

Daily Newswatch

Market Review

The FBMKLCI declined on Wednesday in line with the overnight decline in regional markets as heavy selling pressure persists on selected stocks across sectors. Market breadth was negative with 265 gainers and 832 losers. The utilities sector was the top gainer increasing by +1.03%, while the industrial products & services sector was the top loser declining by -1.78%. PBA (5041) was the top gainer surging by RM0.43 or +23.1%. The FBMKLCI declined by -0.18% to 1,491.21.

Economics

- **Bank Indonesia keeps policy rates steady** at 6%
- **World stocks decline** as Central Banks push back against rate cut expectations

Companies

- **Advancecon (5281)** secures RM21.19mil subcontract work from CCC-ECRL
- **AmBank (1015)** grants RM158.5mil financing facilities to EXSIM
- **Infomina's (0265)** net profit jumps 77.23% in 2Q24
- **TDM Bhd (2054)** invests RM29.1mil in building two hospitals

Expresso for the Day

- **Technical Watch – Affin (5185)** Entry Price: RM2.45, Target Price: RM2.70, Stop Loss: RM2.09, Support: RM2.33, Resistance: RM2.45
- **Technical Watch – AME (5293)** Entry Price: RM1.84, Target Price: RM2.03, Stop Loss: RM1.57, Support: RM1.75, Resistance: RM1.84

Local	Close	(%)
FBMKLCI	1,491.2	(0.18)
Volume (mil)	5,227.0	(10.53)
Value (RM'mil)	3,165.9	(11.78)
Gainers	265	
Losers	832	
Unchanged	385	
Foreign	Close	(%)
Dow Jones	37,266.7	(0.3)
Nasdaq CI	14,855.6	(0.6)
S&P 500	4,739.2	(0.6)
FTSE 100	7,446.3	(1.5)
Nikkei 225	35,477.8	(0.4)
Shanghai CI	2,833.6	(2.1)
HSI	15,276.9	(3.7)
STI	3,142.2	(1.3)
Most Active	RM	Chg (RM)
LEFORM	0.175	(0.095)
SCIB	0.535	(0.300)
MERSEC	0.455	(0.295)
MINETEC	0.170	0.015
EKOVEST	0.560	0.000
Top Gainers	RM	Chg (RM)
PBA	2.290	0.430
UTDPLT	19.300	0.340
F&N	29.000	0.240
YTLPOWR	3.780	0.130
AIRPORT	7.720	0.120
Top Losers	RM	Chg (RM)
RAPID	3.960	(1.690)
YNHPROP	1.220	(0.510)
APB	2.050	(0.440)
HEIM	24.060	(0.360)
ARTRONIQ	0.495	(0.300)
Other Stats	RM	(%)
USD/MYR	4.72	0.48
USD/RMB	7.20	0.12
Brent (USD/barrel)	77.88	(0.52)
Gold (USD/troy oz)	2,008.54	(1.09)
CPO (RM/metric t)	3,819.00	0.25



Daily Newswatch

Economics

INDONESIA: Indonesia's central bank, Bank Indonesia (BI), has kept its **benchmark seven-day reverse repurchase rate steady at 6%**, aiming to stabilize the rupiah and keep inflation within the target range of 1.5% to 3.5% for 2024. The decision was in line with expectations, as the global market uncertainty has eased, allowing the rupiah to stabilize. BI Governor Perry Warjiyo mentioned that the bank would remain patient and monitor domestic and global conditions, with room to cut rates depending on the rupiah's strength, inflation rate, and economic growth. The central bank predicts that the US Federal Reserve will start easing in the second half of 2024. (The Edge)

GLOBAL: **Global stocks faced a decline as central banks**, including the Federal Reserve and the European Central Bank (ECB), **pushed back against expectations of interest rate cuts**. The dollar reached a one-month high after Federal Reserve Governor Christopher Waller emphasized the need to be patient with rate cuts. ECB rate setters also stated that investor bets for ECB rate cuts were excessive and possibly self-defeating. Unexpectedly, the UK reported a rise in inflation, leading to a sharp increase in government bond yields and a reduction in bets for an early rate cut. China's economic data, showing 5.2% growth in 2023, raised concerns due to a shaky recovery, deepening property crisis, and tepid demand. (The Edge)

Companies

Advancecon Holdings Bhd (5281) has secured RM21.19 million in subcontract work from China Communications Construction (ECRL) Sdn Bhd (CCC-ECRL). The subcontract, awarded to Advancecon's 51%-owned indirect unit Spring Energy Sdn Bhd, is for the construction and completion of subgrade works, Section 8 from CH518+388.00 to CH519+000.00. Advancecon will fund the subcontract via internally generated funds and external borrowings. The subcontract is expected to contribute positively to Advancecon's future earnings and is set to be completed by December 31, 2024. (The Edge)

AmBank Group (1015) has provided RM158.5 million in financing facilities to Lembaran Beruntung Sdn Bhd, a member of the EXSIM group, to part-finance its latest project, Branniganz Suites at Bukit Bintang in Kuala Lumpur. This marks the 14th project financed by AmBank for the property developer, dating back to 2008. (The Edge)

Infomina Bhd (0265), a technology solutions provider, reported a 77.23% increase in net profit for the second quarter ended November 30, 2023 (2QFY2024), reaching RM8.95 million compared to RM5.05 million in the previous year. The surge was attributed to lower administrative expenses and higher revenue. Quarterly revenue rose 41.85% to RM59.65 million from RM42.05 million, primarily due to increased revenue from the renewal of contracts under technology infrastructure operations. For the full six months ended November 30, 2023 (1HFY2024), net profit surged 65.75% to RM16.21 million from RM9.78 million in 1HFY2023, with revenue rising 37.94% to RM115.86 million from RM83.99 million. (The Edge)

TDM Bhd (2054) a plantation and healthcare company and a subsidiary of the Terengganu state government, has invested RM29.1 million to build two hospitals in 2023. The investment includes RM14.1 million for the construction of the 100-bed KMI Chukai Medical Centre in Kemaman and RM15 million for the takeover process of Razif Hospital in Klang, Selangor. Both hospitals will be managed by TDM's subsidiary Kumpulan Medic Iman Sdn Bhd (KMI Healthcare). The healthcare sector contributes more than 50% to TDM's overall profits, and the new hospitals are expected to significantly increase profits. TDM plans to expand its medical network on the East Coast in the next five years to meet increasing demand for its health services. (The Edge)

Affin Bank Berhad

Bloomberg: ABANK MK | KLSE Stock Code: 5185

Technical Watch

“BUY on Potential Upside”

Company Overview

AFFIN Bank Berhad operates as a bank. The Bank offers deposits, loans, investment, online banking, asset management, underwriting, life and general insurance facilities, and financing services. AFFIN Bank 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 >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.

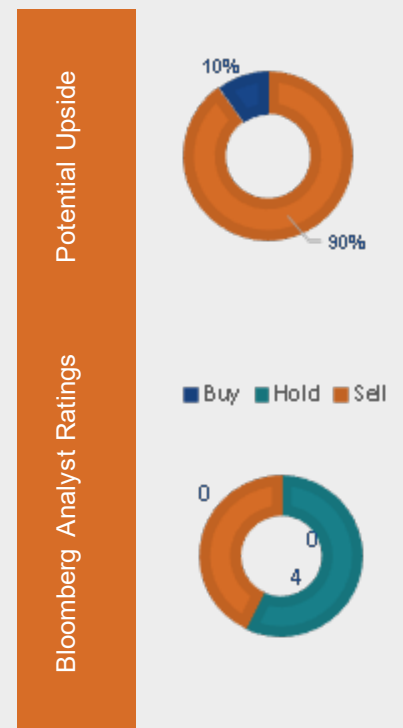
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	36.0	19.5	15.7
P/B	0.4	0.3	0.5
P/CF	N/A	1.3	2.4
P/S	1.4	1.1	1.1

Entry Price	RM2.45
Market Cap (m)	RM5,748.9
52w high	RM2.46
52w low	RM1.79
Stop Loss	RM2.09
Immediate Support	RM2.33
Immediate Resistance	RM2.45 (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)	1,341,041.6

Main Market

Financial Services
 Subsector – Banking
 Current Price: RM2.45
 Target Price: RM2.70



AME Elite Consortium Berhad

Bloomberg: AME MK | KLSE Stock Code: 5293

Technical Watch

“BUY on Potential Upside”

Company Overview

AME Elite Consortium Berhad provides real estate services. The Company offers property management, development, construction, and engineering solutions. AME Elite Consortium 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 bullish engulfing 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.

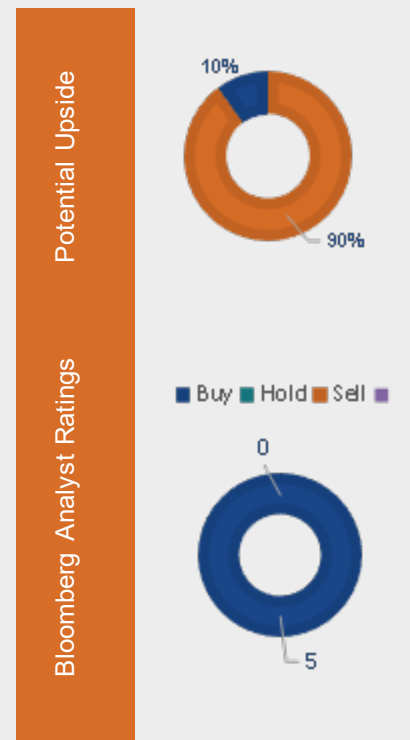
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	14.2	15.2	15.2
P/B	1.2	1.2	1.2
P/CF	20.0	19.5	19.5
P/S	1.8	2.0	2.0

Entry Price	RM1.84
Market Cap (m)	RM1,175.9
52w high	RM1.85
52w low	RM1.22
Stop Loss	RM1.57
Immediate Support	RM1.75
Immediate Resistance	RM1.84 (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)	157,802.4

Main Market

Construction
 Subsector – Construction
 Current Price: RM1.84
 Target Price: RM2.03





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
20/12/2023	MCE	7004	2.320	1.350	1.984	2.552	-1.460	-41.8	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	3.200	2.591	3.333	-0.312	5.6	-
21/12/2023	Kotra	0002	4.850	4.850	4.147	5.335	2.105	0.0	-
22/12/2023	SCGM	7247	0.580	0.590	0.496	0.638	0.000	1.7	-
22/12/2023	PTRB	0260	0.535	0.510	0.457	0.589	-9.735	-4.7	-
26/12/2023	KerjayaProspek	7161	1.540	1.690	1.320	1.690	-0.588	9.7	TP Achieved
26/12/2023	ChinHin	5273	3.720	3.650	3.180	4.092	1.389	-1.9	-
27/12/2023	Padini	7052	3.560	3.560	3.040	3.920	1.714	0.0	-
27/12/2023	Kelington	0151	2.150	2.240	1.840	2.370	-1.322	4.2	-
28/12/2023	MAXIS	6012	3.900	3.790	3.330	4.290	-1.044	-2.8	-
28/12/2023	PETDAG	5681	22.060	20.900	18.860	24.270	-1.042	-5.3	-
29/12/2023	PMBTech	7172	2.620	2.870	2.240	2.882	-3.691	9.5	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.660	3.160	4.070	-1.348	-1.1	-
2/1/2024	TimeDotCom	5031	5.400	5.450	4.620	5.940	-0.729	0.9	-
2/1/2024	PBA	5041	1.460	2.290	1.250	1.610	23.118	56.8	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.620	20.520	26.400	-0.169	-1.6	-
3/1/2024	PMBTech	7172	2.990	2.870	2.560	3.290	-3.691	-4.0	-
4/1/2024	Hartalega	5168	2.880	2.780	2.460	3.170	-0.714	-3.5	-
4/1/2024	Ranhill	5272	1.030	1.150	0.880	1.130	-6.504	11.7	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.840	1.490	1.910	2.222	5.7	-
5/1/2024	Hume	5000	2.460	2.610	2.100	2.710	0.000	6.1	-
8/1/2024	TNB	5347	10.500	10.440	8.960	11.550	-0.191	-0.6	-
8/1/2024	IJM	3336	2.080	2.110	1.780	2.288	0.000	1.4	-
9/1/2024	HengYuan	4324	3.300	3.100	2.820	3.690	-1.274	-6.1	-
9/1/2024	Kelington	0151	2.350	2.240	2.010	2.585	-1.322	-4.7	-
10/1/2024	Telekom	4863	5.740	5.830	4.910	6.310	0.344	1.6	-
10/1/2024	GenP	2291	5.890	6.370	5.040	6.480	0.157	8.1	-
11/1/2024	QL Resources	7084	5.880	5.820	5.030	6.470	0.000	-1.0	-
11/1/2024	HeitechPadu	5028	1.130	1.160	0.970	1.240	-0.855	2.7	-
12/1/2024	GenP	2291	6.300	6.370	5.390	6.930	0.157	1.1	-
12/1/2024	Frontken	0128	3.580	3.420	3.060	3.940	-0.581	-4.5	-
15/1/2024	KeckSeng	3476	5.300	5.480	4.530	5.800	-0.364	3.4	-
15/1/2024	Telekom	4863	5.820	5.830	4.980	6.400	0.344	0.2	-
16/1/2024	TaAnnHoldings	5012	3.750	3.660	3.210	4.130	-1.348	-2.4	-
16/1/2024	E&O	3417	0.930	0.895	0.800	1.020	3.468	-3.8	-
17/1/2024	PressMetal	8869	5.000	4.850	4.280	5.500	-3.000	-3.0	-
17/1/2024	Allianz	1163	20.100	19.900	17.190	22.110	-0.995	-1.0	-
18/1/2024	AffinBank	5185	2.450	2.450	2.090	2.700	2.941	0.0	-
18/1/2024	AME Elite	5293	1.840	1.840	1.570	2.030	2.222	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.45	0.73	13.34
UOA DEVELOPMENT BERHAD	PROPERTY	1.75	0.22	12.57
MBM RESOURCES BHD	CONSUMER	4.30	0.46	10.72
HEKTAR REITS	REITs	0.66	0.06	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.39	0.21	8.58
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.10	0.74	8.16
YTL HOSPITALITY REIT	REITs	1.17	0.09	8.03
TALIWORKS CORPORATION BHD	UTILITIES	0.86	0.07	7.95
SENTRAL REIT	REITs	0.79	0.06	7.90
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	6.40	0.46	7.19
SPORTS TOTO BERHAD	CONSUMER	1.50	0.11	7.13
RHB BANK	FINANCE	5.55	0.39	6.99
GAS MALAYSIA BERHAD	UTILITIES	3.31	0.22	6.65

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	2.5	24.2	14.8	18.0	14.6	13.4
Finance	2.0	13.0	10.0	11.9	10.0	9.9
Property	3.0	25.2	10.6	15.7	11.3	N/A
Plantation	2.3	95.5	9.7	31.1	14.8	16.8
Consumer	0.7	22.5	14.7	18.8	14.7	14.9
Technology	(0.3)	46.1	23.0	31.8	32.3	24.1
Construction	7.4	34.6	16.8	25.4	16.8	12.8
Energy	3.9	11.5	9.2	10.3	9.2	9.3
Healthcare	1.8	36.1	5.1	24.4	25.6	32.0
Ind. Prod.	0.2	24.9	12.7	18.3	17.8	15.0
REIT	2.3	29.5	13.4	19.2	13.4	15.8
Telco	4.0	31.0	19.8	26.6	27.3	21.5

Source: Bloomberg

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