

Daily Newswatch

Market Review

The FBMKLCI closed on its 16-month highest on Wednesday in line with strong performance in most Asian markets just as BNM announced to retain its OPR. Market breadth was positive with 690 gainers and 360 losers. The property sector was the top gainer increasing by +1.85%, while the technology sector was the top loser declining by -0.24%. MPI (3867) was the top gainer surging by RM0.40 or +1.4%. The FBMKLCI rose by +0.53% to 1,504.11.

Economics

- BNM maintains **OPR at 3%**
- **US economy** likely to post slow growth in Q4 2023

Companies

- **DXN's (5318)** 3Q net profit rises 16% to RM78.36m, declares 0.9 sen dividend
- **Wasco (5142)** to dispose of Shah Alam land for RM40 mil
- **IHH (5225)** inks agreement for expansion plan
- **Wentel Eng (0298)** IPO oversubscribed by 17.72 times
- **Betamek (0263)** 3Q net profit rises more than twofold to RM5m, declares 2 sen dividend

Expresso for the Day

- **Technical Watch – Bermaz Auto (5248)** Entry Price: RM2.47, Target Price: RM2.72, Stop Loss: RM2.11, Support: RM2.35, Resistance: RM2.47
- **Technical Watch – MPI (3867)** Entry Price: RM29.70, Target Price: RM32.67, Stop Loss: RM25.39, Support: RM28.22, Resistance: RM29.70

Local	Close	(%)
FBMKLCI	1,504.1	0.53
Volume (mil)	4,339.4	(15.92)
Value (RM'mil)	2,875.7	(13.76)
Gainers	690	
Losers	360	
Unchanged	806	
Foreign	Close	(%)
Dow Jones	37,844.0	(0.3)
Nasdaq CI	15,459.7	0.4
S&P 500	4,882.1	0.1
FTSE 100	7,529.7	0.6
Nikkei 225	36,236.5	(0.8)
Shanghai CI	2,906.1	1.8
HSI	16,212.0	3.6
STI	3,147.6	0.6
Most Active	RM	Chg (RM)
WIDAD	0.180	(0.005)
MRCB	0.580	0.045
YNHPROP	0.655	0.045
HANDAL	0.100	(0.010)
LEFORM	0.190	(0.005)
Top Gainers	RM	Chg (RM)
MPI	29.700	0.400
MSM	2.290	0.350
IDEAL	3.470	0.340
PERTAMA	2.900	0.310
KSENG	5.840	0.200
Top Losers	RM	Chg (RM)
ALLIANZ	19.380	(0.400)
RAPID	1.740	(0.210)
HLFG	16.260	(0.120)
HLCAP	4.270	(0.110)
EUROSP	1.170	(0.110)
Other Stats	RM	(%)
USD/MYR	4.73	0.08
USD/RMB	7.17	(0.19)
Brent (USD/barrel)	81.99	0.62
Gold (USD/troy oz)	2,014.21	(0.76)
CPO (RM/metric t)	3,957.50	0.28

Daily Newswatch

Economics

MALAYSIA: Bank Negara Malaysia (BNM) has decided to **maintain Malaysia's Overnight Policy Rate (OPR) at 3%** following the recent Monetary Policy Committee (MPC) meeting, reflecting the current assessment of inflation and growth prospects. Globally, central banks are expected to keep tight monetary policies, while Malaysia's economic growth is anticipated to improve in 2024, driven by export recovery and resilient domestic expenditure. However, downside risks include weaker external demand and commodity production declines, while upside risks stem from tech sector upcycles, robust tourism, and accelerated project implementations. BNM also noted signs of recovery in the electrical and electronics sector but highlighted soft global trade and inflation outlook influenced by domestic policy changes and global commodity prices. (The Edge)

UNITED STATES: The **US economy is expected to have grown at its slowest pace in 1-1/2 years** in the fourth quarter of 2023, primarily due to reduced inventory investment and a slight cooling of consumer spending. Despite this slowdown, the economy is anticipated to have expanded enough to avoid a recession in 2023. Economists predict GDP growth of around 2.0% for the quarter, marking a deceleration from the previous quarter's 4.9% rate. However, the overall growth for the year is forecasted to be approximately 2.5%, reflecting an improvement from 2022. Factors such as resilient labor markets, increased government spending, and near-zero interest rates during the pandemic have helped sustain economic growth. Expectations of a Fed rate cut in the first half of 2024 are reinforced by projections of moderating inflation and a sluggish but steady recovery in consumer spending, albeit at a slower pace. (The Edge)

Companies

DXN Holdings Bhd (5318) recorded a 16.47% increase in net profit to RM78.36 million in the third quarter ended Nov 30, 2024 (3QFY2024) compared to RM67.28 million in the same period last year, driven by higher revenue. Quarterly revenue saw a slight uptick of 2.52% to RM450.29 million from RM439.22 million previously, supported by sustained sales growth in the Latin American and Indian regions. The global health and wellness direct selling company announced a third interim dividend of 0.9 sen per share, scheduled to be paid on March 8. (The Edge)

Energy infrastructure group **Wasco Bhd (5142)** is selling a parcel of land, along with storage buildings, in Shah Alam to Array Metal (M) Sdn Bhd for RM40 million. The freehold land spans 18,363 square meters and is situated along Jalan Bukit Kemuning in Section 34. Wasco initially acquired the land for RM10.19 million, incurring related costs, and it currently holds a carrying value of RM7.43 million as of the end of 2022. (The Edge)

IHH Healthcare Bhd's (5225) unit Pantai Medical Centre Sdn Bhd has inked an agreement with Pelaburan Hartanah Bhd (PHB) for the development of a new medical block adjacent to the current Gleneagles Hospital Kuala Lumpur complex. The healthcare group said the new medical block will be leased from PHB for two decades and that the new expansion would herald a new growth phase for Gleneagles Hospital Kuala Lumpur, as one of the largest private hospitals in Malaysia by 2027, with over 700 beds. (The Edge)

The public portion of metal fabricator **Wentel Engineering Holdings Bhd's (0298)** initial public offering (IPO) was oversubscribed by 17.72 times, with a total of 10,430 applications received for 1,076,196,900 issue shares valued at RM279,811,194.00. This exceeded the proposed 57,500,000 issue shares by a significant margin. Tricor Investor & Issuing House Services Sdn Bhd, the placement agent, released this statement on Wednesday, confirming the overwhelming response to the IPO. (The Edge)

Betamek Bhd (0263) reported a significant increase in net profit for the third quarter ended December 31, 2023, soaring more than twofold to RM5.05 million compared to RM1.66 million in the same period last year. This growth was attributed to higher revenue, which rose to RM59.22 million from RM54.73 million a year earlier. The company noted that the increase in revenue was primarily driven by its vehicle audio and visual products segments. Additionally, Betamek highlighted that all revenue generated during the period was from customers within Malaysia. (The Edge)

Bermaz Auto Berhad

Bloomberg: BAUTO MK | KLSE Stock Code: 5248

Technical Watch

"BUY on Potential Upside"

Company Overview

Bermaz Auto Berhad operates as a car dealer. The Company markets and distributes passenger vehicles and parts, as well as provides after sale services. Bermaz Auto serves clients in Malaysia.

Investment Highlights

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

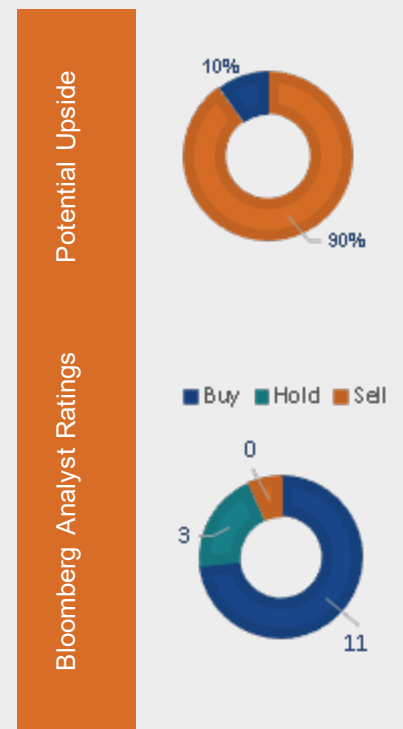
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	9.0	10.9	10.5
P/B	3.2	3.1	3.2
P/CF	10.5	9.2	10.7
P/S	0.7	0.7	0.8

Entry Price	RM2.47
Market Cap (m)	RM2,884.0
52w high	RM2.55
52w low	RM1.96
Stop Loss	RM2.11
Immediate Support	RM2.35
Immediate Resistance	RM2.47 (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)	2,660,532.0

Main Market

Consumer Products & Services
 Subsector – Automotive
 Current Price: RM2.47
 Target Price: RM2.72



Malaysian Pacific Industries Berhad

Bloomberg: MPI MK | KLSE Stock Code: 3867

Technical Watch

“BUY on Potential Upside”

Company Overview

Malaysian Pacific Industries Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and sells semiconductor devices, electronic components, and lead frames.

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 >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.

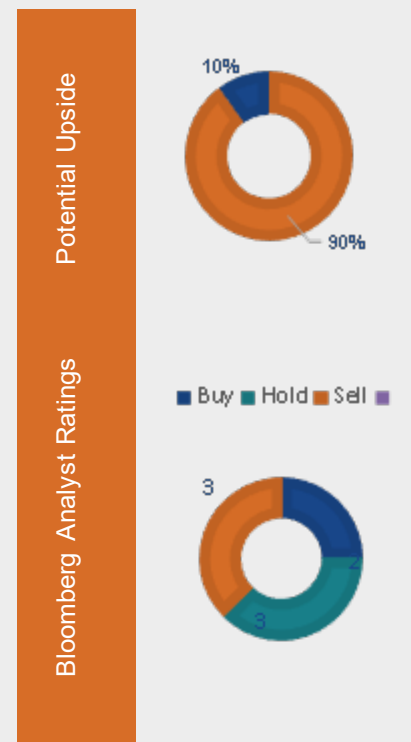
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	64.3	38.5	25.3
P/B	2.9	2.8	2.2
P/CF	11.6	10.0	7.0
P/S	2.6	2.5	1.7

Entry Price	RM29.70
Market Cap (m)	RM5,907.2
52w high	RM34.98
52w low	RM25.16
Stop Loss	RM25.39
Immediate Support	RM28.22
Immediate Resistance	RM29.70 (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)	320,052.7

Main Market

Technology
 Subsector – Semiconductors
 Current Price: RM29.70
 Target Price: RM32.67





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
28/12/2023	MAXIS	6012	3.900	3.820	3.330	4.290	0.262	-2.1	-
28/12/2023	PETDAG	5681	22.060	21.380	18.860	24.270	0.849	-3.1	-
29/12/2023	PMBTech	7172	2.620	2.610	2.240	2.882	-1.509	-0.4	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.720	3.160	4.070	2.479	0.5	-
2/1/2024	TimeDotCom	5031	5.400	5.500	4.620	5.940	0.548	1.9	-
2/1/2024	PBA	5041	1.460	2.270	1.250	1.610	0.442	55.5	TP Achieved
3/1/2024	DutchLady	3026	24.000	23.880	20.520	26.400	-0.417	-0.5	-
3/1/2024	PMBTech	7172	2.990	2.610	2.560	3.290	-1.509	-12.7	SL Triggered
4/1/2024	Hartalega	5168	2.880	2.740	2.460	3.170	0.366	-4.9	-
4/1/2024	Ranhill	5272	1.030	1.160	0.880	1.130	2.655	12.6	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.900	1.490	1.910	0.529	9.2	-
5/1/2024	Hume	5000	2.460	2.820	2.100	2.710	-1.053	14.6	TP Achieved
8/1/2024	TNB	5347	10.500	10.520	8.960	11.550	0.190	0.2	-
8/1/2024	IJM	3336	2.080	2.180	1.780	2.288	0.000	4.8	-
9/1/2024	HengYuan	4324	3.300	3.100	2.820	3.690	0.977	-6.1	-
9/1/2024	Kelington	0151	2.350	2.300	2.010	2.585	-0.433	-2.1	-
10/1/2024	Telekom	4863	5.740	5.920	4.910	6.310	0.339	3.1	-
10/1/2024	GenP	2291	5.890	6.420	5.040	6.480	-0.156	9.0	-
11/1/2024	QL Resources	7084	5.880	5.860	5.030	6.470	-0.170	-0.3	-
11/1/2024	HeitechPadu	5028	1.130	0.900	0.970	1.240	1.695	-20.4	SL Triggered
12/1/2024	GenP	2291	6.300	6.420	5.390	6.930	-0.156	1.9	-
12/1/2024	Frontken	0128	3.580	3.500	3.060	3.940	-1.685	-2.2	-
15/1/2024	KeckSeng	3476	5.300	5.840	4.530	5.800	3.546	10.2	TP Achieved
15/1/2024	Telekom	4863	5.820	5.920	4.980	6.400	0.339	1.7	-
16/1/2024	TaAnnHoldings	5012	3.750	3.720	3.210	4.130	2.479	-0.8	-
16/1/2024	E&O	3417	0.930	0.930	0.800	1.020	1.087	0.0	-
17/1/2024	PressMetal	8869	5.000	4.850	4.280	5.500	1.677	-3.0	-
17/1/2024	Allianz	1163	20.100	19.380	17.190	22.110	-2.022	-3.6	-
18/1/2024	AffinBank	5185	2.450	2.380	2.090	2.700	0.000	-2.9	-
18/1/2024	AME Elite	5923	1.840	1.870	1.570	2.030	1.081	1.6	-
19/1/2024	QL Resources	7084	5.900	5.860	5.040	6.490	-0.170	-0.7	-
19/1/2024	MSM	5202	1.880	2.290	1.610	2.070	18.041	21.8	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.800	4.130	5.310	0.000	-0.6	-
22/1/2024	Aurelius	5302	2.770	2.720	2.370	3.050	-0.730	-1.8	-
23/1/2024	RCE	9296	3.240	3.290	2.770	3.560	-2.083	1.5	-
23/1/2024	JayaTiasa	4383	1.130	1.180	0.970	1.240	1.724	4.4	-
24/1/2024	PetDag	5681	21.200	21.380	18.130	22.300	0.849	0.8	-
24/1/2024	Genetec	0104	2.090	2.060	1.790	2.299	-1.435	-1.4	-
26/1/2024	BermazAuto	5248	2.470	2.470	2.110	2.720	2.917	0.0	-
26/1/2024	MPI	3867	29.700	29.700	25.390	32.670	1.365	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.50	0.73	13.22
UOA DEVELOPMENT BERHAD	PROPERTY	1.79	0.22	12.29
MBM RESOURCES BHD	CONSUMER	4.37	0.46	10.55
HEKTAR REITS	REITs	0.66	0.06	8.64
SENTRAL REIT	REITs	0.80	0.07	8.55
BERMAZ AUTO BERHAD	CONSUMER	2.47	0.21	8.38
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.10	0.74	8.16
YTL HOSPITALITY REIT	REITs	1.16	0.09	8.10
TALIWORKS CORPORATION BHD	UTILITIES	0.85	0.07	8.00
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.91
UOA REITS	REITs	1.13	0.08	7.35
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.18
AMWAY (M) HOLDINGS BHD	CONSUMER	6.50	0.46	7.08
RHB BANK	FINANCE	5.61	0.39	6.92
PAVILION REAL ESTATE INV TRUST	REITs	1.24	0.09	6.85

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	3.4	24.2	14.8	18.0	14.7	13.5
Finance	2.8	13.0	10.1	11.9	10.1	10.0
Property	6.7	25.2	10.6	15.8	11.7	N/A
Plantation	2.6	95.5	9.7	31.1	14.8	16.9
Consumer	1.3	22.5	14.8	18.8	14.8	14.9
Technology	0.3	46.1	23.0	31.9	32.5	24.3
Construction	8.6	34.6	17.0	25.5	17.0	13.6
Energy	6.4	11.5	9.4	10.5	9.4	9.3
Healthcare	2.4	36.1	5.1	24.5	25.7	31.4
Ind. Prod.	1.1	24.9	12.7	18.3	17.9	15.1
REIT	2.1	29.5	13.3	19.2	13.3	15.8
Telco	5.0	31.0	19.8	26.6	27.6	21.7

Source: Bloomberg

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