

Daily Newswatch

Market Review

The FBMKLCI ended Monday marginally higher in line with overnight growth in Wall Street stocks. Market breadth was positive with 494 gainers and 449 losers. The construction sector was the top gainer increasing by +1.54%, while the telecommunications & media sector was the top loser declining by -0.36%. LYSAGHT (9199) was the top gainer surging by RM0.30 or +13.1%. The FBMKLCI rose by +0.54% to 1,495.70.

Economics

- **Saudi price** cuts offset Middle East concerns, oil drops
- **Thailand** approves to borrow for \$14.3bil handout plan

Companies

- **Kerjaya (7161)** bags two contracts worth RM95.1 million for construction projects in Penang
- **Straits (0080)** secures RM41 mil hospital upgrading job
- **JCorp** files prospectus exposure for Johor Plantations IPO
- Sarawak in talks with LTAT to buy more shares in **Affin Bank (5185)**

Expresso for the Day

- **Technical Watch – Hengyuan (4324)** Entry Price: RM3.30, Target Price: RM3.63, Stop Loss: RM2.82, Support: RM3.14, Resistance: RM3.39
- **Technical Watch – Kelington (0151)** Entry Price: RM2.35, Target Price: RM2.59, Stop Loss: RM2.01, Support: RM2.23, Resistance: RM2.59

Local	Close	(%)
FBMKLCI	1,495.7	0.54
Volume (mil)	6,960.4	5.09
Value (RM'mil)	4,212.6	12.75
Gainers	494	
Losers	449	
Unchanged	583	

Foreign	Close	(%)
Dow Jones	37,683.0	0.6
Nasdaq CI	14,843.8	2.2
S&P 500	4,763.5	1.4
FTSE 100	7,694.2	0.1
Nikkei 225	33,377.4	0.3
Shanghai CI	2,887.5	(1.4)
HSI	16,224.5	(1.9)
STI	3,187.0	0.1

Most Active	RM	Chg (RM)
EKOVEST	0.590	0.035
HONGSENG	0.030	0.000
TAWIN	0.045	0.005
MINETEC	0.220	0.005
IWCITY	0.965	0.065

Top Gainers	RM	Chg (RM)
LYSAGHT	2.590	0.300
KLK	22.300	0.300
AJI	16.180	0.280
SPRITZER	2.160	0.230
KLUANG	4.260	0.220

Top Losers	RM	Chg (RM)
RAPID	24.820	(1.100)
MPI	27.940	(0.580)
YNHPROP	3.660	(0.440)
DLADY	24.600	(0.300)
HEIM	23.720	(0.280)

Other Stats	RM	(%)
USD/MYR	4.65	(0.08)
USD/RMB	7.15	0.06
Brent (USD/barrel)	76.12	(3.35)
Gold (USD/troy oz)	2,028.30	(0.85)
CPO (RM/metric t)	3,681.00	0.64

Daily Newswatch

Economics

SAUDI ARABIA: Oil prices dropped over 2% due to **Saudi Arabia cutting prices significantly and an increase in OPEC production**. These actions countered concerns about supply, which had arisen due to escalating tensions in the Middle East. Brent crude dropped by 2.2%, or \$1.74 decrease to reach \$77.02 per barrel by 1024 GMT. Similarly, U.S. West Texas Intermediate crude futures fell by 2.3%, marking a \$1.73 decline to hit \$72.08. In the initial week of 2024, both contracts had surged over 2% due to escalating geopolitical risks in the Middle East following attacks by Yemeni Houthis on ships in the Red Sea. The preceding day, Saudi Arabia slashed the February official selling price (OSP) of its primary Arab Light crude to Asia to its lowest level in 27 months. (Reuters)

THAILAND: Thailand has been given **approval to borrow funds for its contentious 500 billion baht (\$14.29 billion) digital handout scheme**, providing a boost to the government's efforts to invigorate a slow-moving economy, as per a senior official's statement on Monday. Deputy finance minister informed reporters that the Office of the Council of State, an independent advisory body for legal matters, found no obstacles that would prevent the government from taking on loans to finance this plan. The initiative, aimed at providing 10,000 baht (approximately \$285) to 50 million Thai citizens for spending within their local areas, was a central policy of the ruling Pheu Thai party during elections. (Reuters)

Companies

Kerjaya Prospek Group Bhd (7161) has successfully secured two contracts worth RM95.1 million from Eastern & Oriental Bhd subsidiaries for construction projects in Penang. The contracts were awarded to Kerjaya Prospek's unit, Permatang Bakti Sdn Bhd, with a RM69.23 million contract for superstructure works on phase two of the Gurney Marine Bridge in the Seri Tanjung Pinang Development. The project, initiated by Tanjung Pinang Development Sdn Bhd, is set to commence construction on January 22 and is expected to be completed within 24 months. (The Edge)

Straits Energy Resources Bhd, (0080) through its 70%-owned subsidiary Straits CommNet Solutions Sdn Bhd (SCS), has secured a RM40.73 million contract to upgrade Hospital Canselor Tuanku Muhriz, Pusat Perubatan University Kebangsaan Malaysia. The project, awarded by Puncabahan Sdn Bhd, involves expanding the hospital's space, enhancing the emergency medical department, and implementing electrical, information, and communications technology upgrades, along with the implementation of a smart building system. The project commenced on Monday is targeted for completion on September 23, 2026, spanning a duration of 140 weeks. (The Edge)

Johor Plantations Group Bhd has submitted its prospectus for an initial public offering (IPO) to the Securities Commission Malaysia (SC), with Johor Corp, represented by Kulim (M) Bhd, intending to retain a 65% stake post-listing. This move aligns with previous reports in November, confirming JCorp's decision to proceed with the IPO of its plantation assets under Kulim, despite challenges in the crude palm oil market. The prospectus, disclosed on Monday, outlines the IPO's details, involving a total of 875 million shares in Johor Plantations. (The Edge)

The Sarawak State Financial Secretary is currently engaged in discussions with the Armed Forces Fund Board (LTAT) regarding the potential acquisition of additional shares in **Affin Bank Bhd (5185)**. As of December 29, 2023, the state government already holds a 4.8% stake in the bank. This development has contributed to a surge in Affin Bank's shares, reaching a nine-year high of RM2.38 during Monday's closing, reflecting a 9.17% increase from the previous Friday's closing price of RM2.18. This positive momentum elevated the bank's market capitalization to RM5.58 billion. (The Edge)

Hengyuan Refining Company Berhad

Bloomberg: HYR MK | KLSE Stock Code: 4324

Technical Watch

“BUY on Potential Upside”

Company Overview

Hengyuan Refining Company Berhad (HRC) refines and manufactures petroleum products. The Company offers products such as liquefied petroleum gas (LPG), naphtha, gasoline, gasoil, and jet kerosene. HRC 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 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.

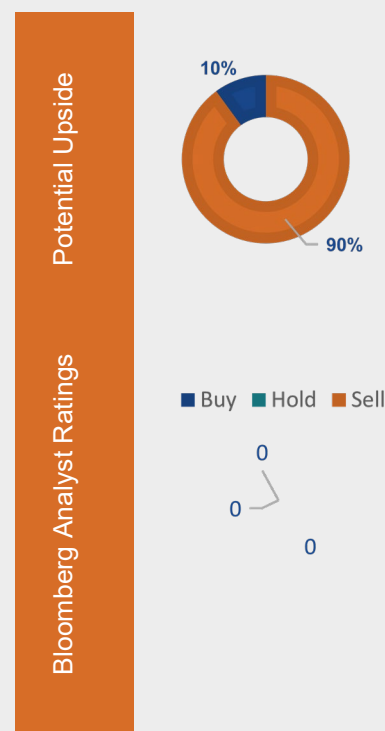
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.4	21.0	12.5
P/B	0.7	0.7	1.2
P/CF	3.6	4.0	12.4
P/S	0.1	0.1	0.1

Entry Price	RM3.30
Market Cap (m)	RM990.0
52w high	RM3.96
52w low	RM3.03
Stop Loss	RM2.82
Immediate Support	RM3.14
Immediate Resistance	RM3.39 (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)	1,060,040.9

Main Market

Energy
 Subsector – Oil & Gas Producer
 Current Price: RM3.30
 Target Price: RM3.63



Kelington Group Berhad

Bloomberg: KGRB MK | KLSE Stock Code: 0151

Technical Watch

“BUY on Potential Upside”

Company Overview

Kelington Group Bhd designs, fabricates and installs ultra-high purity gas and chemicals delivery systems.

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 > 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.

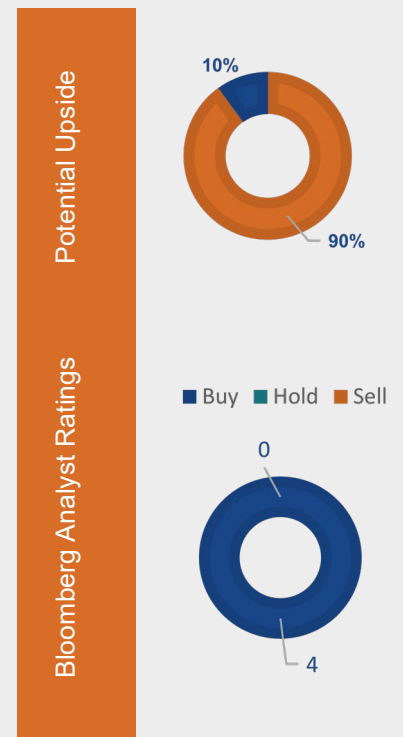
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.8	21.3	18.7
P/B	3.8	3.4	2.5
P/CF	18.4	29.2	20.1
P/S	0.9	1.1	0.8

Entry Price	RM2.35
Market Cap (m)	RM1,515.3
52w high	RM2.35
52w low	RM1.31
Stop Loss	RM2.01
Immediate Support	RM2.23
Immediate Resistance	RM2.59 (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)	1,774,743.4

Main Market

Industrial Products & Services
 Subsector – Industrial
 Engineering
 Current Price: RM2.35
 Target Price: RM2.59





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
11/12/2023	RCECapital	9296	2.990	3.090	2.556	3.289	-0.643	3.3	-
11/12/2023	Thong Guan	7034	1.890	1.940	1.616	2.079	-0.513	2.6	-
12/12/2023	GenP	2291	5.620	5.770	4.805	6.182	-0.173	2.7	-
12/12/2023	Unisem	5005	3.370	3.320	2.881	3.707	0.912	-1.5	-
13/12/2023	SFPTEch	0251	1.020	0.935	0.872	1.122	-0.532	-8.3	-
13/12/2023	Tropicana	5401	1.260	1.250	1.077	1.386	-2.344	-0.8	-
14/12/2023	SWKPLNT	5135	2.170	2.100	1.855	2.387	0.000	-3.2	-
14/12/2023	YBS	0025	0.700	0.730	0.599	0.770	4.286	4.3	-
15/12/2023	UTDPLT	2089	17.200	18.200	14.706	18.920	-1.194	5.8	-
15/12/2023	PMETAL	8869	4.930	4.920	4.215	5.423	0.820	-0.2	-
18/12/2023	GASMSIA	5209	3.230	3.320	2.762	3.553	0.606	2.8	-
18/12/2023	SIME	4197	2.450	2.390	2.095	2.695	2.137	-2.4	-
19/12/2023	WELLS	0271	0.685	0.685	0.586	0.754	2.239	0.0	-
19/12/2023	SLP	7248	0.930	0.935	0.795	1.023	0.538	0.5	-
20/12/2023	MCE	7004	2.320	1.730	1.984	2.552	12.338	-25.4	TP Achieved
20/12/2023	WCT	9679	0.510	0.535	0.436	0.561	0.943	4.9	-
21/12/2023	MasterPack	7029	3.030	3.170	2.591	3.333	1.603	4.6	-
21/12/2023	Kotra	0002	4.850	4.750	4.147	5.335	-0.210	-2.1	-
22/12/2023	SCGM	7247	0.580	0.580	0.496	0.638	0.000	0.0	-
22/12/2023	PTRB	0260	0.535	0.535	0.457	0.589	0.000	0.0	-
26/12/2023	KerjayaProspek	7161	1.540	1.670	1.320	1.690	-0.595	8.4	-
26/12/2023	ChinHin	5273	3.720	3.520	3.180	4.092	2.029	-5.4	-
27/12/2023	Padini	7052	3.560	3.630	3.040	3.920	0.833	2.0	-
27/12/2023	Kelington	0151	2.150	2.350	1.840	2.370	8.295	9.3	-
28/12/2023	MAXIS	6012	3.900	3.840	3.330	4.290	-0.518	-1.5	-
28/12/2023	PETDAG	5681	22.060	21.040	18.860	24.270	-0.379	-4.6	-
29/12/2023	PMBTech	7172	2.620	3.110	2.240	2.882	0.323	18.7	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	5.380	4.620	5.940	-0.370	-0.4	-
2/1/2024	PBA	5041	1.460	1.700	1.250	1.610	-7.104	16.4	TP Achieved
3/1/2024	DutchLady	3026	24.000	24.600	20.520	26.400	-1.205	2.5	-
3/1/2024	PMBTech	7172	2.990	3.110	2.560	3.290	0.323	4.0	-
4/1/2024	Hartalega	5168	2.880	3.020	2.460	3.170	2.373	4.9	-
4/1/2024	Ranhill	5272	1.030	1.150	0.880	1.130	-2.542	11.7	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.730	1.490	1.910	2.976	-0.6	-
5/1/2024	Hume	5000	2.460	2.480	2.100	2.710	1.639	0.8	-
8/1/2024	TNB	5347	10.500	10.540	8.960	11.550	0.381	0.4	-
8/1/2024	IJM	3336	2.080	2.130	1.780	2.288	2.404	2.4	-
9/1/2024	HengYuan	4324	3.300	3.300	2.820	3.690	4.762	0.0	-
9/1/2024	Kelington	0151	2.350	2.350	2.010	2.585	8.295	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	1.76	0.22	12.50
MBM RESOURCES BHD	CONSUMER	4.30	0.46	10.72
YTL HOSPITALITY REIT	REITs	1.08	0.09	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.37	0.20	8.61
HEKTAR REITS	REITs	0.67	0.06	8.57
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.22	0.74	8.06
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	7.82
AMWAY (M) HOLDINGS BHD	CONSUMER	5.99	0.46	7.68
UOA REITS	REITs	1.12	0.09	7.68
CAPITALAND MALAYSIA TRUST	REITs	0.57	0.04	7.19
RHB BANK	FINANCE	5.51	0.39	7.04
SPORTS TOTO BERHAD	CONSUMER	1.52	0.11	7.04

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	2.8	24.2	14.8	18.0	14.6	13.4
Finance	2.2	13.0	10.0	11.9	10.0	9.9
Property	7.0	25.2	10.6	15.8	11.7	N/A
Plantation	0.8	95.5	9.7	31.0	14.6	17.0
Consumer	1.6	22.5	14.9	18.8	14.9	15.0
Technology	0.6	46.1	23.0	31.9	32.6	24.3
Construction	8.9	34.6	17.0	25.5	17.0	13.0
Energy	3.8	11.5	9.2	10.3	9.2	9.6
Healthcare	5.1	36.1	5.1	24.6	26.4	33.3
Ind. Prod.	3.0	24.9	12.7	18.4	18.3	15.5
REIT	1.4	29.5	13.2	19.2	13.2	15.7
Telco	2.7	31.0	19.8	26.5	27.0	21.2

Source: Bloomberg

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