

Daily Newswatch

Market Review

The FBMKLCI surges higher on Thursday attributed to heightened retail investor interest and the strategic adjustment of portfolios by institutional and foreign investors amidst the shipping crisis in the Red Sea. Market breadth was positive with 630 gainers and 424 losers. The utilities sector was the top gainer increasing by +2.9%, while the health care sector was the only loser declining by -0.7%. RAPID (7765) was the top gainer surging by RM0.50 or +1.8%. The FBMKLCI rose by +1.02% to 1,477.3.

Economics

- **Shipping traffic** through Suez Canal down 20% due to Houthi attacks
- **China fiscal spending will rise** in 2024 – China's Finance Minister

Companies

- **Dayang (5141)** bags rectification works contract from Petronas Carigali
- **MN Holdings (0245)** bags RM98m data centre contract
- **Ibraco (5084)** forms JV with China Railway units for Kuching rapid transit project
- **SAG (5172)** plans RM68 mil share capital reduction to offset losses

Expresso for the Day

- **Technical Watch – Teo Seng (7252)** Entry Price: RM1.74, Target Price: RM1.91, Stop Loss: RM1.49, Support: RM1.65, Resistance: RM1.74
- **Technical Watch – Hume (5000)** Entry Price: RM2.46, Target Price: RM2.71, Stop Loss: RM2.10, Support: RM2.34, Resistance: RM2.46

| Local | Close | (%) |
|--------------------|----------|----------|
| FBMKLCI | 1,477.3 | 1.02 |
| Volume (mil) | 6,373.9 | 13.10 |
| Value (RM'mil) | 3,821.5 | 22.46 |
| Gainers | 630 | |
| Losers | 424 | |
| Unchanged | 444 | |
| Foreign | Close | (%) |
| Dow Jones | 37,440.3 | 0.0 |
| Nasdaq CI | 14,510.3 | (0.6) |
| S&P 500 | 4,688.7 | (0.3) |
| FTSE 100 | 7,723.1 | 0.5 |
| Nikkei 225 | 33,288.3 | (0.5) |
| Shanghai CI | 2,954.3 | (0.4) |
| HSI | 16,646.0 | (0.0) |
| STI | 3,174.0 | (0.8) |
| Most Active | RM | Chg (RM) |
| MINETEC | 0.210 | 0.035 |
| HONGSENG | 0.025 | (0.005) |
| EKOVEST | 0.550 | 0.045 |
| ASDION | 0.140 | 0.010 |
| BSLCORP | 0.045 | 0.005 |
| Top Gainer | RM | Chg (RM) |
| RAPID | 27.700 | 0.500 |
| HLBANK | 18.880 | 0.380 |
| TENAGA | 10.420 | 0.360 |
| UTDPLT | 18.200 | 0.320 |
| MCEMENT | 4.660 | 0.310 |
| Top Loser | RM | Chg (RM) |
| BIPORT | 5.300 | (0.600) |
| PETDAG | 21.080 | (0.480) |
| HEXTECH | 22.080 | (0.240) |
| PANAMY | 17.960 | (0.220) |
| KESM | 6.880 | (0.170) |
| Other Stats | RM | (%) |
| USD/MYR | 4.64 | 0.05 |
| USD/RMB | 7.16 | 0.16 |
| Brent (USD/barrel) | 77.59 | (0.84) |
| Gold (USD/troy oz) | 2,044.38 | 0.11 |
| CPO (RM/metric t) | 3,622.00 | (0.64) |

Daily Newswatch

Economics

GLOBAL: According to PortWatch, **shipping through the Suez Canal dropped by 20%** from Dec 24 to Jan 2 compared to the previous year, as shipping companies redirected vessels due to Houthi attacks. Since Maersk's diversion announcement on Dec 15, tanker and cargo ship traffic fell by 10%. The decline intensified from Dec 24 as more ships chose the longer Africa route. Hapag-Lloyd and MSC also diverted ships after Houthi attacks. Despite the Suez Canal being crucial for Egypt's revenue, authorities haven't addressed any financial loss. The Houthis targeted vessels claiming Israeli links, leading to the formation of Operation Prosperity Guardian by the US and other nations to protect ships, resulting in defensive actions against Houthi attacks. (The Edge)

CHINA: China's Finance Minister, confirmed **increased government spending this year to boost the economy amid challenges** such as a property market downturn. Lan emphasized maintaining a "certain level" of budget deficit in 2024, supporting infrastructure through local government bonds. Funds will be transferred to assist local authorities, with tax cuts targeting innovation and manufacturing. The move follows weak government spending in the past year, with economists expecting a similar deficit for 2024. Success depends on effective execution, with measures like maintaining bond quotas and using lending programs contributing to economic impact. (The Edge)

Companies

Dayang Enterprise Holdings Bhd (5141) has successfully secured a contract from Petronas Carigali Sdn Bhd. The contract pertains to the provision of rectification works for asset integrity findings related to a package involving Sarawak Oil Asset. The contract's value will be determined by work orders issued by Petronas Carigali during its three-year duration, commencing on December 15, 2023. Dayang anticipates a positive impact on the group's earnings over the course of the contract. (The Edge)

MN Holdings Bhd (0245) has bagged a RM98 million contract to undertake high voltage horizontal directional drilling and cable bridge works for a data centre located in the southern region of Peninsular Malaysia. The infrastructure utilities services provider said its wholly-owned subsidiary Mutu Nusantara Sdn Bhd was awarded the contract by a customer that provides data centre services. MN Holdings said the customer did not provide consent for the "disclosure of information in relation to the customer. (The Edge)

Ibraco Bhd (5084), through its wholly-owned unit Ibraco Construction Sdn Bhd (ICSP), has collaborated with two subsidiaries of China Railway Group Ltd to establish Ibraco CREC JV Sdn Bhd (ICJVSJ). This joint venture will be responsible for infrastructure works related to the Kuching Urban Transportation System (KUTS). The newly formed company, with an initial paid-up capital of RM2 million and 2 million shares, sees ICSP holding a 51% stake, China Railway Engineering Corporation (M) Sdn Bhd (CRECM) with 39%, and Nanyang Tunnel Engineering Sdn Bhd with 10%. (The Edge)

Sinaran Advance Group Bhd (SAG) (5172), formerly known as K-Star Sports Ltd, has put forward a proposal for a RM68 million capital reduction by canceling its issued share capital to eliminate accumulated losses. This move will reduce its share capital to RM42.74 million, offsetting the company's accumulated losses of RM69.21 million. The objective of the proposal is to strengthen SAG's capacity to declare and pay dividends from retained earnings in the future and create a more robust financial foundation for the group's future growth. (The Edge)

Teo Seng Capital Berhad

Bloomberg: TSCB MK | KLSE Stock Code: 7252

Technical Watch

"BUY on Potential Upside"

Company Overview

Teo Seng Capital Bhd. is an investment holding company principally involved in poultry farming. The Company is also involved in the manufacture and marketing of paper egg trays and animal feeds, along with the distribution of animal health products.

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 | 18.1 | 22.6 | 18.4 |
| P/B | 0.7 | 0.8 | 1.2 |
| P/CF | 15.1 | 13.6 | 11.9 |
| P/S | 0.4 | 0.5 | 0.6 |

Entry Price **RM1.74**

Market Cap (m) **RM510.4**

52w high **RM1.76**

52w low **RM0.74**

Stop Loss **RM1.49**

Immediate Support **RM1.65**

Immediate Resistance **RM1.74 (Previous high)**

Moving Average (EMA) **Bullish**

Moving Average (SMA) **Bullish**

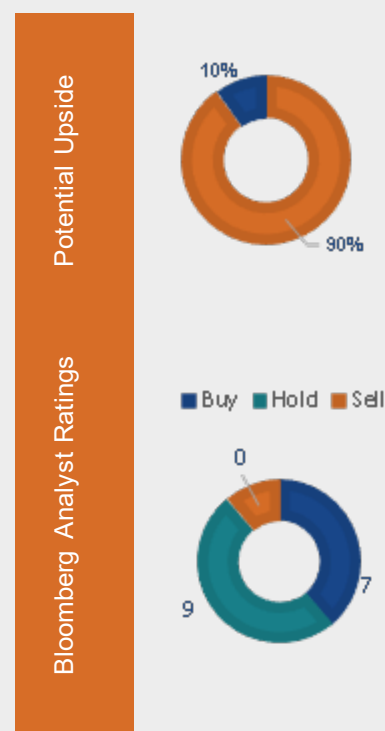
Bollinger Bands (Long Run) **More volatile over the long run**

RSI **Strong momentum**

Volume (4-Weeks Average) **59,889.5**

Main Market

Consumer Products & Services
Subsector – Agricultural
Products
Current Price: RM1.74
Target Price: RM1.91



Hume Cement Industries Berhad

Bloomberg: HUME MK | KLSE Stock Code: 5000

Technical Watch

"BUY on Potential Upside"

Company Overview

Hume Cement Industries Berhad is a building material manufacturer. The Company, through its subsidiaries, is engaged in the manufacturing and sales of cement and cement related products. Hume Cement Industries serves customers worldwide.

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).

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.

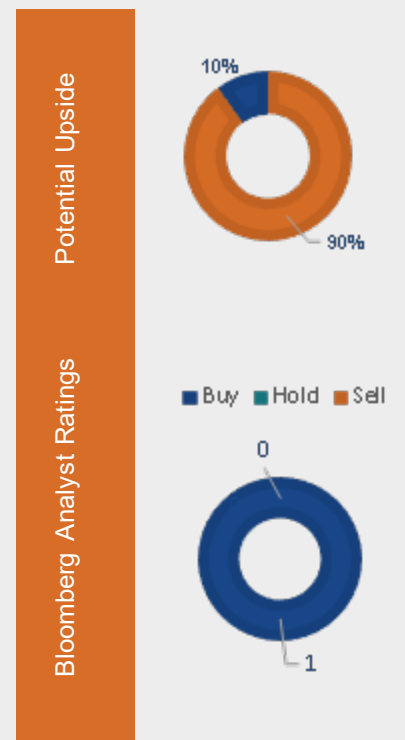
Fundamentals

| | 2Y Avg (x) | 5Y Avg (x) | 10Y Avg (x) |
|------|------------|------------|-------------|
| P/E | 69.7 | 69.7 | 54.1 |
| P/B | 1.6 | 1.4 | 2.5 |
| P/CF | 21.7 | 20.3 | 30.1 |
| P/S | 0.7 | 0.8 | 1.4 |

| | |
|----------------------------|---------------------------------|
| Entry Price | RM2.46 |
| Market Cap (m) | RM1,525.9 |
| 52w high | RM2.46 |
| 52w low | RM0.90 |
| Stop Loss | RM2.10 |
| Immediate Support | RM2.34 |
| Immediate Resistance | RM2.46 (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) | 55,819.1 |

Main Market

Industrial Products & Services
Subsector – Building Materials
Current Price: RM2.46
Target Price: RM2.71





Technical Analysis Scoreboard

| Date | Stock | Code | Entry (RM) | Prev Close (RM) | Stop Loss (RM) | TP (RM) | Day Change (%) | Gain/ Loss from TP (%) | Remark |
|------------|----------------|------|------------|-----------------|----------------|---------|----------------|------------------------|-------------|
| 7/12/2023 | D&O | 7204 | 3.600 | 3.480 | 3.078 | 3.960 | -2.247 | -3.3 | - |
| 7/12/2023 | Matrix | 5236 | 1.680 | 1.650 | 1.436 | 1.848 | 0.000 | -1.8 | - |
| 8/12/2023 | Aurelius | 5302 | 2.800 | 2.620 | 2.394 | 3.080 | 0.383 | -6.4 | - |
| 8/12/2023 | GFM | 0039 | 0.270 | 0.280 | 0.231 | 0.297 | 0.000 | 3.7 | - |
| 11/12/2023 | RCECapital | 9296 | 2.990 | 3.100 | 2.556 | 3.289 | 0.000 | 3.7 | - |
| 11/12/2023 | Thong Guan | 7034 | 1.890 | 1.950 | 1.616 | 2.079 | 1.563 | 3.2 | - |
| 12/12/2023 | GenP | 2291 | 5.620 | 5.750 | 4.805 | 6.182 | 0.524 | 2.3 | - |
| 12/12/2023 | Unisem | 5005 | 3.370 | 3.230 | 2.881 | 3.707 | -0.309 | -4.2 | - |
| 13/12/2023 | SFPTech | 0251 | 1.020 | 0.925 | 0.872 | 1.122 | -1.070 | -9.3 | - |
| 13/12/2023 | Tropicana | 5401 | 1.260 | 1.260 | 1.077 | 1.386 | 0.000 | 0.0 | - |
| 14/12/2023 | SWKPLNT | 5135 | 2.170 | 2.090 | 1.855 | 2.387 | 0.481 | -3.7 | - |
| 14/12/2023 | YBS | 0025 | 0.700 | 0.700 | 0.599 | 0.770 | 1.449 | 0.0 | - |
| 15/12/2023 | UTDPLT | 2089 | 17.200 | 18.200 | 14.706 | 18.920 | 1.790 | 5.8 | - |
| 15/12/2023 | PMETAL | 8869 | 4.930 | 4.890 | 4.215 | 5.423 | -1.012 | -0.8 | - |
| 18/12/2023 | GASMSIA | 5209 | 3.230 | 3.260 | 2.762 | 3.553 | 0.929 | 0.9 | - |
| 18/12/2023 | SIME | 4197 | 2.450 | 2.350 | 2.095 | 2.695 | 0.427 | -4.1 | - |
| 19/12/2023 | WELLS | 0271 | 0.685 | 0.655 | 0.586 | 0.754 | -0.758 | -4.4 | - |
| 19/12/2023 | SLP | 7248 | 0.930 | 0.895 | 0.795 | 1.023 | -3.763 | -3.8 | - |
| 20/12/2023 | MCE | 7004 | 2.320 | 3.170 | 1.984 | 2.552 | 1.603 | 36.6 | TP Achieved |
| 20/12/2023 | WCT | 9679 | 0.510 | 0.530 | 0.436 | 0.561 | 0.952 | 3.9 | - |
| 21/12/2023 | MasterPack | 7029 | 3.030 | 3.080 | 2.591 | 3.333 | 1.316 | 1.7 | - |
| 21/12/2023 | Kotra | 0002 | 4.850 | 4.750 | 4.147 | 5.335 | -2.263 | -2.1 | - |
| 22/12/2023 | SCGM | 7247 | 0.580 | 0.585 | 0.496 | 0.638 | 0.000 | 0.9 | - |
| 22/12/2023 | PTRB | 0260 | 0.535 | 0.540 | 0.457 | 0.589 | 1.887 | 0.9 | - |
| 26/12/2023 | KerjayaProspek | 7161 | 1.540 | 1.640 | 1.320 | 1.690 | 3.797 | 6.5 | - |
| 26/12/2023 | ChinHin | 5273 | 3.720 | 3.470 | 3.180 | 4.092 | 0.000 | -6.7 | - |
| 27/12/2023 | Padini | 7052 | 3.560 | 3.560 | 3.040 | 3.920 | 1.425 | 0.0 | - |
| 27/12/2023 | Kelington | 0151 | 2.150 | 2.190 | 1.840 | 2.370 | -1.794 | 1.9 | - |
| 28/12/2023 | MAXIS | 6012 | 3.900 | 3.830 | 3.330 | 4.290 | 0.262 | -1.8 | - |
| 28/12/2023 | PETDAG | 5681 | 22.060 | 21.080 | 18.860 | 24.270 | -2.226 | -4.4 | - |
| 29/12/2023 | PMBTech | 7172 | 2.620 | 3.080 | 2.240 | 2.882 | 1.316 | 17.6 | TP Achieved |
| 29/12/2023 | TaAnnHoldings | 5012 | 3.700 | 3.440 | 3.160 | 4.070 | -0.578 | -7.0 | - |
| 2/1/2024 | TimeDotCom | 5031 | 5.400 | 5.400 | 4.620 | 5.940 | 0.000 | 0.0 | - |
| 2/1/2024 | PBA | 5041 | 1.460 | 1.800 | 1.250 | 1.610 | -1.639 | 23.3 | TP Achieved |
| 3/1/2024 | DutchLady | 3026 | 24.000 | 25.000 | 20.520 | 26.400 | 0.969 | 4.2 | - |
| 3/1/2024 | PMBTech | 7172 | 2.990 | 3.080 | 2.560 | 3.290 | 1.316 | 3.0 | - |
| 4/1/2024 | Hartalega | 5168 | 2.880 | 2.840 | 2.460 | 3.170 | -1.389 | -1.4 | - |
| 4/1/2024 | Ranhill | 5272 | 1.030 | 1.140 | 0.880 | 1.130 | 10.680 | 10.7 | TP Achieved |
| 5/1/2024 | TeoSeng | 7252 | 1.740 | 1.740 | 1.490 | 1.910 | 5.455 | 0.0 | - |
| 5/1/2024 | Hume | 5000 | 2.460 | 2.460 | 2.100 | 2.710 | 5.128 | 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 | 1.75 | 0.22 | 12.57 |
| MBM RESOURCES BHD | CONSUMER | 4.30 | 0.46 | 10.72 |
| YTL HOSPITALITY REIT | REITs | 1.06 | 0.09 | 8.87 |
| HEKTAR REITS | REITs | 0.66 | 0.06 | 8.70 |
| BERMAZ AUTO BERHAD | CONSUMER | 2.40 | 0.20 | 8.50 |
| BRITISH AMERICAN TOBACCO (M) | CONSUMER | 9.15 | 0.74 | 8.12 |
| TALIWORKS CORPORATION BHD | UTILITIES | 0.85 | 0.07 | 8.00 |
| 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 |
| 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 | 1.49 | 0.11 | 7.18 |
| RHB BANK | FINANCE | 5.46 | 0.39 | 7.11 |

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 | 1.6 | 24.2 | 14.8 | 18.0 | 14.5 | 13.3 |
| Finance | 1.0 | 13.0 | 9.9 | 11.9 | 9.9 | 9.8 |
| Property | 6.2 | 25.1 | 10.6 | 16.0 | 11.7 | N/A |
| Plantation | 0.4 | 95.5 | 9.7 | 31.0 | 14.5 | 16.9 |
| Consumer | 0.3 | 22.5 | 14.7 | 18.8 | 14.7 | 15.0 |
| Technology | (1.1) | 48.6 | 24.1 | 32.5 | 32.1 | 24.2 |
| Construction | 6.0 | 36.8 | 16.6 | 25.9 | 16.6 | 12.4 |
| Energy | 2.0 | 11.5 | 9.0 | 10.3 | 9.0 | 9.5 |
| Healthcare | 2.8 | 36.1 | 5.1 | 24.5 | 25.8 | 33.4 |
| Ind. Prod. | 2.4 | 24.9 | 12.7 | 18.3 | 18.2 | 15.4 |
| REIT | 1.0 | 13.2 | 13.2 | 13.2 | 13.2 | 15.6 |
| Telco | 2.2 | 32.3 | 19.8 | 26.8 | 26.8 | 21.2 |

Source: Bloomberg

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