

Daily Newswatch

Market Review

The FBMKLCI closed higher for the fifth consecutive day on Friday, driven by consistent buying activity in selected heavyweight stocks despite varied performance in regional markets. Market breadth was positive with 580 gainers and 477 losers. The health care sector was the top gainer increasing by +2.17%, while the telecommunications & media sector was the top loser declining by -0.68%. KJTS (0293) was the top gainer surging by RM0.23 or +85.2%. The FBMKLCI rose by +0.15% to 1,506.28.

Economics

- **Euro zone** inflation falls faster than expected
- **Global stock** index inches higher as dollar slips

Companies

- **Reneuco (7130)** partners with Aliran Technologies for preschool digital transformation bid
- **Nova MSC (0026)** secures a contract worth RM35.4 mil in Singapore
- **SCIB (9237)** purchases land in Kuching for RM21.6 mil
- **PJBumi (7163)** partners for oil and gas ventures in Malaysia and Indonesia

Expresso for the Day

- **Technical Watch – MSM (5202)** Entry Price: RM2.41, Target Price: RM2.65, Stop Loss: RM2.06, Support: RM2.29, Resistance: RM2.41
- **Technical Watch – YTL (4677)** Entry Price: RM2.45, Target Price: RM2.70, Stop Loss: RM2.09, Support: RM2.33, Resistance: RM2.45

Local	Close	(%)
FBMKLCI	1,506.3	0.15
Volume (mil)	4,924.4	13.48
Value (RM'mil)	3,419.7	18.92
Gainers	580	
Losers	477	
Unchanged	444	

Foreign	Close	(%)
Dow Jones	38,109.4	0.8
Nasdaq CI	15,455.4	(0.2)
S&P 500	4,891.0	0.5
FTSE 100	7,635.1	1.4
Nikkei 225	35,751.1	(1.3)
Shanghai CI	2,910.2	3.2
HSI	15,952.2	0.3
STI	3,159.5	0.2

Most Active	RM	Chg (RM)
MRCB	0.650	0.070
KJTS	0.500	0.500
WIDAD	0.165	(0.015)
BJLAND	0.455	0.080
YNHPROP	0.715	0.060

Top Gainers	RM	Chg (RM)
KJTS	0.500	0.230
ALLIANZ	19.540	0.160
AHEALTH	2.760	0.130
DLADY	24.000	0.120
MSM	2.410	0.120

Top Losers	RM	Chg (RM)
PERTAMA	2.500	(0.400)
HEIM	23.800	(0.340)
NESTLE	119.200	(0.300)
PPB	14.480	(0.240)
VITROX	6.930	(0.150)

Other Stats	RM	(%)
USD/MYR	4.73	(0.03)
USD/RMB	7.18	0.27
Brent (USD/barrel)	83.55	4.39
Gold (USD/troy oz)	2,018.52	0.23
CPO (RM/metric t)	3,975.00	0.44

Daily Newswatch

Economics

EUROPE: The Euro zone is facing the possibility of faster-than-expected inflation decline this year due to sluggish economic growth, according to various surveys and indicators. Despite the European Central Bank's (ECB) decision to keep interest rates unchanged, there are growing expectations for early rate cuts amid cooling inflation, anaemic growth, and subdued lending. Recent data indicates a downward revision in inflation forecasts for 2024 and 2025, suggesting a potential need for rate cuts in the near future, as highlighted by ECB Governing Council member Gediminas Simkus. (Reuters)

UNITED STATES: On Friday, MSCI's global stock index saw marginal gains while the U.S. dollar dipped following the release of the U.S. Federal Reserve's preferred inflation gauge, which indicated a slowdown in price growth. Investors remained cautious ahead of the central bank's upcoming meeting, keen for signals on interest rate policies. Treasury yields rose amid concerns over increasing government debt supply, with focus on the Fed's efforts to reduce its balance sheet. The personal consumption expenditures (PCE) price index showed a modest increase last month, aligning with expectations. Despite this, pending U.S. home sales surged in December, suggesting growing interest from potential buyers due to stabilizing mortgage rates. (Reuters)

Companies

Reneuco Bhd (7130) has partnered with Aliran Technologies Sdn Bhd to bid for the Early Childhood Education Digital Transformation Project for preschools (Tabika) under the Community Development Department (Kemas). The project falls under the Smart Tabika Kemas (STAKE) programme overseen by the Ministry of Rural and Regional Development. Reneuco announced the collaboration through a bourse filing, highlighting their joint efforts to secure the project. Aliran Technologies, established in 2022, specializes in education centre management, private employment agencies, and ICT products and solutions. (The Edge)

Nova MSC Bhd (0026)'s subsidiary, novaCITYNETS Pte Ltd (NCN), has clinched a RM35.4 million contract from Sys-Mac Automation Engineering Pte Ltd (Sys-Mac) in Singapore. NCN will handle the supply, delivery, installation, testing, and commissioning of an automated administration, labelling, and sample processing system over 32 months. Following a 12-month warranty period, there will be a 4-year maintenance contract, with the initial phase valued at around RM20.8 million. Sys-Mac also has the option to purchase additional items and services, with the potential to extend the maintenance contract for another five years, valued at approximately RM14.6 million. (The Star)

Sarawak Consolidated Industries Bhd (9237) has purchased five industrial leasehold plots in Demak Laut Industrial Park, Kuching, Sarawak for RM21.6 million in cash. This acquisition, covering a total area of 8.8544 hectares, marks a strategic expansion of SCIB's operations. Positioned just fifteen kilometres from Kuching City Centre, the new location provides SCIB with space to increase production capacity by nearly 30%, aligning with the company's growth strategy. (The Star)

PJBumi Bhd (7163) has partnered with Nutra Rich Energy Sdn Bhd (NRESB) to collaborate in the oil and gas sector in Malaysia and Indonesia. PJBumi's unit, PJBumi Heavy Engineering & Services Sdn Bhd, has entered into a teaming agreement with NRESB, which specializes in subsea activities and offshore jack-up rig supply. Under the agreement, PJBumi will handle business development, marketing, and bidding for technology-based solutions related to drilling equipment, while NRESB will provide expertise and support throughout the project lifecycle. (The Edge)

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 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.

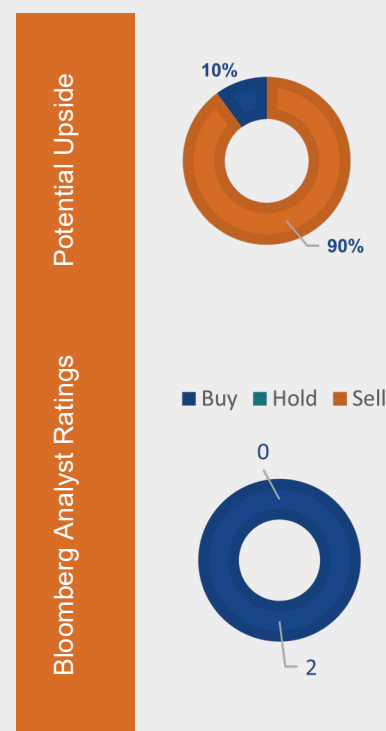
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	17.7	48.1	36.5
P/B	0.5	0.4	0.9
P/CF	12.9	7.6	10.9
P/S	0.3	0.3	0.7

Entry Price	RM2.41
Market Cap (m)	RM1,694.2
52w high	RM2.47
52w low	RM0.73
Stop Loss	RM2.06
Immediate Support	RM2.29
Immediate Resistance	RM2.41 (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: RM2.41
Target Price: RM2.65



YTL Corporation Berhad

Bloomberg: YTL MK | KLSE Stock Code: 4677

Technical Watch

“BUY on Potential Upside”

Company Overview

YTL Corporation Berhad is an investment holding and management company. The Company, through its subsidiaries, provides power generation, electricity transmission, water supply, and communications services. YTL 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 >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.

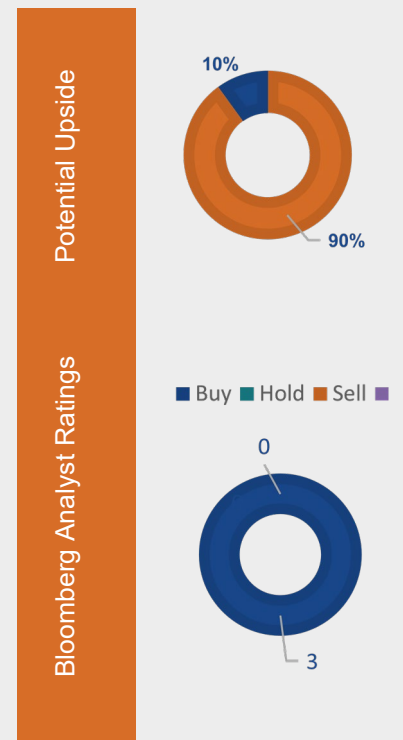
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.4	42.6	25.7
P/B	0.7	0.6	0.8
P/CF	3.1	2.9	3.7
P/S	0.3	0.4	0.6

Entry Price	RM2.45
Market Cap (m)	RM26,862.7
52w high	RM2.47
52w low	RM0.55
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)	2,560,325.7

Main Market

Utilities
 Subsector – Gas, Water &
 Multi-utilities
 Current Price: RM2.45
 Target Price: RM2.70





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
29/12/2023	PMBTech	7172	2.620	2.590	2.240	2.882	-0.766	-1.1	TP Achieved
29/12/2023	TaAnnHoldings	5012	3.700	3.690	3.160	4.070	-0.806	-0.3	-
2/1/2024	TimeDotCom	5031	5.400	5.510	4.620	5.940	0.182	2.0	-
2/1/2024	PBA	5041	1.460	2.340	1.250	1.610	3.084	60.3	TP Achieved
3/1/2024	DutchLady	3026	24.000	24.000	20.520	26.400	0.503	0.0	-
3/1/2024	PMBTech	7172	2.990	2.590	2.560	3.290	-0.766	-13.4	SL Triggered
4/1/2024	Hartalega	5168	2.880	2.810	2.460	3.170	2.555	-2.4	-
4/1/2024	Ranhill	5272	1.030	1.140	0.880	1.130	-1.724	10.7	TP Achieved
5/1/2024	TeoSeng	7252	1.740	1.900	1.490	1.910	0.000	9.2	-
5/1/2024	Hume	5000	2.460	2.850	2.100	2.710	1.064	15.9	TP Achieved
8/1/2024	TNB	5347	10.500	10.540	8.960	11.550	0.190	0.4	-
8/1/2024	IJM	3336	2.080	2.230	1.780	2.288	2.294	7.2	-
9/1/2024	HengYuan	4324	3.300	3.110	2.820	3.690	0.323	-5.8	-
9/1/2024	Kelington	0151	2.350	2.270	2.010	2.585	-1.304	-3.4	-
10/1/2024	Telekom	4863	5.740	5.930	4.910	6.310	0.169	3.3	-
10/1/2024	GenP	2291	5.890	6.400	5.040	6.480	-0.312	8.7	-
11/1/2024	QL Resources	7084	5.880	5.860	5.030	6.470	0.000	-0.3	-
11/1/2024	HeitechPadu	5028	1.130	0.905	0.970	1.240	0.556	-19.9	SL Triggered
12/1/2024	GenP	2291	6.300	6.400	5.390	6.930	-0.312	1.6	-
12/1/2024	Frontken	0128	3.580	3.540	3.060	3.940	1.143	-1.1	-
15/1/2024	KeckSeng	3476	5.300	5.940	4.530	5.800	1.712	12.1	TP Achieved
15/1/2024	Telekom	4863	5.820	5.930	4.980	6.400	0.169	1.9	-
16/1/2024	TaAnnHoldings	5012	3.750	3.690	3.210	4.130	-0.806	-1.6	-
16/1/2024	E&O	3417	0.930	0.910	0.800	1.020	-2.151	-2.2	-
17/1/2024	PressMetal	8869	5.000	4.760	4.280	5.500	-1.856	-4.8	-
17/1/2024	Allianz	1163	20.100	19.540	17.190	22.110	0.826	-2.8	-
18/1/2024	AffinBank	5185	2.450	2.410	2.090	2.700	1.261	-1.6	-
18/1/2024	AME Elite	5923	1.840	1.860	1.570	2.030	-0.535	1.1	-
19/1/2024	QL Resources	7084	5.900	5.860	5.040	6.490	0.000	-0.7	-
19/1/2024	MSM	5202	1.880	2.410	1.610	2.070	5.240	28.2	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.740	4.130	5.310	-1.250	-1.9	-
22/1/2024	Aurelius	5302	2.770	2.680	2.370	3.050	-1.471	-3.2	-
23/1/2024	RCE	9296	3.240	3.200	2.770	3.560	-2.736	-1.2	-
23/1/2024	JayaTiasa	4383	1.130	1.180	0.970	1.240	0.000	4.4	-
24/1/2024	PetDag	5681	21.200	21.360	18.130	22.300	-0.094	0.8	-
24/1/2024	Genetec	0104	2.090	1.950	1.790	2.299	-5.340	-6.7	-
26/1/2024	BermazAuto	5248	2.470	2.410	2.110	2.720	-2.429	-2.4	-
26/1/2024	MPI	3867	29.700	29.800	25.390	32.670	0.337	0.3	-
29/1/2024	MSM	5202	2.410	2.410	2.060	2.650	5.240	0.0	-
29/1/2024	YTL	4677	2.450	2.450	2.090	2.700	3.376	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.51	0.73	13.19
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	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.41	0.21	8.59
SENTRAL REIT	REITs	0.80	0.07	8.50
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.09	0.74	8.17
YTL HOSPITALITY REIT	REITs	1.16	0.09	8.10
TALIWORKS CORPORATION BHD	UTILITIES	0.84	0.07	8.10
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
UOA REITS	REITs	1.13	0.08	7.35
SPORTS TOTO BERHAD	CONSUMER	1.50	0.11	7.13
AMWAY (M) HOLDINGS BHD	CONSUMER	6.53	0.46	7.04
RHB BANK	FINANCE	5.61	0.39	6.92
PAVILION REAL ESTATE INV TRUST	REITs	1.27	0.09	6.77

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	3.5	24.2	14.8	18.0	14.7	13.5
Finance	3.2	13.0	10.1	11.9	10.1	10.0
Property	7.2	25.2	10.6	15.8	11.8	N/A
Plantation	2.3	95.5	9.7	31.1	14.8	16.9
Consumer	1.3	22.5	14.8	18.8	14.8	14.9
Technology	(0.0)	46.1	23.0	31.8	32.4	24.6
Construction	9.8	34.6	17.2	25.5	17.2	13.8
Energy	7.4	11.5	9.5	10.5	9.5	9.4
Healthcare	4.6	36.1	5.1	24.6	26.3	32.0
Ind. Prod.	0.5	24.9	12.7	18.3	17.9	15.0
REIT	2.4	29.5	13.4	19.2	13.4	15.8
Telco	4.3	31.0	19.8	26.6	27.4	21.2

Source: Bloomberg

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