

Daily Newswatch

Market Review

The FBMKLCI ended Friday marginally higher on the back of persistent purchasing on selected heavyweight stocks in the utilities sector. Market breadth was positive with 745 gainers and 351 losers. The utilities sector was the top gainer increasing by +2.65%, while the plantation sector was the top loser declining by -0.09%. MPI (3867) was the top gainer surging by RM0.52 or +1.9%. The FBMKLCI rose by +0.70% to 1,487.61.

Economics

- **US economy** has achieved soft landing – US Treasury Secretary
- Largest annual **drop in global food price** since 2015

Companies

- **VS Industry (6963)** allocates RM60mil capex for FY2024
- **Dayang (5141)** receives contract extension from Mubadala Energy
- **Global Oriental (1147)** purchases the remaining 45% ownership in car park management firm
- **MPay (0156)** collaborates with Finnet to offer e-wallet services in dual currencies

Expresso for the Day

- **Technical Watch – TNB (5347)** Entry Price: RM10.50, Target Price: RM11.55, Stop Loss: RM8.98, Support: RM9.98, Resistance: RM10.50
- **Technical Watch – IJM (3336)** Entry Price: RM2.08, Target Price: RM2.29, Stop Loss: RM1.78, Support: RM1.98, Resistance: RM2.08

Local	Close	(%)
FBMKLCI	1,487.6	0.70
Volume (mil)	6,623.0	3.91
Value (RM'mil)	3,736.3	(2.23)
Gainers	745	
Losers	351	
Unchanged	417	
Foreign	Close	(%)
Dow Jones	37,466.1	0.1
Nasdaq CI	14,524.1	0.1
S&P 500	4,697.2	0.2
FTSE 100	7,689.6	(0.4)
Nikkei 225	33,377.4	0.3
Shanghai CI	2,929.2	(0.9)
HSI	16,535.3	(0.7)
STI	3,184.3	0.3
Most Active	RM	Chg (RM)
HONGSENG	0.030	0.005
MINETEC	0.215	0.005
SAPNRG	0.050	(0.005)
LUSTER	0.085	0.020
SCABLE	0.425	0.040
Top Gainer	RM	Chg (RM)
MPI	28.520	0.520
HEIM	24.000	0.420
IDEAL	3.420	0.300
YTLPOWR	3.220	0.220
UTDPLT	18.420	0.220
Top Loser	RM	Chg (RM)
RAPID	25.920	(1.780)
NESTLE	117.800	(0.900)
YNHPROP	4.100	(0.250)
PPB	14.380	(0.140)
SBAGAN	4.060	(0.120)
Other Stats	RM	(%)
USD/MYR	4.66	0.44
USD/RMB	7.15	(0.19)
Brent (USD/barrel)	78.76	1.51
Gold (USD/troy oz)	2,045.45	0.09
CPO (RM/metric t)	3,657.50	0.98



Daily Newswatch

Economics

UNITED STATES: Treasury Secretary Janet Yellen stated that the **US economy has achieved a soft landing**, a rare occurrence where high inflation is subdued without causing significant harm to the labor market. Yellen highlighted the recent job gains and wage increases in December, with payrolls rising by 216,000. She emphasized that wage increases are now surpassing price increases, with average hourly earnings rising 4.1% in the year through December, exceeding the projected consumer inflation of 3.2%. Yellen expressed optimism about the progress for middle-income families and acknowledged the Federal Reserve's effective handling of monetary policy. Despite earlier gloomy predictions, she noted that the economy has proven resilient, avoiding the anticipated recession. (The Edge)

COMMODITY: Global food prices experienced the largest annual decline since 2015, with a United Nations' Food and Agriculture Organization index indicating a roughly 10% drop in 2023. This decline, while tracking raw commodity costs, could signal potential relief for consumers as lower wholesale food prices may translate to lower retail prices. The decrease follows a peak in 2022 driven by Russia's invasion of Ukraine. Corn and wheat futures recorded their most significant annual declines in a decade, and lower wholesale costs are gradually influencing supermarket prices. The UN's index is now at its lowest level since February 2021, reflecting a positive trend in food inflation moderation. (The Edge)

Companies

VS Industry Bhd (6963) plans to invest approximately RM60 million in FY24, aimed at improving cost efficiency. This capital expenditure will focus on various areas. The managing director said a significant portion of this budget will target increased automation to reduce reliance on manual labor, alongside an expansion of the solar photovoltaic (PV) system from its headquarters to other facilities, aligning with environmental, social, and governance commitments. (The Star)

Dayang Enterprise Holdings Bhd (5141)'s subsidiary, Dayang Enterprise Sdn Bhd (DESB), has secured an extension for the Provision of Pan Malaysia Maintenance, Construction, and Modification (PM-MCM) contract from Mubadala Energy, an Abu Dhabi-based firm. Initially awarded on December 9, 2020, by Mubadala Energy, the contract's primary term was set until July 16, 2023. The extended contract's value will depend on the work orders issued by Mubadala Energy throughout its duration. (The Star)

Global Oriental Bhd (1147), which previously acquired a 55% stake in a car park management firm for RM27.5 million, has now proposed to buy the remaining 45% stake for RM22.5 million. The purchase of this 45% share in EdisiJuta Parking Sdn Bhd (EPSB) from EdisiJuta Sdn Bhd and Cahaya Impian Sdn Bhd was disclosed in a filing to the stock exchange on Friday. Both acquisitions reflect a price-earnings multiple of 9.9 times, calculated based on EPSB's post-tax profit of RM5.05 million for the fiscal year ended on December 31, 2022. This move into EPSB ownership is intended to allow Global Oriental to diversify its business into car park operations. (The Edge)

ManagePay Systems Bhd (0156) has entered an agreement to offer white label services for PT Finnet Indonesia's Finpay Money Migrant e-wallet and mobile app, featuring dual currencies in ringgit and Indonesian Rupiah. MPay disclosed in a bourse filing that its wholly owned subsidiary, ManagePay Services Sdn Bhd (MPSB), has issued a letter of agreement (LoA) to Finnet regarding the appointment of MPSB. With over one million customers in Indonesia, Finpay Money Migrant is already established in the market. In return for this white label e-wallet collaboration, Finnet will reciprocate on a revenue-sharing basis by empowering MPay to launch a white label MPay e-wallet in Indonesia. (The Star)

Tenaga Nasional Berhad

Bloomberg: TNB MK | KLSE Stock Code: 5347

Technical Watch

"BUY" on Potential Upside"

Company Overview

Tenaga Nasional Berhad transmits, distributes, and sells electricity under license issued by the Director General of Electricity Supply. Through its subsidiaries, the Company manufactures, sells and repairs transformers and switchgears. Tenaga Nasional also provides project management and consultancy, engineering works and energy project development services.

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	14.9	15.0	11.6
P/B	0.9	0.9	1.0
P/CF	7.1	5.1	4.7
P/S	1.0	1.1	1.1

Entry Price **RM10.50**

Market Cap (m) **RM60,767.0**

52w high **RM10.50**

52w low **RM8.82**

Stop Loss **RM8.98**

Immediate Support **RM9.98**

Immediate Resistance **RM10.50 (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) **4,751,183.0**

Main Market

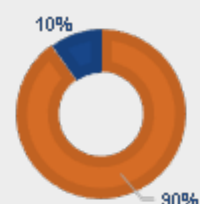
Utilities

Subsector – Electricity

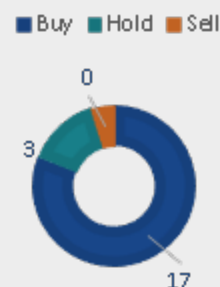
Current Price: RM10.50

Target Price: RM11.55

Potential Upside



Bloomberg Analyst Ratings



IJM Corporation Berhad

Bloomberg: IJM MK | KLSE Stock Code: 3336

Technical Watch

"BUY on Potential Upside"

Company Overview

IJM Corporation Berhad is an investment holding company that provides construction services. The Company, through its subsidiaries, operates in property development, provides quarrying services, manufactures and sells premix products, cultivates oil palm, and provides education services.

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 > 75).

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

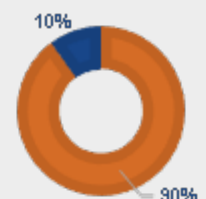
	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	38.3	25.9	19.8
P/B	0.6	0.6	0.7
P/CF	5.9	19.3	24.0
P/S	1.2	1.1	1.2

Entry Price	RM2.08
Market Cap (m)	RM7,292.8
52w high	RM2.09
52w low	RM1.43
Stop Loss	RM1.78
Immediate Support	RM1.98
Immediate Resistance	RM2.08 (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)	1,200,325.7

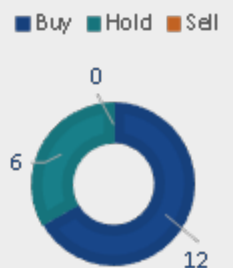
Main Market

Construction
Subsector – Construction
Current Price: RM2.08
Target Price: RM2.29

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
8/12/2023	Aurelius	5302	2.800	2.660	2.394	3.080	1.527	-5.0	-
8/12/2023	GFM	0039	0.270	0.275	0.231	0.297	-1.786	1.9	-
11/12/2023	RCECapital	9296	2.990	3.110	2.556	3.289	0.323	4.0	-
11/12/2023	Thong Guan	7034	1.890	1.950	1.616	2.079	0.000	3.2	-
12/12/2023	GenP	2291	5.620	5.780	4.805	6.182	0.522	2.8	-
12/12/2023	Unisem	5005	3.370	3.290	2.881	3.707	1.858	-2.4	-
13/12/2023	SFPTech	0251	1.020	0.940	0.872	1.122	1.622	-7.8	-
13/12/2023	Tropicana	5401	1.260	1.280	1.077	1.386	1.587	1.6	-
14/12/2023	SWKPLNT	5135	2.170	2.100	1.855	2.387	0.478	-3.2	-
14/12/2023	YBS	0025	0.700	0.700	0.599	0.770	0.000	0.0	-
15/12/2023	UTDPLT	2089	17.200	18.420	14.706	18.920	1.209	7.1	-
15/12/2023	PMETAL	8869	4.930	4.880	4.215	5.423	-0.204	-1.0	-
18/12/2023	GASMSIA	5209	3.230	3.300	2.762	3.553	1.227	2.2	-
18/12/2023	SIME	4197	2.450	2.340	2.095	2.695	-0.426	-4.5	-
19/12/2023	WELLS	0271	0.685	0.670	0.586	0.754	2.290	-2.2	-
19/12/2023	SLP	7248	0.930	0.930	0.795	1.023	3.911	0.0	-
20/12/2023	MCE	7004	2.320	1.540	1.984	2.552	-2.839	-33.6	TP Achieved
20/12/2023	WCT	9679	0.510	0.530	0.436	0.561	0.000	3.9	-
21/12/2023	MasterPack	7029	3.030	3.120	2.591	3.333	1.299	3.0	-
21/12/2023	Kotra	0002	4.850	4.760	4.147	5.335	0.211	-1.9	-
22/12/2023	SCGM	7247	0.580	0.580	0.496	0.638	-0.855	0.0	-
22/12/2023	PTRB	0260	0.535	0.535	0.457	0.589	-0.926	0.0	-
26/12/2023	KerjayaProspek	7161	1.540	1.680	1.320	1.690	2.439	9.1	-
26/12/2023	ChinHin	5273	3.720	3.450	3.180	4.092	-0.576	-7.3	-
27/12/2023	Padini	7052	3.560	3.600	3.040	3.920	1.124	1.1	-
27/12/2023	Kelington	0151	2.150	2.170	1.840	2.370	-0.913	0.9	-
28/12/2023	MAXIS	6012	3.900	3.860	3.330	4.290	0.783	-1.0	-
28/12/2023	PETDAG	5681	22.060	21.120	18.860	24.270	0.190	-4.3	-
29/12/2023	PMBTech	7172	2.620	3.100	2.240	2.882	0.649	18.3	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.460	3.160	4.070	0.581	-6.5	-
2/1/2024	TimeDotCom	5031	5.400	5.400	4.620	5.940	0.000	0.0	-
2/1/2024	PBA	5041	1.460	1.830	1.250	1.610	1.667	25.3	TP Achieved
3/1/2024	DutchLady	3026	24.000	24.900	20.520	26.400	-0.400	3.7	-
3/1/2024	PMBTech	7172	2.990	3.100	2.560	3.290	0.649	3.7	-
4/1/2024	Hartalega	5168	2.880	2.950	2.460	3.170	3.873	2.4	-
4/1/2024	Ranhill	5272	1.030	1.180	0.880	1.130	3.509	14.6	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.680	1.490	1.910	-3.448	-3.4	-
5/1/2024	Hume	5000	2.460	2.440	2.100	2.710	-0.813	-0.8	-
8/1/2024	TNB	5347	10.500	10.500	8.960	11.550	0.768	0.0	-
8/1/2024	IJM	3336	2.080	2.080	1.780	2.288	3.483	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	1.07	0.09	8.79
HEKTAR REITS	REITs	0.66	0.06	8.64
BERMAZ AUTO BERHAD	CONSUMER	2.42	0.20	8.43
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.10
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.18	0.74	8.09
SENTRAL REIT	REITs	0.79	0.06	7.85
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	1.50	0.11	7.13
RHB BANK	FINANCE	5.50	0.39	7.05

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	2.3	24.2	14.8	18.0	14.6	13.4
Finance	1.7	13.0	10.0	11.9	10.0	9.9
Property	7.4	25.1	10.6	16.0	11.8	N/A
Plantation	0.3	95.5	9.7	31.0	14.5	16.9
Consumer	0.9	22.5	14.8	18.8	14.8	15.1
Technology	0.4	48.6	24.1	32.6	32.6	24.5
Construction	7.3	36.8	16.8	25.9	16.8	12.7
Energy	2.7	11.5	9.1	10.3	9.1	9.6
Healthcare	4.5	36.1	5.1	24.6	26.3	33.2
Ind. Prod.	2.3	24.9	12.7	18.3	18.2	15.4
REIT	1.3	13.2	13.2	13.2	13.2	15.7
Telco	3.0	32.3	19.8	26.9	27.1	21.4

Source: Bloomberg

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