

Daily Newswatch

Market Review

The FBMKLCI ended lower for the third consecutive day in line with global decline in regional markets. Market breadth was positive with 512 gainers and 463 losers. The utilities sector was the top gainer increasing by +2.8%, while the plantation sector was the top loser declining by -0.56%. SBAGAN (2569) was the top gainer surging by RM0.97 or +29.8%. The FBMKLCI declined by -0.11% to 1,453.1.

Economics

- **Global shipping firms** continue to pause Red Sea shipments
- **Global government bond markets** cautious as traders scale back expectations for aggressive rate cuts

Companies

- **Sunview (0262)** inks MOU with Saudi-based firm to collaborate on renewable energy projects
- **Nestcon (0235)** secures RM252 mil construction job
- **Flexidynamic (0231)** proposes RM5.27 mil private placement
- **Heitech Padu (5028)** secures RM58.88m contract
- **Edaran (5036)** secures RM356.56 mil contract

Expresso for the Day

- **Technical Watch – Dutch Lady (3026)** Entry Price: RM24.00, Target Price: RM26.40, Stop Loss: RM20.52, Support: RM22.80, Resistance: RM24.04
- **Technical Watch – PMBTech (7172)** Entry Price: RM2.99, Target Price: RM3.29, Stop Loss: RM2.56, Support: RM2.84, Resistance: RM3.10

Local	Close	(%)
FBMKLCI	1,453.1	(0.11)
Volume (mil)	4,912.5	5.27
Value (RM'mil)	2,006.5	(32.19)
Gainers	512	
Losers	463	
Unchanged	399	
Foreign	Close	(%)
Dow Jones	37,715.0	0.1
Nasdaq CI	14,765.9	(1.6)
S&P 500	4,742.8	(0.6)
FTSE 100	7,721.5	(0.2)
Nikkei 225	33,464.2	(0.2)
Shanghai CI	2,962.3	(0.4)
HSI	16,788.6	(1.5)
STI	3,230.0	(0.3)
Most Active	RM	Chg (RM)
FINTEC	0.015	0.000
BSLCORP	0.045	0.000
FAST	0.175	0.045
MTRONIC	0.020	0.005
SAPNRG	0.055	0.010
Top Gainer	RM	Chg (RM)
SBAGAN	4.220	0.970
DLADY	24.00	0.840
KLUANG	4.340	0.720
KUCHAI	1.620	0.370
PBA	1.810	0.350
Top Loser	RM	Chg (RM)
RAPID	27.820	(0.660)
HEXTECH	22.120	(0.380)
IMASPRO	3.530	(0.260)
CARLSBG	19.040	(0.240)
HLBANK	18.660	(0.240)
Other Stats	RM	(%)
USD/MYR	4.61	0.26
USD/RMB	7.14	0.61
Brent (USD/barrel)	76.09	(1.23)
Gold (USD/troy oz)	2,058.96	(0.19)
CPO (RM/metric t)	3,716.50	0.00



Daily Newswatch

Economics

GLOBAL: Both Maersk and Hapag-Lloyd announced that their container ships will continue to avoid the Red Sea route, rerouting some sailings via Africa's southern Cape of Good Hope. The disruption caused by the attacks, leading to the re-routing of cargo vessels, has raised concerns about increased delivery costs for goods and potential inflation. Maersk had temporarily paused all Red Sea sailings for 48 hours following the attack by the Houthis over the weekend, and investigations are ongoing. The Suez Canal, utilized by approximately one-third of global container ship cargo, remains a crucial trade route, but concerns about potential disruptions have led to increased shipping costs and boosted shares of shipping companies. Unlisted French shipping group CMA CGM plans to increase container shipping rates from Asia to the Mediterranean region by up to 100% from January 15, responding to the extended re-routing measures. (The Edge)

GLOBAL: Global government bond markets started cautiously as traders reduced expectations for deep interest-rate cuts from major central banks in the coming year. German and UK 10-year yields rose, while US Treasury yields saw an increase across the curve. The shifts indicate skepticism that central banks will implement as much monetary easing as implied by money market pricing. While central banks have signaled the end of interest rate hikes for the current cycle, concerns about inflation and the Middle East conflict have contributed to doubts about a more dovish stance. (The Edge)

Companies

Sunview Group Bhd's (0262) subsidiary, Fabulous Sunview Sdn Bhd, has signed a Memorandum of Understanding (MOU) with Vision Ambassadors Company for International Trade Consultancy, based in Saudi Arabia, to explore renewable energy development and investment opportunities. Both parties will identify potential project locations and act as principal investors, with Vision Ambassadors specializing in investments for business and small enterprise development. Sunview will take charge of engineering, procurement, construction, and commissioning (EPCC) tasks for the projects. (The Edge)

Nestcon Bhd's (0235) subsidiary, Nestcon Builders Sdn Bhd, has secured a RM251.5 million construction contract for a mixed development project in Mukim Petaling, Klang Valley. The Letter of Award (LOA) was granted by Altimas Sdn Bhd and includes main building works for a proposed mixed development comprising a 30-storey apartment block (408 units) and a 34-storey apartment block (526 units) with amenities, car parks, and shops. The contract, set to begin on January 3, has a 34-month completion timeline, concluding on November 2, 2026. (The Edge)

Flexidynamic Holdings Bhd (0231) has proposed a private placement of up to 28.46 million shares, equivalent to 10% of its issued share capital, to unidentified third-party investors. The indicative issue price is set at 18.5 sen per placement share, aiming to generate gross proceeds of approximately RM5.27 million. The gloves manufacturing solutions provider disclosed in a bourse filing that the funds raised, with RM2.67 million allocated for working capital and the remaining RM2.5 million for future business expansion, (The Edge)

Heitech Padu Bhd (5028) has successfully secured a RM58.88 million contract to deliver Next Generation Network services for the Inland Revenue Board (LHDN). The company officially accepted and signed the letter of acceptance (LOA) from LHDN on December 29. The contract, effective from January 1, 2024, to June 30, 2027, spans three years and six months. (The Edge)

Edaran Bhd (5036) has secured a lucrative RM356.56 million contract to provide hardware and software rental services to the Royal Malaysian Customs Department. The 48-month contract was awarded to Edaran IT Services Sdn Bhd, a wholly-owned subsidiary, by the Ministry of Finance. The contract, accepted on Tuesday, is expected to contribute to the group's earnings from the financial year ending June 30, 2024, to June 30, 2028. (The Edge)

Dutch Lady Milk Industries Berhad

Bloomberg: DLM MK | KLSE Stock Code: 3026

Technical Watch

"BUY on Potential Upside"

Company Overview

Dutch Lady Milk Industries Berhad manufactures sweetened condensed milk, milk powder, dairy products, and fruit juice drinks.

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 >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 crossover moving forward.

Fundamentals

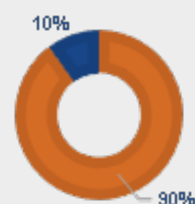
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	10.0	20.9	21.7
P/B	4.3	12.4	15.8
P/CF	16.0	20.8	24.2
P/S	1.4	2.1	2.4

Entry Price	RM24.00
Market Cap (m)	RM1,536.0
52w high	RM30.30
52w low	RM20.22
Stop Loss	RM20.52
Immediate Support	RM22.80
Immediate Resistance	RM24.04 (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)	2,681.5

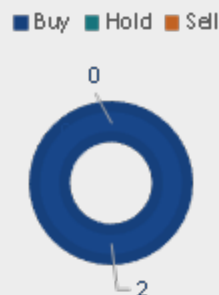
Main Market

Consumer Products & Services
Subsector – Food & Beverages
Current Price: RM24.00
Target Price: RM26.40

Potential Upside



Bloomberg Analyst Ratings



PMB Technology Berhad

Bloomberg: PMBT MK | KLSE Stock Code: 7172

Technical Watch

"BUY on Potential Upside"

Company Overview

PMB Technology Berhad is an investment holding company. The Company, through its subsidiaries, designs, fabricates and installs aluminum curtain wall, cladding system as well as manufactures and trades aluminum related products.

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 > 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

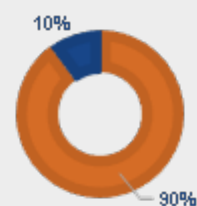
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	77.9	63.9	42.6
P/B	5.9	3.9	2.6
P/CF	59.1	45.3	30.7
P/S	4.1	3.0	1.7

Entry Price	RM2.99
Market Cap (m)	RM4,846.4
52w high	RM5.27
52w low	RM2.44
Stop Loss	RM2.56
Immediate Support	RM2.84
Immediate Resistance	RM3.10 (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)	320,876.2

Main Market

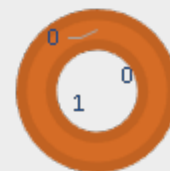
Industrial Products & Services
Subsector – Metals
Current Price: RM2.99
Target Price: RM3.29

Potential Upside



Bloomberg Analyst Ratings

Buy Hold Sell





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/ Loss from TP (%)	Remark
5/12/2023	RCECapital	9296	2.760	3.060	2.360	3.040	0.000	10.9	TP Achieved
5/12/2023	Aurelius	5302	2.740	2.580	2.340	3.010	-0.769	-5.8	-
6/12/2023	Vitrox	0097	7.040	7.150	6.019	7.744	-1.920	1.6	-
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	3.700	3.078	3.960	2.210	2.8	-
7/12/2023	Matrix	5236	1.680	1.650	1.436	1.848	0.000	-1.8	-
8/12/2023	Aurelius	5302	2.800	2.580	2.394	3.080	-0.769	-7.9	-
8/12/2023	GFM	0039	0.270	0.275	0.231	0.297	-1.786	1.9	-
11/12/2023	RCECapital	9296	2.990	3.060	2.556	3.289	0.000	2.3	-
11/12/2023	Thong Guan	7034	1.890	1.900	1.616	2.079	1.064	0.5	-
12/12/2023	GenP	2291	5.620	5.580	4.805	6.182	-1.761	-0.7	-
12/12/2023	Unisem	5005	3.370	3.300	2.881	3.707	-0.302	-2.1	-
13/12/2023	SFPTech	0251	1.020	0.940	0.872	1.122	-2.083	-7.8	-
13/12/2023	Tropicana	5401	1.260	1.260	1.077	1.386	-3.077	0.0	-
14/12/2023	SWKPLNT	5135	2.170	2.100	1.855	2.387	0.000	-3.2	-
14/12/2023	YBS	0025	0.700	0.700	0.599	0.770	0.719	0.0	-
15/12/2023	UTDPLT	2089	17.200	17.860	14.706	18.920	0.337	3.8	-
15/12/2023	PMETAL	8869	4.930	4.860	4.215	5.423	1.040	-1.4	-
18/12/2023	GASMSIA	5209	3.230	3.200	2.762	3.553	-0.312	-0.9	-
18/12/2023	SIME	4197	2.450	2.380	2.095	2.695	1.277	-2.9	-
19/12/2023	WELLS	0271	0.685	0.660	0.586	0.754	0.000	-3.6	-
19/12/2023	SLP	7248	0.930	0.895	0.795	1.023	-0.556	-3.8	-
20/12/2023	MCE	7004	2.320	3.120	1.984	2.552	8.333	34.5	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	0.000	0.0	-
21/12/2023	Kotra	0002	4.850	4.830	4.147	5.335	0.000	-0.4	-
22/12/2023	SCGM	7247	0.580	0.590	0.496	0.638	0.855	1.7	-
22/12/2023	PTRB	0260	0.535	0.525	0.457	0.589	-1.869	-1.9	-
26/12/2023	KerjayaProspek	7161	1.540	1.520	1.320	1.690	-1.935	-1.3	-
26/12/2023	ChinHin	5273	3.720	3.550	3.180	4.092	0.567	-4.6	-
27/12/2023	Padini	7052	3.560	3.510	3.040	3.920	0.000	-1.4	-
27/12/2023	Kelington	0151	2.150	2.180	1.840	2.370	0.461	1.4	-
28/12/2023	MAXIS	6012	3.900	3.810	3.330	4.290	-1.039	-2.3	-
28/12/2023	PETDAG	5681	22.060	21.700	18.860	24.270	-0.641	-1.6	-
29/12/2023	PMBTech	7172	2.620	2.990	2.240	2.882	7.554	14.1	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.430	3.160	4.070	-2.279	-7.3	-
2/1/2024	TimeDotCom	5031	5.400	5.380	4.620	5.940	-0.370	-0.4	-
2/1/2024	PBA	5041	1.460	1.810	1.250	1.610	23.973	24.0	TP Achieved
3/1/2024	DutchLady	3026	24.000	24.000	20.520	26.400	3.627	0.0	-
3/1/2024	PMBTech	7172	2.990	2.990	2.560	3.290	7.554	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	4.17	0.46	11.06
YTL HOSPITALITY REIT	REITs	1.04	0.09	9.04
BERMAZ AUTO BERHAD	CONSUMER	2.33	0.21	9.06
HEKTAR REITS	REITs	0.65	0.06	8.77
TALIWORKS CORPORATION BHD	UTILITIES	0.85	0.07	8.05
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.21	0.74	8.07
SENTRAL REIT	REITs	0.78	0.06	7.95
AMWAY (M) HOLDINGS BHD	CONSUMER	6.00	0.46	7.67
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
UOA REITS	REITs	1.12	0.09	7.68
CAPITALAND MALAYSIA TRUST	REITs	0.56	0.04	7.39
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.18
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	(0.1)	24.2	14.8	18.0	14.2	13.0
Finance	(0.1)	13.0	9.8	11.9	9.8	9.7
Property	0.3	25.1	10.6	15.9	11.0	-
Plantation	(0.6)	95.5	9.7	31.0	14.4	16.7
Consumer	(0.2)	22.5	14.6	18.8	14.6	14.9
Technology	(0.4)	48.6	24.1	32.5	32.3	24.4
Construction	1.0	36.8	15.8	25.7	15.8	11.8
Energy	0.2	11.5	8.8	10.2	8.8	9.4
Healthcare	0.2	36.1	5.1	24.3	25.2	32.7
Ind. Prod.	0.8	24.9	12.7	18.3	17.9	15.1
REIT	0.3	13.1	13.1	13.1	13.1	15.5
Telco	0.0	32.3	19.8	26.7	26.3	20.8

Source: Bloomberg

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my