

Daily Newswatch

Market Review

The FBMKLCI ended higher last Friday on the back of bargain hunting on selected heavyweight stocks in the utilities sector. Market breadth was positive with 492 gainers and 486 losers. The utilities sector was the top gainer increasing by +2.57%, while the health care sector was the top loser declining by -0.65%. UTDPLT (2089) was the top gainer surging by RM0.36 or +1.9%. The FBMKLCI rose by +0.29% to 1,487.34.

Economics

- **Crude oil** rises by 1% as tankers steer clear of Red Sea following strikes on Houthis
- Capital suggests **UK may achieve sub-2% inflation** ahead of the US and Euro Zone

Companies

- **IJM (3336)** diversifies through investments in warehousing in Malaysia and property acquisition in the UK
- **Tuju Setia (5297)** secures a RM209mil contract for apartment construction
- **Siab (0241)** lands RM94mil contract to construct food processing facility in Seremban
- **Ranhill (5272)** obtains three-year license extension from SPAN for water treatment operations in Johor

Expresso for the Day

- **Technical Watch – Keck Seng (3476)** Entry Price: RM5.30, Target Price: RM5.80, Stop Loss: RM4.53, Support: RM5.04, Resistance: RM5.30
- **Technical Watch – Telekom (4863)** Entry Price: RM5.82, Target Price: RM6.40, Stop Loss: RM4.98, Support: RM5.53, Resistance: RM5.82

Local	Close	(%)
FBMKLCI	1,487.3	0.29
Volume (mil)	4,076.0	(12.11)
Value (RM'mil)	2,835.2	(5.63)
Gainers	492	
Losers	486	
Unchanged	445	
Foreign	Close	(%)
Dow Jones	37,593.0	(0.3)
Nasdaq CI	14,972.8	0.0
S&P 500	4,783.8	0.1
FTSE 100	7,624.9	0.6
Nikkei 225	35,577.1	1.5
Shanghai CI	2,882.0	(0.2)
HSI	16,244.6	(0.4)
STI	3,191.7	(0.3)
Most Active	RM	Chg (RM)
MINETEC	0.195	(0.025)
EKOVEST	0.590	0.045
HONGSENG	0.015	(0.005)
YTLPOWR	3.680	0.310
WIDAD	0.480	0.000
Top Gainers	RM	Chg (RM)
UTDPLT	18.880	0.360
YTLPOWR	3.680	0.310
AMWAY	6.400	0.200
ALLIANZ	19.480	0.200
F&N	28.800	0.160
Top Losers	RM	Chg (RM)
RAPID	9.330	(2.170)
IMASPRO	1.600	(0.390)
SIMEPLT	4.310	(0.110)
HEIM	24.100	(0.100)
TENAGA	10.340	(0.100)
Other Stats	RM	(%)
USD/MYR	4.65	0.08
USD/RMB	7.17	0.01
Brent (USD/barrel)	77.86	1.14
Gold (USD/troy oz)	2,049.06	0.99
CPO (RM/metric t)	3,783.00	0.64

Daily Newswatch

Economics

COMMODITY: On Friday, oil prices increased by 1% as a growing number of oil tankers changed their routes away from the Red Sea following airstrikes by the U.S. and Britain on Houthi targets in Yemen. These strikes were in response to attacks on shipping by the Iran-backed group. Brent crude futures concluded 1.1% higher at \$78.29 a barrel, with the session's peak surpassing \$80, marking its highest point this year. While the altered tanker routes were anticipated to increase the cost and time required for oil transportation, analysts and industry experts observed that supplies had not been affected significantly, alleviating some of the earlier price surges. (Reuters)

UNITED KINGDOM: The consultancy firm Capital Economics predicts that Britain, which has consistently experienced the highest inflation among major global economies over the past two years, could witness a deceleration in its inflation rate to below 2% before the United States and the euro zone. According to Capital Economics, by April, the inflation rate in Britain might reach 1.7%, while it is expected to be 2.0% in the euro zone and 2.6% in the United States. The Bank of England has communicated its intention to maintain high-interest rates "for an extended period" to mitigate potential long-term issues stemming from the inflation surge, which reached over 11% in October 2022. (Reuters)

Companies

IJM Corp Bhd (3336) has unveiled two notable property ventures, involving an increased investment in Malaysia's warehousing logistics sector and the acquisition of a property site in the United Kingdom (UK). In an official statement, the conglomerate disclosed that its wholly-owned subsidiary, IJM RE Sdn Bhd, has entered into a share sale agreement with Swift Haulage Bhd and Hartamas Mentari Sdn Bhd to acquire a 25% stake in Global Vision Logistics Sdn Bhd (GVL). GVL is actively developing the Shah Alam International Logistics Hub (SAILH). Strategically positioned on a 71-acre site in Shah Alam, SAILH is anticipated to become one of ASEAN's largest and Malaysia's inaugural green-certified logistics hub. (The Star)

Tuju Setia Bhd (5297) has secured a contract worth RM209 million from Avaland Bhd (formerly MCT Bhd) for the construction of two service apartment blocks in USJ 25, Subang Jaya. The Alora Residences project is anticipated to be completed within 33 months, with construction tentatively set to commence in the second quarter of 2024, as per Tuju Setia's bourse filing. The construction company foresees a positive impact on its earnings and net assets from the contract throughout the financial year ending December 31, 2024, until the project's completion. (The Edge)

Siab Holdings Bhd (0241), a provider of building construction services, has secured a contract valued at RM94.28 million to construct a food processing factory in Seremban, Negeri Sembilan. According to a bourse filing, Siab reported that its wholly-owned subsidiary, Siab (M) Sdn Bhd, has accepted a letter of award from Mahsuri Food Sdn Bhd to construct a four-storey factory block, a fermentation area, and a soy silage building unit, along with utility facilities. The construction is scheduled to commence on February 14 of this year and is expected to be completed within a 13-month timeframe. Mahsuri Food is engaged in the manufacturing of food products and the import and export of sauces and condiments. (The Edge)

Ranhill Utilities Bhd (5272) has reported the extension of its license by the National Water Services Commission (SPAN) for the treatment and supply of water to consumers in Johor for the next three years. According to a filing on Friday, the company revealed that its subsidiary, Ranhill SAJ Sdn Bhd, was notified by SPAN on Jan 10 about the renewal of its sixth operation license. The renewed license, granted under the Water Services Industry Act 2006 (Act 655), is effective from Jan 1, 2024, to Dec 31, 2026. Ranhill SAJ Sdn Bhd, the exclusive provider of source-to-tap water in Johor, is responsible for activities such as raw water abstraction, treatment, distribution, and sale. (The Edge)

Keck Seng (Malaysia) Berhad

Bloomberg: KS MK | KLSE Stock Code: 3476

Technical Watch

“BUY on Potential Upside”

Company Overview

Keck Seng (Malaysia) Berhad cultivates oil palm and cocoa and processes and markets refined palm oil products. Through its subsidiaries, the Company also develops housings, invests in properties, manages golf clubs, and operates hotels. Keck Seng also manufactures and trades nutraceutical and health-care materials.

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 >85).

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.

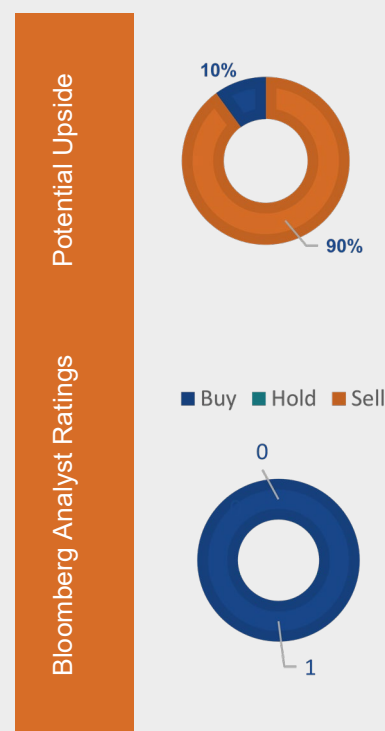
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.5	44.6	33.2
P/B	0.5	0.6	0.7
P/CF	7.5	10.6	15.7
P/S	0.8	1.2	1.4

Entry Price	RM5.30
Market Cap (m)	RM1,904.3
52w high	RM5.30
52w low	RM3.40
Stop Loss	RM4.53
Immediate Support	RM5.04
Immediate Resistance	RM5.30 (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)	29,717.7

Main Market

Industrial Products & Services
 Subsector – Industrial Services
 Current Price: RM5.30
 Target Price: RM5.80



Telekom Malaysia Bhd

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 marubozu 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.

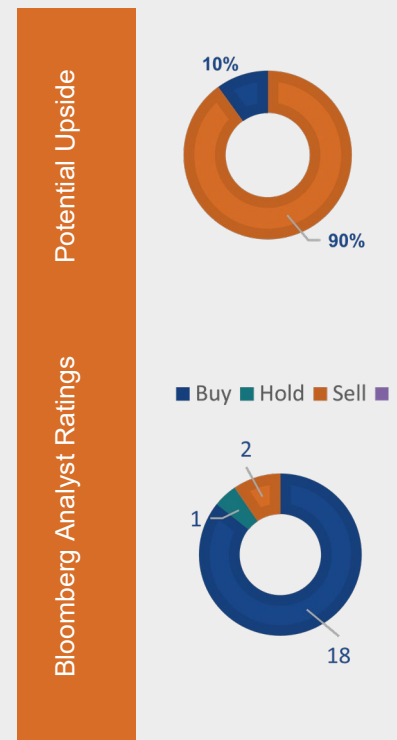
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.9	22.6	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	RM5.82
Market Cap (m)	RM22,335.0
52w high	RM5.82
52w low	RM4.74
Stop Loss	RM4.98
Immediate Support	RM5.53
Immediate Resistance	RM5.82 (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)	4,915,369.3

Main Market

Telecommunications & Media
 Subsector – Telco Svc Provider
 Current Price: RM5.82
 Target Price: RM6.40





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
15/12/2023	UTDPLT	2089	17.200	18.880	14.706	18.920	1.944	9.8	-
15/12/2023	PMETAL	8869	4.930	4.840	4.215	5.423	0.415	-1.8	-
18/12/2023	GASMSIA	5209	3.230	3.280	2.762	3.553	-0.906	1.5	-
18/12/2023	SIME	4197	2.450	2.440	2.095	2.695	0.412	-0.4	-
19/12/2023	WELLS	0271	0.685	0.680	0.586	0.754	0.000	-0.7	-
19/12/2023	SLP	7248	0.930	0.950	0.795	1.023	0.000	2.2	-
20/12/2023	MCE	7004	2.320	1.370	1.984	2.552	-2.143	-40.9	TP Achieved
20/12/2023	WCT	9679	0.510	0.525	0.436	0.561	1.942	2.9	-
21/12/2023	MasterPack	7029	3.030	3.190	2.591	3.333	-0.932	5.3	-
21/12/2023	Kotra	0002	4.850	4.780	4.147	5.335	0.000	-1.4	-
22/12/2023	SCGM	7247	0.580	0.605	0.496	0.638	0.833	4.3	-
22/12/2023	PTRB	0260	0.535	0.560	0.457	0.589	0.901	4.7	-
26/12/2023	KerjayaProspek	7161	1.540	1.690	1.320	1.690	0.000	9.7	-
26/12/2023	ChinHin	5273	3.720	3.510	3.180	4.092	1.445	-5.6	-
27/12/2023	Padini	7052	3.560	3.660	3.040	3.920	1.667	2.8	-
27/12/2023	Kelington	0151	2.150	2.270	1.840	2.370	0.442	5.6	-
28/12/2023	MAXIS	6012	3.900	3.860	3.330	4.290	0.783	-1.0	-
28/12/2023	PETDAG	5681	22.060	21.160	18.860	24.270	0.284	-4.1	-
29/12/2023	PMBTech	7172	2.620	3.000	2.240	2.882	-0.990	14.5	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.650	3.160	4.070	1.108	-1.4	-
2/1/2024	TimeDotCom	5031	5.400	5.480	4.620	5.940	0.183	1.5	-
2/1/2024	PBA	5041	1.460	1.750	1.250	1.610	2.339	19.9	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.900	20.520	26.400	0.084	-0.4	-
3/1/2024	PMBTech	7172	2.990	3.000	2.560	3.290	-0.990	0.3	-
4/1/2024	Hartalega	5168	2.880	2.850	2.460	3.170	-2.397	-1.0	-
4/1/2024	Ranhill	5272	1.030	1.120	0.880	1.130	5.660	8.7	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.820	1.490	1.910	-3.191	4.6	-
5/1/2024	Hume	5000	2.460	2.680	2.100	2.710	1.132	8.9	-
8/1/2024	TNB	5347	10.500	10.340	8.960	11.550	-0.958	-1.5	-
8/1/2024	IJM	3336	2.080	2.090	1.780	2.288	-0.948	0.5	-
9/1/2024	HengYuan	4324	3.300	3.160	2.820	3.690	0.958	-4.2	-
9/1/2024	Kelington	0151	2.350	2.270	2.010	2.585	0.442	-3.4	-
10/1/2024	Telekom	4863	5.740	5.820	4.910	6.310	1.217	1.4	-
10/1/2024	GenP	2291	5.890	6.300	5.040	6.480	0.000	7.0	-
11/1/2024	QL Resources	7084	5.880	5.920	5.030	6.470	0.339	0.7	-
11/1/2024	HeitechPadu	5028	1.130	1.170	0.970	1.240	1.739	3.5	-
12/1/2024	GenP	2291	6.300	6.300	5.390	6.930	0.000	0.0	-
12/1/2024	Frontken	0128	3.580	3.530	3.060	3.940	-1.397	-1.4	-
15/1/2024	KeckSeng	3476	5.300	5.300	4.530	5.800	1.533	0.0	-
15/1/2024	Telekom	4863	5.820	5.820	4.980	6.400	1.217	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.48	0.73	13.27
UOA DEVELOPMENT BERHAD	PROPERTY	1.80	0.22	12.22
MBM RESOURCES BHD	CONSUMER	4.29	0.46	10.75
HEKTAR REITS	REITs	0.66	0.06	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.38	0.20	8.61
YTL HOSPITALITY REIT	REITs	1.12	0.09	8.39
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.12	0.74	8.15
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.10
SENTRAL REIT	REITs	0.79	0.06	7.85
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
UOA REITS	REITs	1.11	0.09	7.75
AMWAY (M) HOLDINGS BHD	CONSUMER	6.40	0.46	7.19
RHB BANK	FINANCE	5.51	0.39	7.04
SPORTS TOTO BERHAD	CONSUMER	1.52	0.11	7.04
GAS MALAYSIA BERHAD	UTILITIES	3.28	0.22	6.71

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	2.2	24.2	14.8	18.0	14.6	13.3
Finance	1.5	13.0	10.0	11.9	10.0	9.9
Property	3.6	25.2	10.6	15.7	11.4	N/A
Plantation	1.3	95.5	9.7	31.1	14.6	17.1
Consumer	1.5	22.5	14.9	18.8	14.9	15.0
Technology	0.9	46.1	23.0	31.9	32.7	24.4
Construction	8.6	34.6	17.0	25.5	17.0	12.8
Energy	5.9	11.5	9.3	10.4	9.3	9.5
Healthcare	3.3	36.1	5.1	24.5	25.9	32.4
Ind. Prod.	1.7	24.9	12.7	18.3	18.1	15.2
REIT	1.8	29.5	13.3	19.2	13.3	15.8
Telco	1.8	31.0	19.8	26.4	26.8	21.2

Source: Bloomberg

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