

Daily Newswatch

Market Review

The FBMKLCI ended Tuesday higher for the fifth consecutive day as market turns to selected stocks in the utilities sector for profit-taking. Market breadth was negative with 410 gainers and 605 losers. The transportation & logistics sector was the top gainer increasing by +0.43%, while the property sector was the top loser declining by -1.92%. NESTLE (4707) was the top gainer surging by RM1.00 or +0.9%. The FBMKLCI rose by +0.21% to 1,498.83.

Economics

- Global price rally boosts **Indian coffee exports** to surge
- ECB predicts potential slowdown in **Euro zone's service sector**

Companies

- **Datasonic (5216)** wins contract for ID card supply, along with four extension agreements
- **Rohas Tecnic (9741)** secures RM200mil MRT project
- **Kelington (0151)** secures a contract worth RM143mil in China
- **SunCon (5263)** set to obtain RM21mil from Indian highway authority in project dispute resolution

Expresso for the Day

- **Technical Watch – Telekom (4863)** Entry Price: RM5.74, Target Price: RM6.31, Stop Loss: RM4.91, Support: RM5.45, Resistance: RM5.74
- **Technical Watch – Genting Plantation (2291)** Entry Price: RM5.89, Target Price: RM6.48, Stop Loss: RM5.04, Support: RM5.60, Resistance: RM5.89

Local	Close	(%)
FBMKLCI	1,498.8	0.21
Volume (mil)	6,444.1	(7.42)
Value (RM'mil)	3,765.8	(10.61)
Gainers	410	
Losers	605	
Unchanged	475	

Foreign	Close	(%)
Dow Jones	37,525.2	(0.4)
Nasdaq CI	14,857.7	0.1
S&P 500	4,756.5	(0.1)
FTSE 100	7,684.0	(0.1)
Nikkei 225	33,763.2	1.2
Shanghai CI	2,893.3	0.2
HSI	16,190.0	(0.2)
STI	3,198.0	0.3

Most Active	RM	Chg (RM)
TWL	0.045	0.005
HONGSENG	0.025	(0.005)
MINETEC	0.235	0.015
SAUDEE	0.030	0.000
ITRONIC	0.090	0.025

Top Gainers	RM	Chg (RM)
NESTLE	119.000	1.000
MPI	28.280	0.340
BIPORT	5.600	0.330
UTDPLT	18.500	0.300
F&N	28.500	0.240

Top Losers	RM	Chg (RM)
RAPID	23.400	(1.420)
DLADY	23.640	(0.960)
YNHPROP	3.300	(0.360)
AJI	16.000	(0.180)
IMASPRO	3.480	(0.160)

Other Stats	RM	(%)
USD/MYR	4.64	(0.19)
USD/RMB	7.17	0.24
Brent (USD/barrel)	77.42	1.71
Gold (USD/troy oz)	2,030.20	0.11
CPO (RM/metric t)	3,687.00	0.00

Daily Newswatch

Economics

INDIA: It is projected that **India's coffee exports are anticipated to climb by up to 10% in 2024**. A surge in global prices has led European buyers to pay premiums, prompting increased purchases from the country. India, renowned for its tea production, ranks as the world's eighth-largest coffee grower, mainly focusing on robusta beans for instant coffee and also producing the pricier arabica variety. Ramesh Rajah, president of the Coffee Exporters' Association of India, highlighted the robust demand for Indian coffee, especially robusta beans, driven by strong global prices resulting from production challenges. He predicts a potential export increase of up to 10% this year. (Reuters)

GERMANY: On Tuesday, European Central Bank (ECB) study suggests that **the services sector in the Euro zone might face further weakening in the upcoming quarters due to rising interest rates**. However, this impact might not be as pronounced as observed in the manufacturing sector. Throughout 2023, the manufacturing sector in the currency bloc was largely in a recession, partly due to swift rate hikes by the ECB aimed at curbing rampant inflation. Interestingly, while manufacturing struggled, demand for services remained relatively strong, contributing to overall growth, which was somewhat unexpected. (Reuters)

Companies

Datasonic Group Bhd (5216) has been granted a Letter of Award (LOA) and four contract extensions from the Ministry of Home Affairs (MOHA), amounting to a combined value of RM175 million. The integrated information and communications technology (ICT) provider disclosed that its wholly-owned subsidiary, Datasonic Technologies Sdn Bhd (DTSB), received a contract worth RM28.69 million from MOHA to supply raw cards and consumables for MyKad, MyTentera, and MyPOCA to the National Registration Department (JPN). (The Edge)

Rohas Tecnic Bhd (9741) has successfully secured a RM199.84 million contract from Malaysia Rapid Transit System Sdn Bhd (MRTS) for the construction and finalization of Bukit Chagar's facade for the Rapid Transit System Link Johor Bahru – Singapore Project (RTS Link Project - Package 8). RTB stated that the Rohas-Euco Industries Bhd – Sediabena Builders Sdn Bhd Consortium (Consortium) received and signed the letter of acceptance issued by MRTS on Jan 8. The Consortium consists of Rohas-Euco Industries Bhd (REI), a wholly-owned subsidiary of RTB, and Sediabena Builders Sdn Bhd (SBSB). The completion date for the RTS Link Project - Package 8 is slated for May 31, 2025. (The Star)

Kelington Group Bhd (0151) has landed a contract valued at RM143 million from China's largest semiconductor foundry to oversee the design, procurement, construction, and commissioning of gas hookup systems in Shanghai, China. The contract was secured by Kelington's wholly-owned subsidiary, Kelington Engineering (Shanghai) Co Ltd. The actual workload and scope may vary depending on variation orders, scope options, and value engineering. Commencing in January 2024, the project is expected to conclude by January 2026. (The Star)

Sunway Construction Group Bhd (5263) and the National Highway Authority of India (NHAI) have finalized an agreement concerning the East West Corridor highway construction venture. NHAI has committed to paying 375.32 million rupees (equivalent to RM20.96 million) to Sunway Construction Sdn Bhd (SCSVB), a wholly-owned SunCon subsidiary. This resolution signifies the conclusion of all disputes and claims linked to the project, specifically focusing on Package EW-II (RJ-9). This segment entails the renovation and enhancement of NH-76 from km406 to km449.15 in Rajasthan state, as confirmed by SunCon. (The Edge)

Telekom Malaysia Berhad

Bloomberg: T MK | KLSE Stock Code: 4863

Technical Watch

“BUY on Potential Upside”

Company Overview

Telekom Malaysia Berhad establishes, provides, and maintains telecommunication and related services. Through its subsidiaries, the Company provides payphone network, mobile telecommunication, public telephone, and leasing of optical fiber telecommunication system services. Telekom also manages and operates Kuala Lumpur Tower and provides intelligent security services.

Investment Highlights

On an uptrend the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish engulfing 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.

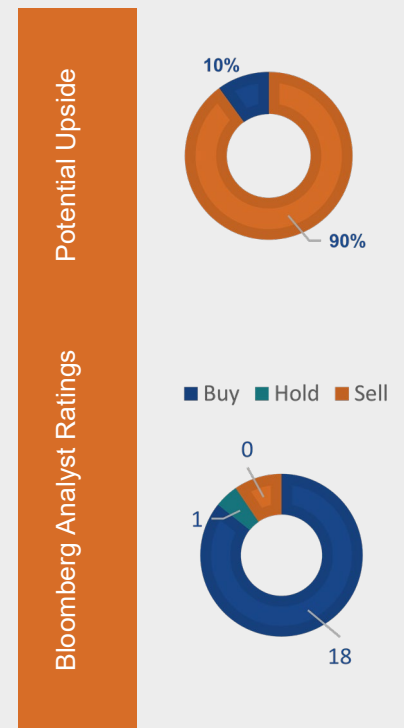
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	17.0	22.7	22.9
P/B	2.4	2.2	2.3
P/CF	5.6	5.2	5.7
P/S	1.6	1.5	1.5

Entry Price	RM5.74
Market Cap (m)	RM22,028.0
52w high	RM5.77
52w low	RM4.74
Stop Loss	RM4.91
Immediate Support	RM5.45
Immediate Resistance	RM5.74 (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)	1,060,040.9

Main Market

Telecommunications & Media
 Subsector – Telecommunication
 Service Providers
 Current Price: RM5.74
 Target Price: RM6.31



Genting Plantations Berhad

Bloomberg: GENP MK | KLSE Stock Code: 2291

Technical Watch

“BUY on Potential Upside”

Company Overview

Genting Plantations Berhad is an investment holding company which operates plantations. The Company, through its subsidiaries, also develops and invests in properties, processes fresh fruit bunches, trades rubber wood, provides palm oil mill management services, and operates golf course.

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.

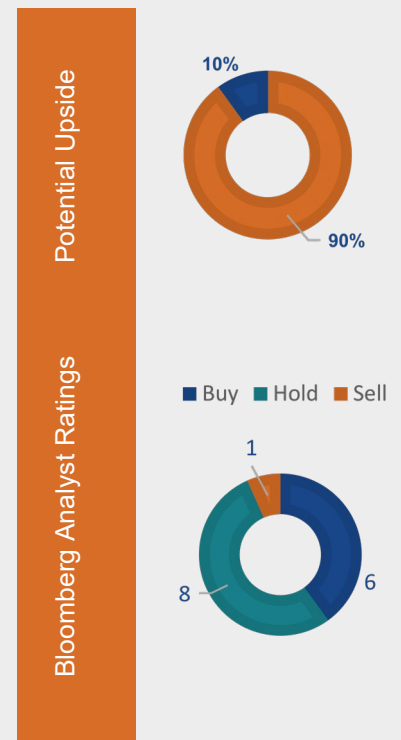
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	14.2	31.5	27.8
P/B	1.1	1.3	1.5
P/CF	7.4	21.3	20.2
P/S	1.7	2.6	3.4

Entry Price	RM5.89
Market Cap (m)	RM5,284.3
52w high	RM6.20
52w low	RM5.11
Stop Loss	RM5.04
Immediate Support	RM5.60
Immediate Resistance	RM5.89 (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

Plantation
Subsector – Plantation
Current Price: RM5.89
Target Price: RM6.48





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
12/12/2023	GenP	2291	5.620	5.890	4.805	6.182	2.080	4.8	-
12/12/2023	Unisem	5005	3.370	3.280	2.881	3.707	-1.205	-2.7	-
13/12/2023	SFPTECH	0251	1.020	0.920	0.872	1.122	-1.604	-9.8	-
13/12/2023	Tropicana	5401	1.260	1.240	1.077	1.386	-0.800	-1.6	-
14/12/2023	SWKPLNT	5135	2.170	2.110	1.855	2.387	0.476	-2.8	-
14/12/2023	YBS	0025	0.700	0.760	0.599	0.770	4.110	8.6	-
15/12/2023	UTDPLT	2089	17.200	18.500	14.706	18.920	1.648	7.6	-
15/12/2023	PMETAL	8869	4.930	4.870	4.215	5.423	-1.016	-1.2	-
18/12/2023	GASMSIA	5209	3.230	3.300	2.762	3.553	-0.602	2.2	-
18/12/2023	SIME	4197	2.450	2.420	2.095	2.695	1.255	-1.2	-
19/12/2023	WELLS	0271	0.685	0.690	0.586	0.754	0.730	0.7	-
19/12/2023	SLP	7248	0.930	0.950	0.795	1.023	1.604	2.2	-
20/12/2023	MCE	7004	2.320	1.730	1.984	2.552	0.000	-25.4	TP Achieved
20/12/2023	WCT	9679	0.510	0.525	0.436	0.561	-1.869	2.9	-
21/12/2023	MasterPack	7029	3.030	3.240	2.591	3.333	2.208	6.9	-
21/12/2023	Kotra	0002	4.850	4.850	4.147	5.335	2.105	0.0	-
22/12/2023	SCGM	7247	0.580	0.580	0.496	0.638	0.000	0.0	-
22/12/2023	PTRB	0260	0.535	0.555	0.457	0.589	3.738	3.7	-
26/12/2023	KerjayaProspek	7161	1.540	1.660	1.320	1.690	-0.599	7.8	-
26/12/2023	ChinHin	5273	3.720	3.450	3.180	4.092	-1.989	-7.3	-
27/12/2023	Padini	7052	3.560	3.650	3.040	3.920	0.551	2.5	-
27/12/2023	Kelington	0151	2.150	2.340	1.840	2.370	-0.426	8.8	-
28/12/2023	MAXIS	6012	3.900	3.870	3.330	4.290	0.781	-0.8	-
28/12/2023	PETDAG	5681	22.060	20.940	18.860	24.270	-0.475	-5.1	-
29/12/2023	PMBTech	7172	2.620	3.070	2.240	2.882	-1.286	17.2	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.500	3.160	4.070	1.744	-5.4	-
2/1/2024	TimeDotCom	5031	5.400	5.410	4.620	5.940	0.558	0.2	-
2/1/2024	PBA	5041	1.460	1.700	1.250	1.610	0.000	16.4	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.640	20.520	26.400	-3.902	-1.5	-
3/1/2024	PMBTech	7172	2.990	3.070	2.560	3.290	-1.286	2.7	-
4/1/2024	Hartalega	5168	2.880	3.010	2.460	3.170	-0.331	4.5	-
4/1/2024	Ranhill	5272	1.030	1.080	0.880	1.130	-6.087	4.9	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.810	1.490	1.910	4.624	4.0	-
5/1/2024	Hume	5000	2.460	2.480	2.100	2.710	0.000	0.8	-
8/1/2024	TNB	5347	10.500	10.560	8.960	11.550	0.190	0.6	-
8/1/2024	IJM	3336	2.080	2.090	1.780	2.288	-1.878	0.5	-
9/1/2024	HengYuan	4324	3.300	3.200	2.820	3.690	-3.030	-3.0	-
9/1/2024	Kelington	0151	2.350	2.340	2.010	2.585	-0.426	-0.4	-
10/1/2024	Telekom	4863	5.740	5.740	4.910	6.310	1.056	0.0	-
10/1/2024	GentingP	2291	5.890	5.890	5.040	6.480	2.080	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.41	0.73	13.44
UOA DEVELOPMENT BERHAD	PROPERTY	1.78	0.22	12.36
MBM RESOURCES BHD	CONSUMER	4.30	0.46	10.72
YTL HOSPITALITY REIT	REITs	1.08	0.09	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.38	0.20	8.57
HEKTAR REITS	REITs	0.67	0.06	8.57
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.20	0.74	8.08
TALIWORKS CORPORATION BHD	UTILITIES	0.85	0.07	8.05
SENTRAL REIT	REITs	0.79	0.06	7.85
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	6.03	0.46	7.63
CAPITALAND MALAYSIA TRUST	REITs	0.57	0.04	7.19
SPORTS TOTO BERHAD	CONSUMER	1.52	0.11	7.04
RHB BANK	FINANCE	5.55	0.39	6.99

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	3.0	24.2	14.8	18.0	14.7	13.4
Finance	2.7	13.0	10.1	11.9	10.1	10.0
Property	5.0	25.2	10.6	15.7	11.5	N/A
Plantation	1.1	95.5	9.7	31.0	14.6	17.0
Consumer	1.8	22.5	14.9	18.8	14.9	15.0
Technology	0.7	46.1	23.0	31.9	32.7	24.4
Construction	7.8	34.6	16.8	25.4	16.8	12.9
Energy	3.3	11.5	9.1	10.3	9.1	9.5
Healthcare	5.2	36.1	5.1	24.7	26.4	32.9
Ind. Prod.	2.4	24.9	12.7	18.3	18.2	15.4
REIT	1.4	29.5	13.2	19.2	13.2	15.7
Telco	2.9	31.0	19.8	26.5	27.1	21.3

Source: Bloomberg

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