

Daily Newswatch

Market Review

The FBMKLCI ended lower as bargain hunting activities persist on the last day of trading in 2023. Market breadth was negative with 431 gainers and 486 losers. The utilities sector was the top gainer increasing by +1.39%, while the telecommunication & media sector was the top loser declining by -0.56%. DLADY (3026) was the top gainer surging by RM0.36 or +1.6%. The FBMKLCI declined by -0.19% to 1,454.7.

Economics

- **Pakistan** inflation accelerated for a second month
- **China** faces manufacturing contraction in December, sparking stimulus concerns

Companies

- **Kanger Int (0170)** plans private placement to raise up to RM10.5m
- **Takaful MY (6139)** declares 14 sen dividend for FY2023
- **KPS (5843)** consolidates business ops in China amid trade diversion
- **Kuchai (2186)** injects RM275mil assets into Sg Bagan

Expresso for the Day

- **Technical Watch – Time DotCom (5031)** Entry Price: RM5.40, Target Price: 5.94 RM, Stop Loss: RM4.62, Support: RM5.13, Resistance: RM5.56
- **Technical Watch – PBA Holdings (5041)** Entry Price: RM1.46, Target Price: RM1.61, Stop Loss: RM1.25, Support: RM1.39, Resistance: RM1.46

Local	Close	(%)
FBMKLCI	1,454.7	(0.19)
Volume (mil)	4,666.4	10.09
Value (RM'mil)	2,959.2	23.58
Gainers	431	
Losers	486	
Unchanged	465	
Foreign	Close	(%)
Dow Jones	37,689.5	(0.1)
Nasdaq CI	15,011.4	(0.6)
S&P 500	4,769.8	(0.3)
FTSE 100	7,733.2	0.1
Nikkei 225	33,464.2	(0.2)
Shanghai CI	2,974.9	0.7
HSI	17,047.4	0.0
STI	3,240.3	0.8
Most Active	RM	Chg (RM)
GOCEAN	0.225	0.100
PELIKAN	0.280	(0.055)
DATAPRP	0.170	0.015
MINETEC	0.145	(0.005)
CIMB	5.850	0.010
Top Gainer	RM	Chg (RM)
DLADY	23.160	0.360
KESM	7.070	0.220
ALLIANZ	18.440	0.200
PBA	1.460	0.180
PMBTECH	2.780	0.160
Top Loser	RM	Chg (RM)
NESTLE	117.600	(1.400)
RAPID	28.480	(0.460)
IMASPRO	3.830	(0.190)
PPB	14.480	(0.100)
PETDAG	21.840	(0.080)
Other Stats	RM	(%)
USD/MYR	4.59	(0.33)
USD/RMB	7.10	(0.15)
Brent (USD/barrel)	77.04	(1.72)
Gold (USD/troy oz)	2,062.98	(0.13)
CPO (RM/metric t)	3,716.50	0.50

Daily Newswatch

Economics

PAKISTAN: In December, **Pakistan experienced a second consecutive month of accelerated inflation**, reaching 29.66% year-on-year, surpassing expectations and fueled by IMF-backed increases in energy costs and a weakened currency. The country's currency depreciated by 20% in the past year, contributing to the inflationary pressures, and the State Bank of Pakistan, contrary to expectations, maintained its benchmark interest rate. The government's efforts to meet IMF conditions, including raising taxes and energy costs, have strained consumers, while global oil price adjustments have influenced retail gasoline prices, with elections approaching in February. (The Edge)

CHINA: China's manufacturing activity contracted for the third consecutive month in December, falling more than anticipated, raising concerns about the nation's economic recovery and prompting calls for renewed stimulus measures. The official Purchasing Managers' Index (PMI) dropped to 49.0, below the 50-mark separating growth from contraction. Analysts suggest that the government may need to enhance policy support to counter slowing growth. Weak demand, both domestically and externally, and signs of deflationary pressures pose challenges to China's economic rebound. The central bank and policymakers have indicated a commitment to adjustments and additional measures to support recovery and address deflation concerns. (The Edge)

Companies

Kanger International Bhd (0170) plans to conduct a private placement, aiming to issue up to 129.97 million shares, equivalent to 20% of its issued share capital, with the goal of generating gross proceeds of up to RM10.46 million, considering an illustrative issue price of 5.8 sen per share. The intended use of the funds includes general working capital and financing the construction of shoplots in its Ijok development. (The Edge)

Syarikat Takaful M Keluarga Bhd (6139) has announced an interim single-tier dividend of 14 sen per ordinary share for the fiscal year ending December 31, 2023. The dividend, totaling RM117.22 million for the financial year, is scheduled to be disbursed on February 2, 2024. Calculated against the closing market price of the company's share at RM3.70 as of December 28, 2023, the declared dividend translates into a dividend yield of 3.8%. (The Edge)

Kumpulan Perangsang Selangor Bhd (5843) is optimizing its business operations in China in response to broader industry trends involving trade diversion and supply chain diversification. As part of this initiative, the company is voluntarily winding up its China unit, Toyoplas Manufacturing (Shanghai) Co Ltd (TMS). Concurrently, KPS is expanding its footprint in Vietnam, with Toyoplas inaugurating a new factory in the country. (The Edge)

Kuchai Development Bhd (2186) is set to inject assets and liabilities valued at RM275.47 million into Sungei Bagan Rubber Co (M) Bhd through a share deal. This move is part of a strategic effort to consolidate the assets of two sister companies associated with Kluang Rubber Company (M) Bhd (KRCB). Following the asset injection, Kuchai will hold a 29.37% stake in Sungei Bagan, and these shares will subsequently be distributed to Kuchai shareholders, providing them with direct exposure to Sungei Bagan. This marks the second instance of Kuchai distributing its shares in Sungei Bagan, having previously distributed its entire 26.51% stake in September 2022. (The Edge)

TIME dotCom Berhad

Bloomberg: TDC MK | KLSE Stock Code: 5031

Technical Watch

“BUY on Potential Upside”

Company Overview

TIME dotCom Berhad through its subsidiaries, provides fixed-line telecommunication services such as data and voice, international bandwidth provision which includes submarine cable and data centre business.

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 strong momentum on the stock (RSI >65).

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 crossover moving forward.

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	22.4	18.3	14.0
P/B	2.3	2.0	1.6
P/CF	10.8	9.4	8.4
P/S	5.5	4.8	4.3

Entry Price **RM5.40**

Market Cap (m) **RM9,972.9**

52w high **RM5.58**

52w low **RM4.25**

Stop Loss **RM4.62**

Immediate Support **RM5.13**

Immediate Resistance **RM5.56 (Previous high)**

Moving Average (EMA) **Bullish**

Moving Average (SMA) **Bullish**

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

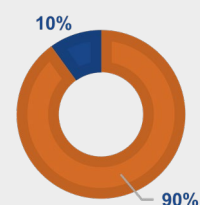
RSI **Strong momentum**

Volume (4-Weeks Average) **4,738,266.4**

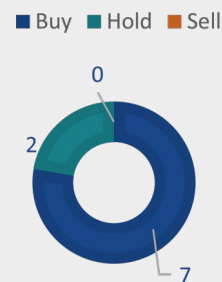
Main Market

Telecommunications & Media
Subsector – Telco Service
Provider
Current Price: RM5.40
Target Price: RM5.94

Potential Upside



Bloomberg Analyst Ratings



PBA Holdings Berhad

Bloomberg: PBAH MK | KLSE Stock Code: 5041

Technical Watch

"BUY on Potential Upside"

Company Overview

PBA Holdings Berhad is an investment holding company. The Company, through its subsidiaries, undertakes business activities of a water supplier involved in the abstraction of raw water, treatment of water, and supply and sale of treated water to consumers.

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	4.2	10.9	9.7
P/B	0.3	0.4	0.4
P/CF	2.5	2.5	3.0
P/S	0.7	0.8	0.9

Entry Price **RM1.46**

Market Cap (m) **RM483.3**

52w high **RM1.51**

52w low **RM0.75**

Stop Loss **RM1.25**

Immediate Support **RM1.39**

Immediate Resistance **RM1.46 (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) **46,061.1**

Main Market

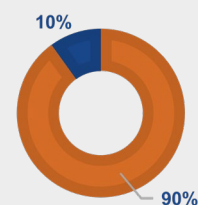
Utilities

Subsector – Gas, Water & Multi-Utilities

Current Price: RM1.46

Target Price: RM1.61

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
4/12/2023	Nationgate	0270	1.360	1.510	1.160	1.490	0.000	11.0	TP Achieved
4/12/2023	Kossan	7153	1.690	1.850	1.440	1.860	0.543	9.5	-
5/12/2023	RCECapital	9296	2.760	3.060	2.360	3.040	-0.326	10.9	TP Achieved
5/12/2023	Aurelius	5302	2.740	2.600	2.340	3.010	0.775	-5.1	-
6/12/2023	Vitrox	0097	7.040	7.290	6.019	7.744	-0.137	3.6	-
6/12/2023	WellCall	7231	1.700	1.670	1.454	1.870	-1.765	-1.8	-
7/12/2023	D&O	7204	3.600	3.620	3.078	3.960	-1.630	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	2.600	2.394	3.080	0.775	-7.1	-
8/12/2023	GFM	0039	0.270	0.280	0.231	0.297	3.704	3.7	-
11/12/2023	RCECapital	9296	2.990	3.060	2.556	3.289	-0.326	2.3	-
11/12/2023	Thong Guan	7034	1.890	1.880	1.616	2.079	-0.529	-0.5	-
12/12/2023	GenP	2291	5.620	5.680	4.805	6.182	1.068	1.1	-
12/12/2023	Unisem	5005	3.370	3.310	2.881	3.707	-0.301	-1.8	-
13/12/2023	SFPTECH	0251	1.020	0.960	0.872	1.122	-0.518	-5.9	-
13/12/2023	Tropicana	5401	1.260	1.300	1.077	1.386	1.563	3.2	-
14/12/2023	SWKPLNT	5135	2.170	2.100	1.855	2.387	-0.943	-3.2	-
14/12/2023	YBS	0025	0.700	0.695	0.599	0.770	0.725	-0.7	-
15/12/2023	UTDPLT	2089	17.200	17.800	14.706	18.920	-0.336	3.5	-
15/12/2023	PMETAL	8869	4.930	4.810	4.215	5.423	0.000	-2.4	-
18/12/2023	GASMSIA	5209	3.230	3.210	2.762	3.553	-0.619	-0.6	-
18/12/2023	SIME	4197	2.450	2.350	2.095	2.695	-0.844	-4.1	-
19/12/2023	WELLS	0271	0.685	0.660	0.586	0.754	-1.493	-3.6	-
19/12/2023	SLP	7248	0.930	0.900	0.795	1.023	0.559	-3.2	-
20/12/2023	MCE	7004	2.320	2.880	1.984	2.552	-0.346	24.1	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	3.030	2.591	3.333	-0.656	0.0	-
21/12/2023	Kotra	0002	4.850	4.830	4.147	5.335	1.684	-0.4	-
22/12/2023	SCGM	7247	0.580	0.585	0.496	0.638	0.862	0.9	-
22/12/2023	PTRB	0260	0.535	0.535	0.457	0.589	0.943	0.0	-
26/12/2023	KerjayaProspek	7161	1.540	1.550	1.320	1.690	1.307	0.6	-
26/12/2023	ChinHin	5273	3.720	3.530	3.180	4.092	1.437	-5.1	-
27/12/2023	Padini	7052	3.560	3.510	3.040	3.920	0.286	-1.4	-
27/12/2023	Kelington	0151	2.150	2.170	1.840	2.370	0.930	0.9	-
28/12/2023	MAXIS	6012	3.900	3.850	3.330	4.290	-0.259	-1.3	-
28/12/2023	PETDAG	5681	22.060	21.840	18.860	24.270	-0.365	-1.0	-
29/12/2023	PMBTech	7172	2.620	2.780	2.240	2.882	6.107	6.1	-
29/12/2023	TaAnnHoldings	5012	3.700	3.660	3.160	4.070	-1.081	-1.1	-
2/1/2024	TimeDotCom	5031	5.400	5.400	4.620	5.940	1.124	0.0	-
2/1/2024	PBA	5041	1.460	1.460	1.250	1.610	14.063	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.40	0.73	13.46
UOA DEVELOPMENT BERHAD	PROPERTY	1.74	0.22	12.64
MBM RESOURCES BHD	CONSUMER	4.24	0.46	10.87
YTL HOSPITALITY REIT	REITs	1.03	0.09	9.13
BERMAZ AUTO BERHAD	CONSUMER	2.36	0.21	8.94
HEKTAR REITS	REITs	0.65	0.06	8.77
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.14
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.29	0.74	8.00
SENTRAL REIT	REITs	0.79	0.06	7.90
AMWAY (M) HOLDINGS BHD	CONSUMER	5.88	0.46	7.82
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	0.56	0.04	7.32
SPORTS TOTO BERHAD	CONSUMER	1.48	0.11	7.23
RHB BANK	FINANCE	5.45	0.39	7.16

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	(2.7)	24.2	17.0	18.8	14.2	13.1
Finance	(1.2)	13.0	9.8	12.3	9.8	9.7
Property	34.5	25.1	7.4	11.5	11.0	N/A
Plantation	(1.1)	95.5	14.4	36.8	14.4	17.0
Consumer	(5.6)	22.5	14.6	21.4	14.6	15.0
Technology	(0.1)	48.6	22.5	28.1	32.4	24.5
Construction	25.8	36.8	15.6	19.1	15.6	11.9
Energy	5.4	8.8	-	-	8.8	9.4
Healthcare	9.3	36.1	25.1	30.6	25.1	32.6
Ind. Prod.	(4.8)	24.9	17.8	22.5	17.8	15.0
REIT	1.2	13.1	-	-	13.1	15.5
Telco	(3.5)	28.5	19.8	23.0	26.3	20.8

Source: Bloomberg

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