

Daily Newswatch

Market Review

The FBMKLCI rebounded on Wednesday on the back of early-year bargain-hunting activities on undervalued stocks after Tuesday's selloffs. Market breadth was positive with 715 gainers and 352 losers. The property sector was the top gainer increasing by +3.9%, while the technology sector was the only loser declining by -0.4%. NESTLE (4707) was the top gainer surging by RM0.80 or +0.7%. The FBMKLCI rose by +0.64% to 1,462.4.

Economics

- **US job openings dropped to nearly a three-year low** in November
- **Indonesia faces 46.3% drop in rice output** for January and February due to El Nino

Companies

- **Kerjaya Prospek (7161)** secures RM171 mil contract in Penang
- **EPMB (7773)** bags 8-year vehicle assembly contract from China's Great Wall Motor
- **PGF Capital (8117)** plans RM3 bil GDV development near Automotive High-Tech Valley
- **Meta Bright's (2097)** conditional offer to participate in solar project accepted by Kemaman council

Expresso for the Day

- **Technical Watch – Hartalega (5168)** Entry Price: RM2.88, Target Price: RM3.17, Stop Loss: RM2.46, Support: RM2.74, Resistance: RM2.88
- **Technical Watch – Ranhill Utilities (5272)** Entry Price: RM1.03, Target Price: RM1.13, Stop Loss: RM0.88, Support: RM0.98, Resistance: RM1.03

Local	Close	(%)
FBMKLCI	1,462.4	0.64
Volume (mil)	5,635.8	14.72
Value (RM'mil)	3,120.5	55.52
Gainers	715	
Losers	352	
Unchanged	382	
Foreign	Close	(%)
Dow Jones	37,430.2	(0.8)
Nasdaq CI	14,592.2	(1.2)
S&P 500	4,704.8	(0.8)
FTSE 100	7,682.3	(0.5)
Nikkei 225	33,464.2	(0.2)
Shanghai CI	2,967.2	0.2
HSI	16,646.4	(0.8)
STI	3,199.4	(0.9)
Most Active	RM	Chg (RM)
MMAG	0.150	0.025
MINETEC	0.175	0.030
FITTERS	0.050	(0.005)
UEMS	0.990	0.155
TOPGLOV	0.975	0.065
Top Gainer	RM	Chg (RM)
NESTLE	118.500	0.800
DLADY	24.760	0.760
BIPORT	5.900	0.660
EDARAN	1.210	0.295
PANAMY	18.180	0.280
Top Loser	RM	Chg (RM)
HEIM	23.300	(0.880)
RAPID	27.200	(0.620)
KLUANG	4.150	(0.190)
HLBANK	18.500	(0.160)
PETDAG	21.560	(0.140)
Other Stats	RM	(%)
USD/MYR	4.63	0.59
USD/RMB	7.15	0.09
Brent (USD/barrel)	78.37	3.27
Gold (USD/troy oz)	2,042.13	(0.85)
CPO (RM/metric t)	3,647.50	(1.86)

Daily Newswatch

Economics

UNITED STATES: In November, **US job openings dropped to nearly a three-year low**, indicating a gradual cooling of the labor market. This trend could potentially lead the Federal Reserve to consider interest rate cuts in the coming year. The report from the Labor Department also revealed a decline in the number of people quitting their jobs, likely to seek better opportunities, reaching the lowest level since February 2021. A reduction in job-hopping may contribute to moderating wage growth and, consequently, lower inflation. Despite these shifts, labor market conditions remain relatively robust, with 1.4 job openings for every unemployed person. Financial markets are speculating that the Federal Reserve might initiate rate cuts as early as March. (The Edge)

INDONESIA: **Indonesia's rice output** is anticipated to drop by 46.3% in January and February 2024, totaling 2.25 million metric tonnes due to the impact of El Nino. This prolonged drought is expected to reduce the country's overall rice production by 2% in 2023, with delays in planting for this year's main harvest. January's harvest is projected at 930,000 tonnes, and February's at 1.32 million tonnes, against a monthly consumption of 2.54 million tonnes. The El Nino weather event is forecasted to persist into early 2024. Indonesia's rice stock at the end of 2023 is 7.46 million tonnes, expected to last until March. The main harvest may be delayed until April or May. The country aims to produce 32 million tonnes of rice in 2024, with plans to plant 1.7 million hectares in January and 1.4 million hectares in February as the rainy season begins. (The Edge)

Companies

Kerjaya Prospek Group Bhd (7161) has secured a contract valued at RM170.94 million from Persada Mentari Sdn Bhd, an indirect subsidiary of Eastern & Oriental Bhd. The contract involves the construction and execution of main building works for a 45-storey structure on Andaman Island, Penang. The project encompasses a 38-storey serviced apartment block with 380 units, a two-storey basement car park, and a five-storey elevated car park. The completion deadline is set at 35 months from January 18, 2024. (The Edge)

EP Manufacturing Bhd's (EPMB) (7773) subsidiary, PEPS-JV (Melaka) Sdn Bhd (PJVM), has been appointed as the contract vehicle assembler for the Malaysian unit of China's Great Wall Motor Co Ltd (GWM). The agreement positions PJVM as a significant player in assembling and producing selected GWM models in Malaysia for the next eight years. The initial focus will be on assembling the Haval H6, a mid-size sports utility vehicle (SUV), and the Haval Jolion, a compact SUV. The assembly and production activities will take place at EPMB's automotive manufacturing facility in the Hicom Pegoh Industrial Park, Melaka. EPMB aims to achieve an annual output of 20,000 units by 2028. (The Edge)

PGF Capital Bhd (8117) is planning to develop a self-sustaining integrated township adjacent to the Automotive High-Tech Valley (AHTV) in Proton City, Tanjong Malim, Perak, with an estimated gross development value (GDV) of RM3 billion. The project, spanning 161.87 hectares, aims to create over 6,000 residential and commercial units, and will be developed over a 10 to 15-year period. The diverse project includes areas for agriculture plantations, aquaculture activities, eco-tourism, eco-retreat, and lifestyle communities, including a retirement and wellness village. The first phase, with an estimated GDV of RM600 million, is set to be launched by 2024. (The Edge)

Meta Bright Group Bhd's (2097) conditional invitation for Majlis Perbandaran Kemaman (MPK) to participate in the Solar PV Without Capex Program at Kijal Mall, Terengganu, has been accepted by the municipal council. The group's offer covers the design, financing, installation, construction, commissioning, operation, and maintenance of 407.8 kWp solar photovoltaic (PV) generating plants on MPK's premises. The program spans 20 years from the operational date, with MPK purchasing the renewable electricity at a fixed solar tariff rate of 36 sen per kWh. The acceptance of the offer letter increases Meta Bright Group's order book for sustainable renewable energy solutions to 3.81MW, marking a 12% increase in the total order book size. (The Edge)

Hartalega Holdings Berhad

Bloomberg: HART MK | KLSE Stock Code: 5168

Technical Watch

"BUY on Potential Upside"

Company Overview

Hartalega Holdings Bhd. manufactures a wide range of latex gloves. The Company's products include natural rubber examination gloves, nitrile examination gloves, nitrile clean room gloves and natural rubber surgical gloves.

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 >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 hold moving forward.

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.4	27.4	26.5
P/B	1.8	5.3	5.1
P/CF	34.4	26.3	25.9
P/S	2.0	4.6	4.6

Entry Price **RM2.88**

Market Cap (m) **RM9,830.2**

52w high **RM2.88**

52w low **RM1.41**

Stop Loss **RM2.46**

Immediate Support **RM2.74**

Immediate Resistance **RM2.88 (Previous high)**

Moving Average (EMA) **Bullish**

Moving Average (SMA) **Bullish**

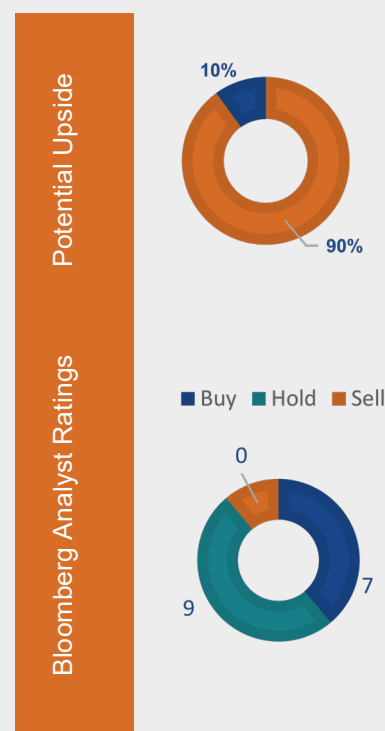
Bollinger Bands (Long Run) **More volatile over the long run**

RSI **Strong momentum**

Volume (4-Weeks Average) **14,889,161.1**

Main Market

Health Care
Subsector – Health Care
Equipment & Services
Current Price: RM2.88
Target Price: RM3.17



Ranhill Utilities Berhad

Bloomberg: RAHH MK | KLSE Stock Code: 5272

Technical Watch

"BUY on Potential Upside"

Company Overview

Ranhill Utilities Berhad operates a water utility network. The Company offers water supply, non-revenue, waste water treatment, and clean energy services. Ranhill Utilities 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 three white soldiers with a strong momentum on the stock (RSI > 70).

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 hold moving forward.

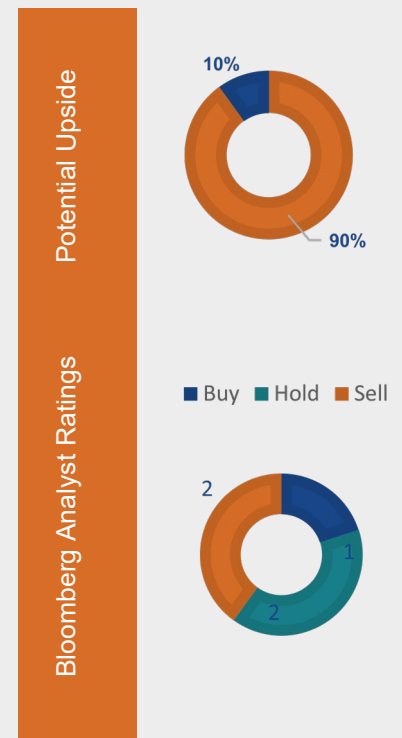
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.4	18.9	16.3
P/B	0.9	1.4	1.3
P/CF	11.4	9.3	7.8
P/S	0.4	0.5	0.5

Entry Price	RM1.03
Market Cap (m)	RM1,328.2
52w high	RM1.04
52w low	RM0.43
Stop Loss	RM0.88
Immediate Support	RM0.98
Immediate Resistance	RM1.03 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	739,909.6

Main Market

Utilities
Subsector – Gas, Water & Multi-Utilities
Current Price: RM1.03
Target Price: RM1.13





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/ Loss from TP (%)	Remark
6/12/2023	Vitrox	0097	7.040	7.200	6.019	7.744	0.699	2.3	-
6/12/2023	WellCall	7231	1.700	1.630	1.454	1.870	-1.807	-4.1	-
7/12/2023	D&O	7204	3.600	3.560	3.078	3.960	-3.784	-1.1	-
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	1.163	-6.8	-
8/12/2023	GFM	0039	0.270	0.280	0.231	0.297	1.818	3.7	-
11/12/2023	RCECapital	9296	2.990	3.100	2.556	3.289	1.307	3.7	-
11/12/2023	Thong Guan	7034	1.890	1.920	1.616	2.079	1.053	1.6	-
12/12/2023	GenP	2291	5.620	5.720	4.805	6.182	2.509	1.8	-
12/12/2023	Unisem	5005	3.370	3.240	2.881	3.707	-1.818	-3.9	-
13/12/2023	SFPTech	0251	1.020	0.935	0.872	1.122	-0.532	-8.3	-
13/12/2023	Tropicana	5401	1.260	1.260	1.077	1.386	0.000	0.0	-
14/12/2023	SWKPLNT	5135	2.170	2.080	1.855	2.387	-0.952	-4.1	-
14/12/2023	YBS	0025	0.700	0.690	0.599	0.770	-1.429	-1.4	-
15/12/2023	UTDPLT	2089	17.200	17.880	14.706	18.920	0.112	4.0	-
15/12/2023	PMETAL	8869	4.930	4.940	4.215	5.423	1.646	0.2	-
18/12/2023	GASMSIA	5209	3.230	3.230	2.762	3.553	0.937	0.0	-
18/12/2023	SIME	4197	2.450	2.340	2.095	2.695	-1.681	-4.5	-
19/12/2023	WELLS	0271	0.685	0.660	0.586	0.754	0.000	-3.6	-
19/12/2023	SLP	7248	0.930	0.930	0.795	1.023	3.911	0.0	-
20/12/2023	MCE	7004	2.320	3.120	1.984	2.552	0.000	34.5	TP Achieved
20/12/2023	WCT	9679	0.510	0.525	0.436	0.561	5.000	2.9	-
21/12/2023	MasterPack	7029	3.030	3.040	2.591	3.333	0.330	0.3	-
21/12/2023	Kotra	0002	4.850	4.860	4.147	5.335	0.621	0.2	-
22/12/2023	SCGM	7247	0.580	0.585	0.496	0.638	-0.847	0.9	-
22/12/2023	PTRB	0260	0.535	0.530	0.457	0.589	0.952	-0.9	-
26/12/2023	KerjayaProspek	7161	1.540	1.580	1.320	1.690	3.947	2.6	-
26/12/2023	ChinHin	5273	3.720	3.470	3.180	4.092	-2.254	-6.7	-
27/12/2023	Padini	7052	3.560	3.510	3.040	3.920	0.000	-1.4	-
27/12/2023	Kelington	0151	2.150	2.230	1.840	2.370	2.294	3.7	-
28/12/2023	MAXIS	6012	3.900	3.820	3.330	4.290	0.262	-2.1	-
28/12/2023	PETDAG	5681	22.060	21.560	18.860	24.270	-0.645	-2.3	-
29/12/2023	PMBTech	7172	2.620	3.040	2.240	2.882	1.672	16.0	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.460	3.160	4.070	0.875	-6.5	-
2/1/2024	TimeDotCom	5031	5.400	5.400	4.620	5.940	0.372	0.0	-
2/1/2024	PBA	5041	1.460	1.830	1.250	1.610	1.105	25.3	TP Achieved
3/1/2024	DutchLady	3026	24.000	24.760	20.520	26.400	3.167	3.2	-
3/1/2024	PMBTech	7172	2.990	3.040	2.560	3.290	1.672	1.7	-
4/1/2024	Hartalega	5168	2.880	2.880	2.460	3.170	7.063	0.0	-
4/1/2024	Ranhill	5272	1.030	1.030	0.880	1.130	11.957	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	4.20	0.46	10.98
YTL HOSPITALITY REIT	REITs	1.04	0.09	9.04
HEKTAR REITS	REITs	0.66	0.06	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.40	0.20	8.50
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.14
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.16	0.74	8.11
SENTRAL REIT	REITs	0.78	0.06	7.95
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
UOA REITS	REITs	1.12	0.09	7.68
AMWAY (M) HOLDINGS BHD	CONSUMER	6.00	0.46	7.67
CAPITALAND MALAYSIA TRUST	REITs	0.57	0.04	7.26
SPORTS TOTO BERHAD	CONSUMER	1.48	0.11	7.23
RHB BANK	FINANCE	5.41	0.39	7.21

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	0.5	24.2	14.8	18.0	14.3	13.1
Finance	0.0	13.0	9.8	11.9	9.8	9.7
Property	4.2	25.1	10.6	15.9	11.4	N/A
Plantation	0.1	95.5	9.7	31.0	14.5	16.9
Consumer	0.2	22.5	14.7	18.8	14.7	15.0
Technology	(0.9)	48.6	24.1	32.5	32.2	24.2
Construction	3.2	36.8	16.1	25.8	16.1	12.1
Energy	0.4	11.5	8.9	10.2	8.9	9.4
Healthcare	3.5	36.1	5.1	24.5	26.0	33.8
Ind. Prod.	2.0	24.9	12.7	18.3	18.1	15.3
REIT	0.7	13.2	13.2	13.2	13.2	15.6
Telco	1.0	32.3	19.8	26.8	26.5	21.0

Source: Bloomberg

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