

# Daily Newswatch

## Market Review

The FBMKLCI rose on Wednesday breaking its four-day losing streak on the back of improved market sentiments taking cues from upbeat trend in regional markets. Market breadth was positive with 468 gainers and 380 losers. The utilities sector was the top gainer increasing by +0.57%, while the REIT sector was the top loser declining by -0.25%. NESTLE (4707) was the top gainer surging by RM0.40 or +0.3%. The FBMKLCI rose by +0.24% to 1,454.2.

## Economics

- **Malaysia's PPI records 1.5% YoY decline** – DOSM
- **China's industrial profits surge 29.5%** in November - Bloomberg

## Companies

- **Awantech (5204)** secures RM4.88mil contract from MoE
- **Steelhawk (03049)** extends contract with Petronas Carigali
- **TSA Group** IPO to raise RM42.53mil in proceeds
- **Sime Darby (4197)** takeover of UMW becomes unconditional

## Expresso for the Day

- **Technical Watch – Maxis (6012)** Entry Price: RM3.90, Target Price: RM4.29, Stop Loss: RM3.33, Support: RM3.71, Resistance: RM3.96
- **Technical Watch – PetDag (5681)** Entry Price: RM22.06, Target Price: RM24.27, Stop Loss: RM18.86, Support: RM20.96, Resistance: RM22.24

Local	Close	(%)
FBMKLCI	1,454.2	0.24
Volume (mil)	3,293.5	12.25
Value (RM'mil)	2,064.9	4.91
Gainers	468	
Losers	380	
Unchanged	466	
Foreign	Close	(%)
Dow Jones	37,656.5	0.3
Nasdaq CI	15,099.2	0.2
S&P 500	4,781.6	0.1
FTSE 100	7,725.0	0.4
Nikkei 225	33,681.2	1.1
Shanghai CI	2,914.6	0.5
HSI	16,624.8	1.7
STI	3,170.8	1.0
Most Active	RM	Chg (RM)
SCABLE	0.390	0.110
VELESTO	0.230	0.000
ZELAN	0.085	0.015
SMTRACK	0.055	0.005
WIDAD	0.475	0.005
Top Gainer	RM	Chg (RM)
NESTLE	121.400	0.400
HEXTECH	22.500	0.280
DLADY	22.640	0.180
PETDAG	22.060	0.160
ALLIANZ	18.500	0.120
Top Loser	RM	Chg (RM)
HEIM	23.900	(0.300)
RAPID	29.200	(0.200)
CARLSBG	19.400	(0.120)
CHINHIN	3.660	(0.090)
KHIND	2.570	(0.080)
Other Stats	RM	(%)
USD/MYR	4.63	(0.19)
USD/RMB	7.14	(0.00)
Brent (USD/barrel)	79.41	(2.05)
Gold (USD/troy oz)	2,077.49	0.47
CPO (RM/metric t)	3,663.00	(1.23)

# Daily Newswatch

## Economics

**MALAYSIA:** Malaysia's producer price index (PPI) recorded a 1.5% year-on-year decline in November 2023, following a marginal decrease of 0.3% in October 2023, according to the Department of Statistics Malaysia (DOSM). The decline was attributed to decreases in all sectors except for the water supply sector, which increased by 1% in November. The mining sector decreased by 4.7% year-on-year, and the manufacturing sector dropped by 1.4%. On a monthly basis, PPI local production further declined by 0.7% in November 2023. Comparing with other major countries, Malaysia's PPI performance contrasts with a slight increase in the US and a decline in China's producer prices. (The Edge)

**CHINA:** China's industrial profits surged by 29.5% in November, benefiting from favourable year-ago comparisons and stimulus measures. Despite the rebound, profits for January-to-November were still down 4.4% YoY, easing from a 7.8% decline through the first 10 months. Analysts suggest that gains in some onshore stocks and the yuan in November, along with investment returns and base effect comparison, contributed to the profit growth. However, signs of deflation, including a steep drop in consumer prices, and weak external demand for Chinese goods raise concerns about the sustainability of the profit surge. (Bloomberg)

## Companies

**Awantech (5204)** has successfully secured a three-year contract valued at RM4.88 million from the Ministry of Education for Learning Management System license subscription services. The contract is intended to fulfill the needs of the digital competence improvement course for education service officers. This achievement marks Awantech's significant entry into the provision of digital learning platforms, signaling a notable milestone for the company. (The Edge)

**Steel Hawk Bhd (03049)** has received a contract extension from Petronas Carigali Sdn Bhd (PCSB) for onshore facilities maintenance, construction, and modification (ONMCM) services. The extension is for one year and 20 days, concluding on December 31, 2024. The contract operates on a call-out basis, without a fixed contract value, where Steel Hawk is engaged by PCSB to provide specified services as needed during the contract's duration. The company anticipates a positive contribution to its earnings for the fiscal year ending December 31, 2024. (The Edge)

**TSA Group Bhd** plans to raise approximately RM42.53 million through an initial public offering (IPO) on Bursa Malaysia's ACE Market. The company will price its shares at 55 sen each, with a market capitalization of RM170.12 million after listing. The IPO comprises the issuance of 77.33 million new shares, representing 25% of its expanded share capital. TSA Group, a manufacturer of industrial hardware products, stainless steel pipes, and metal products, will use the proceeds for purposes such as repayment of bank borrowings, working capital, capital expenditure, and listing expenses. TSA Group is set to be listed on February 2, 2024. (The Edge)

**Sime Darby's (4197)** takeover bid for the remaining 38.82% stake in UMW Holdings has become unconditional after receiving more than 50% of the voting shares. The offer is set at RM5 per share and will be available for acceptance until 5 pm on January 17, marking the first closing date. Following the completion of the takeover, Sime Darby will become the largest shareholder in UMW, a move that is expected to result in UMW's delisting from Bursa Malaysia. (The Edge)

# Maxis Berhad

Bloomberg: MAXIS MK | KLSE Stock Code: 6012

## Technical Watch

"BUY on Potential Upside"

### Company Overview

Maxis Berhad operates as a mobile and fixed communication service provider. The Company, through mobile and fiber telecommunications along with IT infrastructure services, offers mobile and fixed data products, voice and SMS services, mobile payment solutions, remote health monitoring, Cloud solutions, and a business directory to businesses and individuals in Malaysia.

### Investment Highlights

On a trend reversal, the stock is currently trading below the MA20. We think there is a potential upside supported by a marubozu 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	13.6	19.4	19.2
P/B	4.6	4.8	5.8
P/CF	10.1	10.8	10.9
P/S	3.0	3.5	3.7

**Entry Price** **RM3.90**

**Market Cap (m)** **RM30,545.1**

**52w high** **RM4.59**

**52w low** **RM3.72**

**Stop Loss** **RM3.33**

**Immediate Support** **RM3.71**

**Immediate Resistance** **RM3.96 (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)** **2,033,051.2**

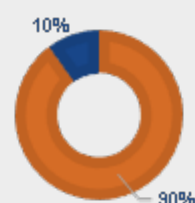
### Main Market

Telecommunications & Media  
Subsector – Telco Service  
Providers

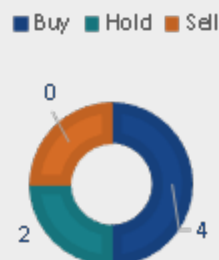
Current Price: RM3.90

Target Price: RM4.29

Potential Upside



Bloomberg Analyst Ratings



# Petronas Dagangan Berhad

Bloomberg: PETD MK | KLSE Stock Code: 5681

## Technical Watch

"BUY on Potential Upside"

### Company Overview

Petronas Dagangan Berhad markets petroleum products and operates service stations domestically. Through its subsidiaries, the Company has operations in aviation fueling at Kuala Lumpur International Airport and bunkering facilities at West Port along with marketing and distributing lubricants.

### Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think there is a potential upside supported by a bullish engulfing with a rising momentum on the stock (RSI > 45).

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.

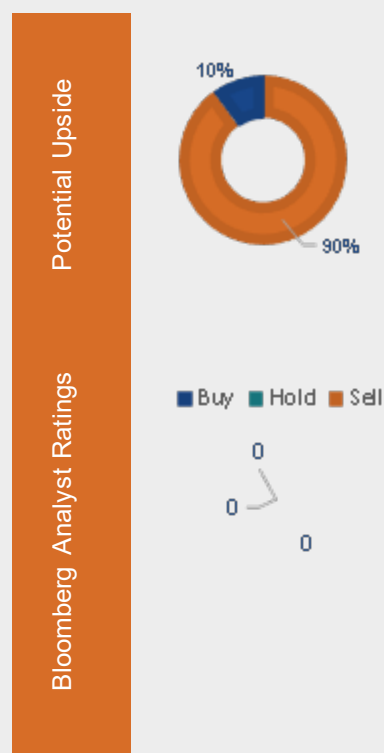
### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	29.4	33.8	28.4
P/B	3.7	3.5	3.5
P/CF	21.9	29.4	22.4
P/S	0.7	0.7	0.7

Entry Price	RM22.06
Market Cap (m)	RM21,915.6
52w high	RM23.60
52w low	RM20.04
Stop Loss	RM18.86
Immediate Support	RM20.96
Immediate Resistance	RM22.24 (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)	423,750.0

### Ace Market

Consumer Products & Services  
Subsector – Retailers  
Current Price: RM22.06  
Target Price: RM24.27





## Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/ Loss from TP (%)	Remark
30/11/2023	FarmFresh	5306	1.360	1.330	1.160	1.490	-0.746	-2.2	-
30/11/2023	BAT	5000	2.060	2.250	1.760	2.270	2.273	9.2	-
1/12/2023	Infomina	0265	1.770	1.720	1.510	1.950	-1.149	-2.8	-
1/12/2023	Vitrox	0097	7.000	7.268	5.990	7.700	-0.261	3.8	-
4/12/2023	Nationgate	0270	1.360	1.530	1.160	1.490	0.658	12.5	TP Achieved
4/12/2023	Kossan	7153	1.690	1.850	1.440	1.860	1.093	9.5	-
5/12/2023	RCECapital	9296	2.760	3.050	2.360	3.040	2.349	10.5	TP Achieved
5/12/2023	Aurelius	5302	2.740	2.610	2.340	3.010	0.000	-4.7	-
6/12/2023	Vitrox	0097	7.040	7.268	6.019	7.744	-0.261	3.2	-
6/12/2023	WellCall	7231	1.700	1.700	1.454	1.870	2.410	0.0	-
7/12/2023	D&O	7204	3.600	3.650	3.078	3.960	0.829	1.4	-
7/12/2023	Matrix	5236	1.680	1.640	1.436	1.848	-0.606	-2.4	-
8/12/2023	Aurelius	5302	2.800	2.610	2.394	3.080	0.000	-6.8	-
8/12/2023	GFM	0039	0.270	0.270	0.231	0.297	-5.263	0.0	-
11/12/2023	RCECapital	9296	2.990	3.050	2.556	3.289	2.349	2.0	-
11/12/2023	Thong Guan	7034	1.890	1.900	1.616	2.079	0.529	0.5	-
12/12/2023	GenP	2291	5.620	5.620	4.805	6.182	1.079	0.0	-
12/12/2023	Unisem	5005	3.370	3.260	2.881	3.707	-2.102	-3.3	-
13/12/2023	SFPTech	0251	1.020	0.925	0.872	1.122	-1.070	-9.3	-
13/12/2023	Tropicana	5401	1.260	1.270	1.077	1.386	-1.550	0.8	-
14/12/2023	SWKPLNT	5135	2.170	2.100	1.855	2.387	-0.474	-3.2	-
14/12/2023	YBS	0025	0.700	0.695	0.599	0.770	-1.418	-0.7	-
15/12/2023	UTDPLT	2089	17.200	18.000	14.706	18.920	0.334	4.7	-
15/12/2023	PMETAL	8869	4.930	4.800	4.215	5.423	0.209	-2.6	-
18/12/2023	GASMSIA	5209	3.230	3.220	2.762	3.553	0.312	-0.3	-
18/12/2023	SIME	4197	2.450	2.370	2.095	2.695	0.424	-3.3	-
19/12/2023	WELLS	0271	0.685	0.695	0.586	0.754	-0.714	1.5	-
19/12/2023	SLP	7248	0.930	0.895	0.795	1.023	-4.278	-3.8	-
20/12/2023	MCE	7004	2.320	2.530	1.984	2.552	-1.556	9.1	TP Achieved
20/12/2023	WCT	9679	0.510	0.500	0.436	0.561	1.010	-2.0	-
21/12/2023	MasterPack	7029	3.030	3.030	2.591	3.333	0.331	0.0	-
21/12/2023	Kotra	0002	4.850	4.750	4.147	5.335	0.000	-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	0.530	0.457	0.589	-1.852	-0.9	-
26/12/2023	KerjayaProspek	7161	1.540	1.540	1.320	1.690	1.316	0.0	-
26/12/2023	ChinHin	5273	3.720	3.660	3.180	4.092	-2.400	-1.6	-
27/12/2023	Padini	7052	3.560	3.530	3.040	3.920	-0.843	-0.8	-
27/12/2023	Kelington	0151	2.150	2.150	1.840	2.370	0.000	0.0	-
28/12/2023	MAXIS	6012	3.900	3.900	3.330	4.290	1.563	0.0	-
28/12/2023	PETDAG	5681	22.060	22.060	18.860	24.270	0.731	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	1.74	0.22	12.64
MBM RESOURCES BHD	CONSUMER	4.27	0.46	10.80
YTL HOSPITALITY REIT	REITs	1.02	0.09	9.22
BERMAZ AUTO BERHAD	CONSUMER	2.38	0.21	8.87
HEKTAR REITS	REITs	0.65	0.06	8.77
TALIWORKS CORPORATION BHD	UTILITIES	0.82	0.07	8.29
AMWAY (M) HOLDINGS BHD	CONSUMER	5.69	0.46	8.08
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.25	0.74	8.03
SENTRAL REIT	REITs	0.79	0.06	7.90
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.	1.09	0.08	7.34
CAPITALAND MALAYSIA TRUST	REITs	0.56	0.04	7.32
RHB BANK	FINANCE	5.39	0.39	7.24

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	(2.8)	24.2	17.0	18.8	14.2	13.1
Finance	(1.7)	13.0	9.8	12.3	9.8	9.6
Property	34.8	25.1	7.4	11.6	11.0	N/A
Plantation	(0.9)	95.5	14.5	36.8	14.5	17.0
Consumer	(5.1)	22.5	14.7	21.5	14.7	15.1
Technology	(0.6)	48.6	22.5	28.1	32.3	24.4
Construction	25.4	36.8	15.6	19.1	15.6	11.9
Energy	5.9	8.9	-	-	8.9	9.4
Healthcare	9.9	36.1	25.2	30.6	25.2	32.8
Ind. Prod.	(5.0)	24.9	17.8	22.5	17.8	15.0
REIT	0.9	13.0	-	-	13.0	15.4
Telco	(3.5)	28.5	19.8	23.0	26.3	20.8

Source: Bloomberg

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