelington Group Berhad is engaged in the businesses of providing engineering services, construction and general trading. The company designs, fabricates and installs ultra-high purity gas and chemicals delivery systems.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a three white soldiers 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

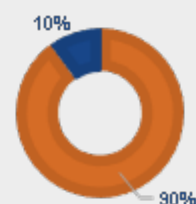
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	19.2	21.3	18.8
P/B	3.9	3.4	2.5
P/CF	18.9	29.4	20.1
P/S	1.0	1.1	0.8

Entry Price	RM2.15
Market Cap (m)	RM1,386.3
52w high	RM2.16
52w low	RM1.31
Stop Loss	RM1.84
Immediate Support	RM2.04
Immediate Resistance	RM2.15 (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)	1,774,743.4

Ace Market

Industrial Products & Services
Subsector – Industrial Eng.
Current Price: RM2.15
Target Price: RM2.37

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
29/11/2023	AeonCredit	5139	5.780	5.600	4.940	6.360	-0.356	-3.1	-
29/11/2023	BAT	4162	9.350	9.280	7.990	10.290	0.979	-0.7	-
30/11/2023	FarmFresh	5306	1.360	1.340	1.160	1.490	1.515	-1.5	-
30/11/2023	BAT	5000	2.060	2.200	1.760	2.270	0.917	6.8	-
1/12/2023	Infomina	0265	1.770	1.740	1.510	1.950	-1.136	-1.7	-
1/12/2023	Vitrox	0097	7.000	7.300	5.990	7.700	0.551	4.3	-
4/12/2023	Nationgate	0270	1.360	1.520	1.160	1.490	-1.299	11.8	TP Achieved
4/12/2023	Kossan	7153	1.690	1.830	1.440	1.860	2.809	8.3	-
5/12/2023	RCECapital	9296	2.760	2.980	2.360	3.040	0.000	8.0	-
5/12/2023	Aurelius	5302	2.740	2.610	2.340	3.010	-0.760	-4.7	-
6/12/2023	Vitrox	0097	7.040	7.300	6.019	7.744	0.551	3.7	-
6/12/2023	WellCall	7231	1.700	1.660	1.454	1.870	-0.599	-2.4	-
7/12/2023	D&O	7204	3.600	3.620	3.078	3.960	-0.549	0.6	-
7/12/2023	Matrix	5236	1.680	1.650	1.436	1.848	0.000	-1.8	-
8/12/2023	Aurelius	5302	2.800	2.610	2.394	3.080	-0.760	-6.8	-
8/12/2023	GFM	0039	0.270	0.285	0.231	0.297	2.151	5.6	-
11/12/2023	RCECapital	9296	2.990	2.980	2.556	3.289	0.000	-0.3	-
11/12/2023	Thong Guan	7034	1.890	1.890	1.616	2.079	0.532	0.0	-
12/12/2023	GenP	2291	5.620	5.560	4.805	6.182	-1.593	-1.1	-
12/12/2023	Unisem	5005	3.370	3.330	2.881	3.707	0.909	-1.2	-
13/12/2023	SFPTECH	0251	1.020	0.935	0.872	1.122	-1.058	-8.3	-
13/12/2023	Tropicana	5401	1.260	1.290	1.077	1.386	0.781	2.4	-
14/12/2023	SWKPLNT	5135	2.170	2.110	1.855	2.387	0.957	-2.8	-
14/12/2023	YBS	0025	0.700	0.705	0.599	0.770	0.000	0.7	-
15/12/2023	UTDPLT	2089	17.200	17.940	14.706	18.920	-0.664	4.3	-
15/12/2023	PMETAL	8869	4.930	4.790	4.215	5.423	-0.622	-2.8	-
18/12/2023	GASMSIA	5209	3.230	3.210	2.762	3.553	0.312	-0.6	-
18/12/2023	SIME	4197	2.450	2.360	2.095	2.695	-0.840	-3.7	-
19/12/2023	WELLS	0271	0.685	0.700	0.586	0.754	-0.709	2.2	-
19/12/2023	SLP	7248	0.930	0.935	0.795	1.023	N/A	0.5	-
20/12/2023	MCE	7004	2.320	2.570	1.984	2.552	-1.154	10.8	TP Achieved
20/12/2023	WCT	9679	0.510	0.495	0.436	0.561	-1.000	-2.9	-
21/12/2023	MasterPack	7029	3.030	3.020	2.591	3.333	0.332	-0.3	-
21/12/2023	Kotra	0002	4.850	4.750	4.147	5.335	-0.835	-2.1	-
22/12/2023	SCGM	7247	0.580	0.575	0.496	0.638	0.000	-0.9	-
22/12/2023	PTRB	0260	0.535	0.540	0.457	0.589	-0.917	0.9	-
26/12/2023	KerjayaProspek	7161	1.540	1.520	1.320	1.690	-1.299	-1.3	-
26/12/2023	ChinHin	5273	3.720	3.750	3.180	4.092	0.806	0.8	-
26/12/2023	Padini	7052	3.560	3.560	3.040	3.920	1.425	0.0	-
26/12/2023	Kelington	0151	2.150	2.150	1.840	2.370	3.865	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.38	0.73	13.51
UOA DEVELOPMENT BERHAD	PROPERTY	1.75	0.22	12.57
MBM RESOURCES BHD	CONSUMER	4.32	0.46	10.67
YTL HOSPITALITY REIT	REITs	1.02	0.09	9.22
HEKTAR REITS	REITs	0.65	0.06	8.77
BERMAZ AUTO BERHAD	CONSUMER	2.45	0.21	8.61
TALIWORKS CORPORATION BHD	UTILITIES	0.82	0.07	8.29
AMWAY (M) HOLDINGS BHD	CONSUMER	5.70	0.46	8.07
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.28	0.74	8.01
SENTRAL REIT	REITs	0.78	0.06	7.95
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.78
UOA REITS	REITs	1.11	0.09	7.75
SCICOM (MSC) BHD	IND. PROD.	1.08	0.08	7.41
CAPITALAND MALAYSIA TRUST	REITs	0.56	0.04	7.32
RHB BANK	FINANCE	5.40	0.39	7.22

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	(3.0)	24.2	17.0	18.8	14.2	13.0
Finance	(1.9)	13.0	9.7	12.3	9.7	9.6
Property	34.7	25.1	7.4	11.6	11.0	N/A
Plantation	(1.2)	95.5	14.5	36.8	14.5	16.9
Consumer	(5.3)	22.5	14.7	21.5	14.7	15.1
Technology	(0.5)	48.6	22.5	28.1	32.3	24.4
Construction	25.2	36.8	15.6	19.1	15.6	11.9
Energy	5.6	8.8	-	-	8.8	9.3
Healthcare	9.8	36.1	25.2	30.6	25.2	33.2
Ind. Prod.	(5.1)	24.9	17.8	22.5	17.8	15.0
REIT	1.2	13.1	-	-	13.1	15.5
Telco	(3.4)	28.5	19.8	23.0	26.3	20.8

Source: Bloomberg

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