

Daily Newswatch

Market Review

The FBMKLCI experienced a decline on Tuesday attributed to persistent selling of selected heavyweight counters in the construction, property and energy sector. Market breadth was negative with 324 gainers and 775 losers. The telecommunications & media sector was the top gainer increasing by +0.25%, while the property sector was the top loser declining by -2.15%. NESTLE (4707) was the top gainer surging by RM0.40 or +3.0%. The FBMKLCI declined by -0.48% to 1,493.87.

Economics

- **ECB** keeps future interest rate cuts uncertain
- **Japan's** stable wholesale inflation in December eases pressure on BOJ

Companies

- **AGX Bhd** sets IPO price at RM0.35, eyes RM44.3 mil proceed
- **KJTS Group's** IPO shares oversubscribed by 31.28 times
- **Chin Hin Group Property (7187)** acquires land in Melaka for RM41.94mil

Expresso for the Day

- **Technical Watch – Press Metal (8869)** Entry Price: RM5.00, Target Price: RM5.50, Stop Loss: RM4.28, Support: RM4.75, Resistance: RM5.05
- **Technical Watch – Allianz (1163)** Entry Price: RM20.10, Target Price: RM22.11, Stop Loss: RM17.19, Support: RM19.10, Resistance: RM20.10

Local	Close	(%)
FBMKLCI	1,493.9	(0.48)
Volume (mil)	5,842.2	17.34
Value (RM'mil)	3,588.7	14.69
Gainers	324	
Losers	775	
Unchanged	406	
Foreign	Close	(%)
Dow Jones	37,361.1	(0.6)
Nasdaq CI	14,944.4	(0.2)
S&P 500	4,766.0	(0.4)
FTSE 100	7,558.3	(0.5)
Nikkei 225	35,619.2	(0.8)
Shanghai CI	2,894.0	0.3
HSI	15,865.9	(2.2)
STI	3,185.0	(0.5)
Most Active	RM	Chg (RM)
MINETEC	0.155	(0.020)
SCIB	0.835	(0.355)
LEFORM	0.270	(0.220)
MRCB	0.510	(0.025)
SCABLE	0.225	(0.080)
Top Gainers	RM	Chg (RM)
NESTLE	119.700	0.400
ALLIANZ	20.100	0.300
MPI	28.700	0.200
KLUANG	4.840	0.190
F&N	28.760	0.160
Top Losers	RM	Chg (RM)
RAPID	5.650	(2.410)
YNHPROP	1.730	(0.740)
SCIB	0.835	(0.355)
HLCAP	4.220	(0.240)
LEFORM	0.270	(0.220)
Other Stats	RM	(%)
USD/MYR	4.69	0.51
USD/RMB	7.19	0.23
Brent (USD/barrel)	77.98	(0.22)
Gold (USD/troy oz)	2,028.44	(1.37)
CPO (RM/metric t)	3,819.00	0.25

Daily Newswatch

Economics

EUROPE: The European Central Bank is expected to lower interest rates from current record highs this year. However, policymakers have not provided clarity on the timing of these moves, leading to uncertainty among investors. The ECB concluded its rapid interest rate hike cycle in September, and with a significant slowdown in inflation, discussions are now focused on when the first reduction in the ECB's 4% deposit rate will occur. Policymakers expressed varied opinions on Tuesday, underscoring the uncertainty surrounding interest rates and the unexpected fluctuations in inflation during the post-pandemic period. (Reuters)

JAPAN: In December, Japan's wholesale inflation remained the same as the previous year, marking a 12-month slowdown. This supports the Bank of Japan's belief that the pressure from rising raw material prices will ease gradually. The data suggests a likely moderation in consumer inflation in the upcoming months, relieving pressure on the Bank of Japan to quickly scale back its extensive monetary stimulus. The Corporate Goods Price Index (CGPI), reflecting prices charged among companies, showed no change, contrasting with the market expectation of a 0.3% decline. This is the lowest data since February 2021 and is partly attributed to government subsidies aimed at reducing petrol and utility bills, which lowered wholesale inflation by 0.9%, according to a BOJ official. (Reuters)

Companies

AGX Bhd, a freight forwarding and aerospace logistics provider, has set its initial public offering (IPO) price at RM0.35 per share, aiming to raise RM44.26mil. The IPO comprises a public issuance of 96.5mil new shares and an offer for sale of 30mil existing shares. At the IPO price, the company is valued at about 11 times its price-earnings ratio based on a net profit of RM13.54mil for FY2022. AGX plans to use the majority of the proceeds for working capital and business expansion in Malaysia and South Korea, setting up new warehouses and offices in Penang and Johor Bahru, as well as a new office in Busan, South Korea. The company is set to be listed on Bursa Securities on February 7. (The Edge)

KJTS Group Bhd, a building support services provider, has announced that its shares offered to the public were oversubscribed by 31.28 times. The company received 9,632 applications for the 1.11bn shares worth RM299.78mil. The Bumiputera portion had 5,803 applications for the 562.24mil shares, resulting in an oversubscription rate of 31.69 times, while the public portion saw 3,829 applications for 548.1mil shares, indicating an oversubscription rate of 30.86 times. The 15 million shares allocated for eligible persons were fully subscribed, as were the 168.63mil shares designated for selected investors. KJTS Group's IPO institutional and final retail price is set at 27 sen, aiming to raise about RM58.9mil. The stock is set to debut on Bursa Malaysia's ACE Market on January 26. (The Edge)

Chin Hin Group Property Bhd (7187) is acquiring six parcels of land in Melaka for RM41.94mil in cash to develop a residential project with an expected gross development value of RM1.01 billion. The leasehold plots, collectively measuring 838,736 sq ft, are located in Kawasan Bandar XLIII, Melaka Tengah. The acquisition is made via CHGP's indirect wholly-owned Chin Hin Property (Melaka) Sdn Bhd from MDS Developments Management Sdn Bhd, Aim Development Worldwide Sdn Bhd (ADW), and Aim Holdings Worldwide Sdn Bhd (AHW). CHGP plans to fund the acquisition through external borrowing and internal funds. The gross development cost of the project is approximately RM792mil. (The Edge)

Press Metal Aluminium Holding Bhd

Bloomberg: PMAH MK | KLSE Stock Code: 8869

Technical Watch

“BUY on Potential Upside”

Company Overview

Press Metal Aluminium Holdings Berhad operates as a holding company. The Company, through its subsidiaries, provides aluminium ingots, billets, fluorocarbon, and other products. Press Metal Aluminium Holdings 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 >60).

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.

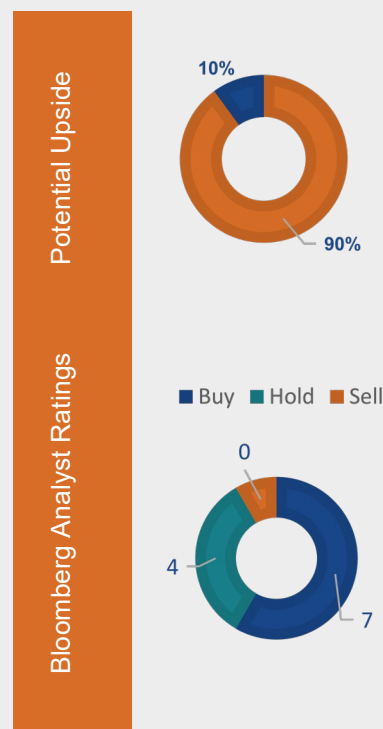
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	33.6	42.7	34.6
P/B	7.7	7.7	5.6
P/CF	71.8	46.0	31.9
P/S	3.0	3.1	2.1

Entry Price	RM5.00
Market Cap (m)	RM41,198.1
52w high	RM5.40
52w low	RM4.56
Stop Loss	RM4.28
Immediate Support	RM4.75
Immediate Resistance	RM5.05 (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)	4,794,274.9

Main Market

Industrial Products & Services
 Subsector – Metals
 Current Price: RM5.00
 Target Price: RM5.50



Allianz Malaysia Berhad

Bloomberg: ALLZ MK | KLSE Stock Code: 1163

Technical Watch

“BUY on Potential Upside”

Company Overview

Allianz Malaysia Berhad underwrites all classes of general insurance. Through its subsidiaries, the Company underwrites life insurance and investment linked business. Malaysia British Assurance also provides insurance broking and nominee 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 >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.

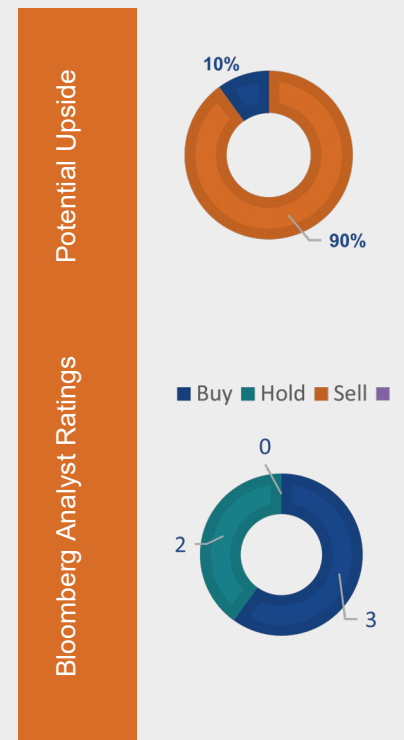
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	4.9	4.6	4.9
P/B	0.6	0.7	0.7
P/CF	3.9	4.6	11.7
P/S	0.5	0.4	0.4

Entry Price	RM20.10
Market Cap (m)	RM3,577.2
52w high	RM20.10
52w low	RM13.44
Stop Loss	RM17.19
Immediate Support	RM19.10
Immediate Resistance	RM20.10 (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)	22,409.6

Main Market

Financial Services
Subsector – Other Financials
Current Price: RM20.10
Target Price: RM22.11





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
19/12/2023	WELLS	0271	0.685	0.670	0.586	0.754	0.000	-2.2	-
19/12/2023	SLP	7248	0.930	0.955	0.795	1.023	0.526	2.7	-
20/12/2023	MCE	7004	2.320	1.370	1.984	2.552	-1.439	-40.9	TP Achieved
20/12/2023	WCT	9679	0.510	0.530	0.436	0.561	-2.752	3.9	-
21/12/2023	MasterPack	7029	3.030	3.210	2.591	3.333	-0.619	5.9	-
21/12/2023	Kotra	0002	4.850	4.750	4.147	5.335	-0.419	-2.1	-
22/12/2023	SCGM	7247	0.580	0.590	0.496	0.638	-1.667	1.7	-
22/12/2023	PTRB	0260	0.535	0.565	0.457	0.589	-0.877	5.6	-
26/12/2023	KerjayaProspek	7161	1.540	1.700	1.320	1.690	0.000	10.4	TP Achieved
26/12/2023	ChinHin	5273	3.720	3.600	3.180	4.092	0.279	-3.2	-
27/12/2023	Padini	7052	3.560	3.500	3.040	3.920	-3.047	-1.7	-
27/12/2023	Kelington	0151	2.150	2.270	1.840	2.370	-0.873	5.6	-
28/12/2023	MAXIS	6012	3.900	3.830	3.330	4.290	-0.777	-1.8	-
28/12/2023	PETDAG	5681	22.060	21.120	18.860	24.270	-0.471	-4.3	-
29/12/2023	PMBTech	7172	2.620	2.980	2.240	2.882	0.000	13.7	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.710	3.160	4.070	-1.067	0.3	-
2/1/2024	TimeDotCom	5031	5.400	5.490	4.620	5.940	0.549	1.7	-
2/1/2024	PBA	5041	1.460	1.860	1.250	1.610	8.140	27.4	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.660	20.520	26.400	-0.838	-1.4	-
3/1/2024	PMBTech	7172	2.990	2.980	2.560	3.290	0.000	-0.3	-
4/1/2024	Hartalega	5168	2.880	2.800	2.460	3.170	1.083	-2.8	-
4/1/2024	Ranhill	5272	1.030	1.230	0.880	1.130	7.895	19.4	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.800	1.490	1.910	-4.255	3.4	-
5/1/2024	Hume	5000	2.460	2.610	2.100	2.710	-4.044	6.1	-
8/1/2024	TNB	5347	10.500	10.460	8.960	11.550	-0.381	-0.4	-
8/1/2024	IJM	3336	2.080	2.110	1.780	2.288	-1.860	1.4	-
9/1/2024	HengYuan	4324	3.300	3.140	2.820	3.690	0.000	-4.8	-
9/1/2024	Kelington	0151	2.350	2.270	2.010	2.585	-0.873	-3.4	-
10/1/2024	Telekom	4863	5.740	5.810	4.910	6.310	0.172	1.2	-
10/1/2024	GenP	2291	5.890	6.360	5.040	6.480	0.000	8.0	-
11/1/2024	QL Resources	7084	5.880	5.820	5.030	6.470	-1.356	-1.0	-
11/1/2024	HeitechPadu	5028	1.130	1.170	0.970	1.240	0.000	3.5	-
12/1/2024	GenP	2291	6.300	6.360	5.390	6.930	0.000	1.0	-
12/1/2024	Frontken	0128	3.580	3.440	3.060	3.940	-1.714	-3.9	-
15/1/2024	KeckSeng	3476	5.300	5.500	4.530	5.800	0.000	3.8	-
15/1/2024	Telekom	4863	5.820	5.810	4.980	6.400	0.172	-0.2	-
16/1/2024	TaAnnHoldings	5012	3.750	3.710	3.210	4.130	-1.067	-1.1	-
16/1/2024	E&O	3417	0.930	0.865	0.800	1.020	-6.989	-7.0	-
17/1/2024	PressMetal	8869	5.000	5.000	4.280	5.500	0.604	0.0	-
17/1/2024	Allianz	1163	20.100	20.100	17.190	22.110	1.515	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.49	0.73	13.24
UOA DEVELOPMENT BERHAD	PROPERTY	1.77	0.22	12.43
MBM RESOURCES BHD	CONSUMER	4.30	0.46	10.72
BERMAZ AUTO BERHAD	CONSUMER	2.38	0.20	8.61
HEKTAR REITS	REITs	0.67	0.06	8.57
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.12	0.74	8.15
YTL HOSPITALITY REIT	REITs	1.16	0.09	8.10
TALIWORKS CORPORATION BHD	UTILITIES	0.85	0.07	8.00
SENTRAL REIT	REITs	0.80	0.06	7.80
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.78
UOA REITS	REITs	1.12	0.09	7.68
AMWAY (M) HOLDINGS BHD	CONSUMER	6.37	0.46	7.22
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.18
RHB BANK	FINANCE	5.55	0.39	6.99
GAS MALAYSIA BERHAD	UTILITIES	3.30	0.22	6.67

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	2.7	24.2	14.8	18.0	14.7	13.5
Finance	2.3	13.0	10.0	11.9	10.0	9.9
Property	4.0	25.2	10.6	15.8	11.7	#N/A N/A
Plantation	2.2	95.5	9.7	31.1	14.8	16.9
Consumer	1.0	22.5	14.8	18.8	14.8	15.0
Technology	0.6	46.1	23.0	31.9	32.8	24.5
Construction	8.2	34.6	17.2	25.5	17.2	13.0
Energy	5.0	11.5	9.3	10.4	9.3	9.5
Healthcare	2.6	36.1	5.1	24.5	25.7	32.1
Ind. Prod.	2.0	24.9	12.7	18.4	18.2	15.4
REIT	2.4	29.5	13.4	19.3	13.4	15.9
Telco	3.5	31.0	19.8	26.5	27.1	21.6

Source: Bloomberg

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