

Daily Newswatch

Market Review

The FBMKLCI concluded Thursday's trading session marginally lower, driven by the continued negative sentiment in the market following the persistent selling of small-cap counters the previous day. Market breadth was negative with 218 gainers and 885 losers. All sectors ended in red with the utilities sector being the top loser declining by -2.26%. PBA (5041) was the top gainer surging by RM0.23 or +10.04%. The FBMKLCI declined by -0.81% to 1,479.18.

Economics

- **Gold rises** due to a weaker dollar, safe-haven investments increased
- **Australia's employment growth** decelerates amid a more relaxed labour market

Companies

- **PA Resources (7225)** bags RM1.1b contract extension from US' First Solar
- **FM Global Logistics (7210)** eyes RM38m land acquisition in Klang for warehousing, distribution expansion
- **Eco World's (8206)** unit to acquire land in Johor for affordable housing at RM450.1m
- **Gagasan Nadi Cergas (0206)** lands RM750m contract for affordable housing with Kwasa Land

Expresso for the Day

- **Technical Watch – QL Resources (7084)** Entry Price: RM5.90, Target Price: RM6.49, Stop Loss: RM5.04, Support: RM5.61, Resistance: RM5.92
- **Technical Watch – MSM (5202)** Entry Price: RM1.88, Target Price: RM2.07, Stop Loss: RM1.61, Support: RM1.79, Resistance: RM1.88

Local	Close	(%)
FBMKLCI	1,479.2	(0.81)
Volume (mil)	6,095.9	16.62
Value (RM'mil)	3,615.4	14.20
Gainers	218	
Losers	885	
Unchanged	383	
Foreign	Close	(%)
Dow Jones	37,468.6	0.5
Nasdaq CI	15,055.7	1.3
S&P 500	4,780.9	0.9
FTSE 100	7,459.1	0.2
Nikkei 225	35,466.2	(0.0)
Shanghai CI	2,845.8	0.4
HSI	15,391.8	0.8
STI	3,139.8	(0.1)
Most Active	RM	Chg (RM)
WIDAD	0.190	(0.300)
FITTERS	0.045	(0.010)
MINETEC	0.170	0.000
LEFORM	0.170	(0.005)
YTL	2.130	(0.190)
Top Gainers	RM	Chg (RM)
PBA	2.520	0.230
UTDPLT	19.500	0.200
HLBANK	18.840	0.140
HUMEIND	2.740	0.130
IMASPRO	1.360	0.130
Top Losers	RM	Chg (RM)
NESTLE	119.000	(0.700)
HEIM	23.680	(0.380)
SRIDGE	0.845	(0.355)
JSB	0.800	(0.340)
MPI	28.360	(0.340)
Other Stats	RM	(%)
USD/MYR	4.72	0.04
USD/RMB	7.20	0.00
Brent (USD/barrel)	79.10	1.57
Gold (USD/troy oz)	2,023.90	0.85
CPO (RM/metric t)	3,859.00	(0.45)

Daily Newswatch

Economics

COMMODITY: Gold prices strengthened on Thursday, supported by a weakening dollar and increased demand for safe-havens amid the conflict in the Middle East. Investors were keenly awaiting additional clarity regarding the future interest rate trajectory of the U.S. Federal Reserve. At 9:56 a.m. ET (1456 GMT), spot gold saw a 0.4% increase, reaching \$2,012.89 per ounce, rebounding from a five-week low recorded in the preceding session. U.S. gold futures also rose by 0.4% to \$2,015.50. The dollar, which had reached a five-week peak in the prior session, experienced a decline, and there was a corresponding drop in yields on the benchmark U.S. 10-year Treasury notes. A weaker dollar renders gold more affordable for international buyers, and the appeal of non-yielding gold is negatively impacted by high-interest rates. (Reuters)

AUSTRALIA: In December, Australian employment experienced a significant decline following two months of unexpectedly robust growth, contributing to the argument that interest rates may have reached their peak amid a cooling labor market. According to the Australian Bureau of Statistics' Thursday report, net employment plummeted by 65,100 from the previous month's revised surge of 72,600, contrasting with market expectations of a roughly 17,600 increase. The jobless rate remained steady at 3.9%, maintaining the highest level since May 2022, while the participation rate sharply decreased from a record high of 67.3% to 66.8%. (Reuters)

Companies

PA Resources Bhd (7225), a Malaysian aluminum extruder, extended a supply agreement with First Solar, Inc., valued at up to RM1.1b until July 1, 2025. The master supply agreement supersedes a previous one from March 2022. (The Edge)

FM Global Logistics Holdings Bhd (7210) is acquiring 5.68 acres in Setia Alam Industrial Park, Klang, from Petaling Garden Sdn Bhd for RM37.9m. Petaling Garden is a subsidiary of I & P Group Sdn Bhd. (The Edge)

Eco World Development Group Bhd's (8206) unit will acquire land in Pulai, Johor, from River Retreat Sdn Bhd for RM450.1m, for affordable housing. This is the group's second Iskandar Malaysia land acquisition in less than five months. (The Edge)

Gagasan Nadi Cergas Bhd (0206) secured a contract from Kwasa Land Sdn Bhd to jointly develop affordable houses on a 34.86-acre land in Kwasa Damansara, Selangor, with an estimated construction cost of RM750m. Gagasan Nadi will pay RM35.6m for the land. (The Edge)

QL Resources Berhad

Bloomberg: QLG MK | KLSE Stock Code: 7084

Technical Watch

“BUY on Potential Upside”

Company Overview

QL Resources Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and sells fishmeal, surimi, and surimi-based products, distributes animal feed raw materials, animal health products, and layer farming, and cultivates oil palm and crude palm oil milling.

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 >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	42.4	48.1	39.3
P/B	4.9	5.6	4.5
P/CF	22.8	26.3	26.6
P/S	2.2	2.7	2.4

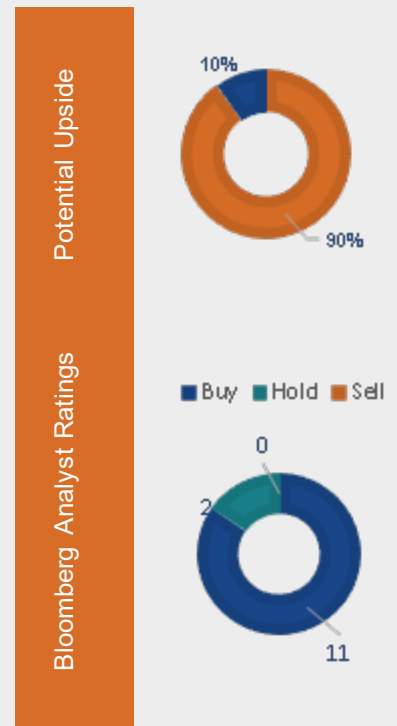
Entry Price	RM5.90
Market Cap (m)	RM14,358.6
52w high	RM6.09
52w low	RM5.23
Stop Loss	RM5.04
Immediate Support	RM5.61
Immediate Resistance	RM5.92 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	1,341,041.6

Main Market

Consumer Products & Services
 Subsector – Agricultural
 Products

Current Price: RM5.90

Target Price: RM6.49



MSM Malaysia Holdings Bhd

Bloomberg: MSM MK | KLSE Stock Code: 5202

Technical Watch

“BUY on Potential Upside”

Company Overview

MSM Malaysia Holdings Bhd produces sugar products. The Company produces, markets, and sells a wide range of sugars, ranging from white refined to brown sugar. MSM Malaysia operates refineries in Prai, Penang and Chuping, Perlis.

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.

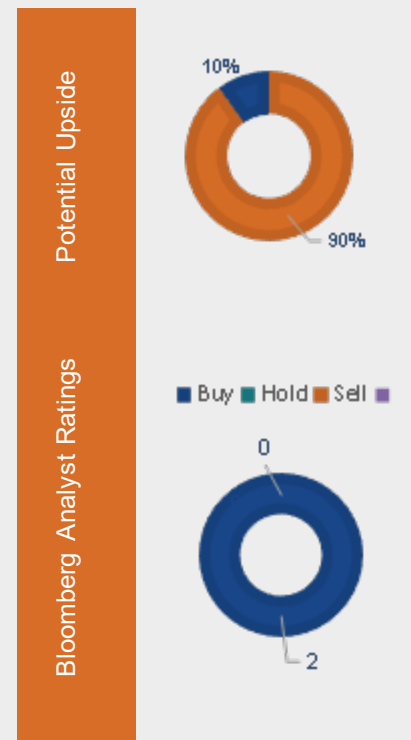
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.3	48.1	36.4
P/B	0.5	0.4	0.9
P/CF	14.1	7.6	10.9
P/S	0.3	0.3	0.7

Entry Price	RM1.88
Market Cap (m)	RM1,321.6
52w high	RM1.88
52w low	RM0.73
Stop Loss	RM1.61
Immediate Support	RM1.79
Immediate Resistance	RM1.88 (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)	474,471.6

Main Market

Consumer Products & Services
 Subsector – Food & Beverages
 Current Price: RM1.88
 Target Price: RM2.07





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
21/12/2023	MasterPack	7029	3.030	3.190	2.591	3.333	-0.313	5.3	-
21/12/2023	Kotra	0002	4.850	4.700	4.147	5.335	-3.093	-3.1	-
22/12/2023	SCGM	7247	0.580	0.590	0.496	0.638	0.000	1.7	-
22/12/2023	PTRB	0260	0.535	0.505	0.457	0.589	-0.980	-5.6	-
26/12/2023	KerjayaProspek	7161	1.540	1.680	1.320	1.690	-0.592	9.1	TP Achieved
26/12/2023	ChinHin	5273	3.720	3.680	3.180	4.092	0.822	-1.1	-
27/12/2023	Padini	7052	3.560	3.560	3.040	3.920	0.000	0.0	-
27/12/2023	Kelington	0151	2.150	2.180	1.840	2.370	-2.679	1.4	-
28/12/2023	MAXIS	6012	3.900	3.770	3.330	4.290	-0.528	-3.3	-
28/12/2023	PETDAG	5681	22.060	20.660	18.860	24.270	-1.148	-6.3	-
29/12/2023	PMBTech	7172	2.620	2.730	2.240	2.882	-4.878	4.2	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.630	3.160	4.070	-0.820	-1.9	-
2/1/2024	TimeDotCom	5031	5.400	5.450	4.620	5.940	0.000	0.9	-
2/1/2024	PBA	5041	1.460	2.520	1.250	1.610	10.044	72.6	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.700	20.520	26.400	0.339	-1.3	-
3/1/2024	PMBTech	7172	2.990	2.730	2.560	3.290	-4.878	-8.7	-
4/1/2024	Hartalega	5168	2.880	2.750	2.460	3.170	-1.079	-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	1.860	1.490	1.910	1.087	6.9	-
5/1/2024	Hume	5000	2.460	2.740	2.100	2.710	4.981	11.4	TP Achieved
8/1/2024	TNB	5347	10.500	10.360	8.960	11.550	-0.766	-1.3	-
8/1/2024	IJM	3336	2.080	2.060	1.780	2.288	-2.370	-1.0	-
9/1/2024	HengYuan	4324	3.300	3.070	2.820	3.690	-0.968	-7.0	-
9/1/2024	Kelington	0151	2.350	2.180	2.010	2.585	-2.679	-7.2	-
10/1/2024	Telekom	4863	5.740	5.780	4.910	6.310	-0.858	0.7	-
10/1/2024	GenP	2291	5.890	6.330	5.040	6.480	-0.628	7.5	-
11/1/2024	QL Resources	7084	5.880	5.900	5.030	6.470	1.375	0.3	-
11/1/2024	HeitechPadu	5028	1.130	1.070	0.970	1.240	-7.759	-5.3	-
12/1/2024	GenP	2291	6.300	6.330	5.390	6.930	-0.628	0.5	-
12/1/2024	Frontken	0128	3.580	3.430	3.060	3.940	0.292	-4.2	-
15/1/2024	KeckSeng	3476	5.300	5.460	4.530	5.800	-0.365	3.0	-
15/1/2024	Telekom	4863	5.820	5.780	4.980	6.400	-0.858	-0.7	-
16/1/2024	TaAnnHoldings	5012	3.750	3.630	3.210	4.130	-0.820	-3.2	-
16/1/2024	E&O	3417	0.930	0.890	0.800	1.020	-0.559	-4.3	-
17/1/2024	PressMetal	8869	5.000	4.810	4.280	5.500	-0.825	-3.8	-
17/1/2024	Allianz	1163	20.100	19.880	17.190	22.110	-0.101	-1.1	-
18/1/2024	AffinBank	5185	2.450	2.390	2.090	2.700	-2.449	-2.4	-
18/1/2024	AME Elite	5923	1.840	1.800	1.570	2.030	-2.174	-2.2	-
19/1/2024	QL Resources	7084	5.900	5.900	5.040	6.490	1.375	0.0	-
19/1/2024	MSM	5202	1.880	1.880	1.610	2.070	2.732	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
BERMAZ AUTO BERHAD	CONSUMER	2.37	0.20	8.65
HEKTAR REITS	REITs	0.66	0.06	8.64
YTL HOSPITALITY REIT	REITs	1.15	0.09	8.17
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.10	0.74	8.16
TALIWORKS CORPORATION BHD	UTILITIES	0.85	0.07	8.00
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
SENTRAL REIT	REITs	0.79	0.06	7.85
UOA REITS	REITs	1.12	0.09	7.68
AMWAY (M) HOLDINGS BHD	CONSUMER	6.27	0.46	7.34
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.18
RHB BANK	FINANCE	5.54	0.39	7.00
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	1.7	24.2	14.8	18.0	14.6	13.4
Finance	1.5	13.0	10.0	11.9	10.0	9.9
Property	2.0	25.2	10.6	15.7	11.3	N/A
Plantation	1.7	95.5	9.7	31.1	14.8	16.8
Consumer	0.2	22.5	14.7	18.8	14.7	14.9
Technology	(1.5)	46.1	23.0	31.8	32.3	24.1
Construction	5.2	34.6	16.8	25.4	16.8	12.8
Energy	2.7	11.5	9.2	10.3	9.2	9.3
Healthcare	0.7	36.1	5.1	24.4	25.6	32.0
Ind. Prod.	(0.3)	24.9	12.7	18.3	17.8	15.0
REIT	1.9	29.5	13.4	19.2	13.4	15.8
Telco	3.3	31.0	19.8	26.6	27.3	21.5

Source: Bloomberg

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