

Daily Newswatch

Market Review

The FBMKLCI declined on Monday on the back of profit-taking activities on selected heavyweight stocks in the energy and utilities sector. Market breadth was negative with 390 gainers and 605 losers. The telecommunications & media sector was the top gainer increasing by +0.69%, while the utilities sector was the top loser declining by -1.399%. NESTLE (4707) was the top gainer surging by RM0.40 or +0.3%. The FBMKLCI declined by -0.35% to 1,511.3.

Economics

- **U.S. hiring boom** continues despite layoffs, Fed to delay rate cuts
- **Indonesia's growth slips in 2023**, cautious optimism for 2024 despite challenges

Companies

- **Scientex (4731)** expands affordable housing empire with RM200 mil land purchase in Muar
- **DXN (5318)** enters promising Brazilian market, expanding Latin American footprint
- **Vestland (0273)** secures RM278.8 mil contract, buoying earnings
- **Tan Chong Motor's (4405)** subsidiary secures agent role for Guangzhou Automobile Group in Vietnamese market expansion

Expresso for the Day

- **Technical Watch – RCE (9296)** Entry Price: RM3.17, Target Price: RM3.49, Stop Loss: RM2.71, Support: RM3.01, Resistance: RM3.36
- **Technical Watch – PGF (8117)** Entry Price: RM1.85, Target Price: RM2.04, Stop Loss: RM1.58, Support: RM1.76, Resistance: RM1.85

Local	Close	(%)
FBMKLCI	1,511.3	(0.35)
Volume (mil)	3,222.8	(11.84)
Value (RM'mil)	2,119.6	(29.41)
Gainers	390	
Losers	605	
Unchanged	440	
Foreign	Close	(%)
Dow Jones	38,474.7	(0.5)
Nasdaq CI	15,634.7	0.0
S&P 500	4,953.3	(0.1)
FTSE 100	7,612.9	(0.0)
Nikkei 225	36,354.2	0.5
Shanghai CI	2,702.2	(1.0)
HSI	15,510.0	(0.2)
STI	3,134.3	(1.4)
Most Active	RM	Chg (RM)
FINTEC	0.005	0.000
MRCB	0.595	(0.020)
TWL	0.040	0.000
PANDA	0.235	(0.020)
MINETEC	0.135	(0.010)
Top Gainers	RM	Chg (RM)
NESTLE	120.000	0.400
HEIM	24.680	0.280
SAM	3.720	0.230
F&N	28.440	0.220
MPI	26.780	0.220
Top Losers	RM	Chg (RM)
YTLPOWR	3.740	(0.200)
KSENG	5.620	(0.170)
APOLLO	5.300	(0.160)
AMWAY	6.770	(0.130)
TENAGA	10.740	(0.120)
Other Stats	RM	(%)
USD/MYR	4.75	0.68
USD/RMB	7.20	0.07
Brent (USD/barrel)	77.98	0.85
Gold (USD/troy oz)	2,026.26	(0.66)
CPO (RM/metric t)	3,800.00	(0.85)

Daily Newswatch

Economics

U.S.: The US job market remains robust, defying expectations of a slowdown and potentially delaying the Fed's planned May rate cut. January saw a surge in job creation (353,000) and the largest wage increase in nearly 2 years (0.6%). While concerns about economic growth persist, resilient workers and continued hiring suggest the economy might avoid a "soft landing." This strong report comes despite recent high-profile layoffs, which economists attribute to pandemic hiring trends rather than weakening demand. While some see the shortened workweek as a harbinger of future cuts, others blame it on winter storms. Overall, the picture suggests a healthy labor market and a resilient economy entering 2024. (Reuters)

INDONESIA: Indonesia's economy grew 5.05% in 2023, slightly below expectations but still solid despite headwinds. Falling commodity prices and tighter monetary policy dampened exports and domestic consumption. The government predicts a modest rise to 5.2% in 2024, fueled by election spending and returning investment. However, economists foresee challenges due to potential rate cuts, slowing global trade, and lower household consumption. While last year's government projects softened the slowdown, export growth plummeted. Overall, Indonesia enters 2024 with cautious optimism, navigating a complex economic landscape. (Reuters)

Companies

Plastic products manufacturer, **Scientex Bhd (4731)**, is venturing deeper into property development with a strategic land acquisition in Muar, Johor. They purchased 24 parcels totaling 442.76 hectares for RM200 million, aiming to expand their affordable housing portfolio. This move aligns with their goal of completing 50,000 affordable homes nationwide by 2028, with 32,975 already completed as of December 2023. Scientex plans to finance the acquisition through internal funds and bank borrowings, targeting completion in the second half of 2024. (The Edge)

Direct selling giant **DXN Holdings Bhd (5318)** is venturing into Brazil, opening an office in Sao Paulo and registering 10 products for sale. Optimistic about the country's 210 million population and urbanization trends, DXN aims to replicate its success in other Latin American markets like Mexico and Peru. The company plans to launch a second branch office and leverage their existing 3.6 million member network in the region to fuel growth. This expansion comes as Latin America already contributes 60% of DXN's revenue, highlighting its strategic importance. (The Edge)

Vestland (0273) lands RM278.8 million contract for Ara Damansara service apartments, fueling earnings growth. The two-tower project, scheduled for completion in August 2026, carries minimal risks and follows a slight dip in the company's quarterly profit. Despite this, Vestland's stock price held steady at 32 sen. (The Edge)

Tan Chong Motor Holdings Bhd's (4405) subsidiary, TC Services Vietnam, has secured the role of agent for importing, distributing, and selling vehicles and spare parts, along with providing after-sales services for fuel vehicles in Vietnam on behalf of Chinese automaker Guangzhou Automobile Group. The three-year agreement grants TC Services Vietnam rights for retail distribution, maintenance, and appointing sub-distributors in Vietnam. While not expected to impact Tan Chong Motor's financials significantly for FY2024, the deal opens doors for the group to expand in the Vietnamese automotive market amid challenging market conditions. (The Edge)

RCE Capital Berhad

Bloomberg: RCE MK | KLSE Stock Code: 9296

Technical Watch

“BUY on Potential Upside”

Company Overview

RCE Capital Berhad is an investment holding company which provides management services. Through its subsidiaries, the Company invests in property, provides information technology, financial administrative, loan financing, broadcasting and advertising media services. RCE Capital is also involved in general trading, licensing and merchandising activities.

Investment Highlights

On a sideways, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish harami with a rising momentum on the stock (RSI >65).

Contracting Bollinger Bands suggest lower volatility and lower potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to crossover moving forward.

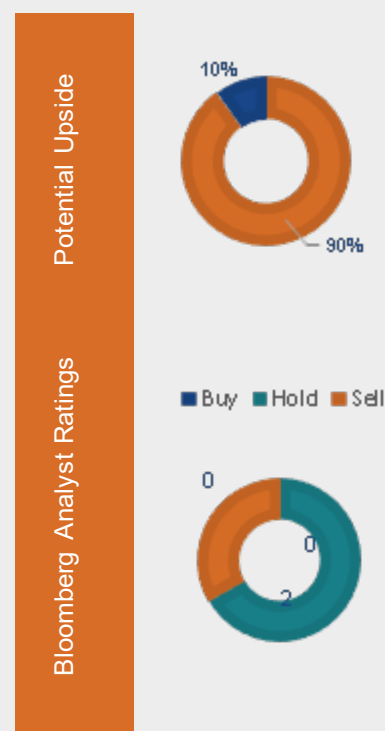
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	9.6	6.9	6.3
P/B	1.6	1.2	0.8
P/CF	96.0	47.9	46.7
P/S	4.2	2.9	2.0

Entry Price	RM3.17
Market Cap (m)	RM2,323.1
52w high	RM3.40
52w low	RM1.75
Stop Loss	RM2.71
Immediate Support	RM3.01
Immediate Resistance	RM3.36 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising momentum
Volume (4-Weeks Average)	569,881.5

Main Market

Financial Services
 Subsector – Other Financials
 Current Price: RM3.17
 Target Price: RM3.49



PGF Capital Berhad

Bloomberg: PGF MK | KLSE Stock Code: 8117

Technical Watch

“BUY on Potential Upside”

Company Overview

PGF Capital Berhad operates as an investment holding company. The Company, through its subsidiaries, designs, manufactures, and distributes glass mineral wool insulation, as well as develops and invests in hospitality properties. PGF Capital 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 >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.

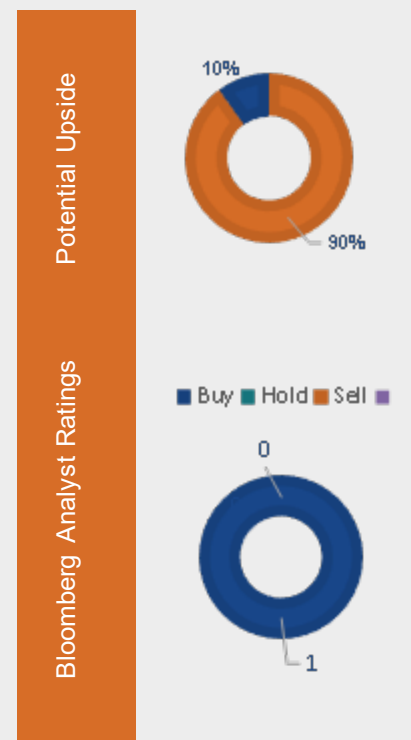
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	24.9	20.6	16.9
P/B	1.0	0.7	0.6
P/CF	19.1	12.9	11.5
P/S	2.3	1.8	1.6

Entry Price	RM1.85
Market Cap (m)	RM302.6
52w high	RM1.89
52w low	RM1.15
Stop Loss	RM1.58
Immediate Support	RM1.76
Immediate Resistance	RM1.85 (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)	826,695.3

Main Market

Industrial Products & Services
 Subsector – Building Materials
 Current Price: RM1.85
 Target Price: RM2.04





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
8/1/2024	TNB	5347	10.500	10.740	8.960	11.550	-1.105	2.3	-
8/1/2024	IJM	3336	2.080	2.190	1.780	2.288	-0.455	5.3	-
9/1/2024	HengYuan	4324	3.300	3.070	2.820	3.690	-0.647	-7.0	-
9/1/2024	Kelington	0151	2.350	2.140	2.010	2.585	-1.382	-8.9	-
10/1/2024	Telekom	4863	5.740	5.950	4.910	6.310	0.847	3.7	-
10/1/2024	GenP	2291	5.890	6.250	5.040	6.480	0.160	6.1	-
11/1/2024	QL Resources	7084	5.880	5.800	5.030	6.470	0.000	-1.4	-
11/1/2024	HeitechPadu	5028	1.130	1.100	0.970	1.240	21.547	-2.7	SL Triggered
12/1/2024	GenP	2291	6.300	6.250	5.390	6.930	0.160	-0.8	-
12/1/2024	Frontken	0128	3.580	3.450	3.060	3.940	-0.289	-3.6	-
15/1/2024	KeckSeng	3476	5.300	5.620	4.530	5.800	-2.936	6.0	TP Achieved
15/1/2024	Telekom	4863	5.820	5.950	4.980	6.400	0.847	2.2	-
16/1/2024	TaAnnHoldings	5012	3.750	3.720	3.210	4.130	-0.535	-0.8	-
16/1/2024	E&O	3417	0.930	0.840	0.800	1.020	-4.000	-9.7	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.680	4.280	5.500	0.645	-6.4	-
17/1/2024	Allianz	1163	20.100	19.300	17.190	22.110	0.941	-4.0	-
18/1/2024	AffinBank	5185	2.450	2.520	2.090	2.700	0.800	2.9	-
18/1/2024	AME Elite	5923	1.840	1.760	1.570	2.030	-0.565	-4.3	-
19/1/2024	QL Resources	7084	5.900	5.800	5.040	6.490	0.000	-1.7	-
19/1/2024	MSM	5202	1.880	2.300	1.610	2.070	-0.862	22.3	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.740	4.130	5.310	1.499	-1.9	-
22/1/2024	Aurelius	5302	2.770	2.650	2.370	3.050	0.000	-4.3	-
23/1/2024	RCE	9296	3.240	3.170	2.770	3.560	1.929	-2.2	-
23/1/2024	JayaTiasa	4383	1.130	1.130	0.970	1.240	-0.877	0.0	-
24/1/2024	PetDag	5681	21.200	21.500	18.130	22.300	0.000	1.4	-
24/1/2024	Genetec	0104	2.090	1.970	1.790	2.299	1.546	-5.7	-
26/1/2024	BermazAuto	5248	2.470	2.390	2.110	2.720	-2.049	-3.2	-
26/1/2024	MPI	3867	29.700	26.780	25.390	32.670	0.828	-9.8	SL Triggered
29/1/2024	MSM	5202	2.410	2.300	2.060	2.650	-0.862	-4.6	-
29/1/2024	YTL	4677	2.450	2.180	2.090	2.700	-2.679	-11.0	SL Triggered
30/1/2024	IHH	5225	6.150	6.140	5.260	6.780	0.491	-0.2	-
30/1/2024	UchiTech	7100	3.870	3.870	3.310	4.260	1.044	0.0	-
31/1/2024	Solarvest	0215	1.450	1.420	1.240	1.600	-1.389	-2.1	-
31/1/2024	ITMax	5309	1.900	1.950	1.620	2.090	-2.010	2.6	-
2/2/2024	TNB	5347	10.720	10.740	9.170	11.790	-1.105	0.2	-
2/2/2024	Uzma	7250	1.180	1.100	1.010	1.290	-3.509	-6.8	-
5/2/2024	GentingM	4715	2.770	2.790	2.370	3.050	0.722	0.7	-
5/2/2024	Maybank	1155	9.340	9.320	7.990	10.270	-0.214	-0.2	-
6/2/2024	RCE	9296	3.170	3.170	2.710	3.490	1.929	0.0	-
6/2/2024	PGF	8117	1.850	1.850	1.580	2.040	9.467	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.53	0.73	13.15
UOA DEVELOPMENT BERHAD	PROPERTY	1.80	0.20	11.11
MBM RESOURCES BHD	CONSUMER	4.59	0.46	10.04
HEKTAR REITS	REITs	0.66	0.06	8.70
BERMAZ AUTO BERHAD	CONSUMER	2.39	0.21	8.66
SENTRAL REIT	REITs	0.80	0.07	8.50
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.12	0.74	8.15
YTL HOSPITALITY REIT	REITs	1.17	0.09	8.03
TALIWORKS CORPORATION BHD	UTILITIES	0.86	0.07	7.91
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
SPORTS TOTO BERHAD	CONSUMER	1.49	0.11	7.25
UOA REITS	REITs	1.15	0.08	7.22
RHB BANK	FINANCE	5.63	0.39	6.89
AMWAY (M) HOLDINGS BHD	CONSUMER	6.77	0.46	6.79
GAS MALAYSIA BERHAD	UTILITIES	3.24	0.22	6.79

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	3.9	24.2	14.8	18.0	14.8	13.5
Finance	4.2	13.0	10.2	12.0	10.2	10.1
Property	4.6	25.2	10.6	15.7	11.5	N/A
Plantation	2.1	95.5	9.7	31.1	14.8	16.8
Consumer	1.6	22.5	14.9	18.8	14.9	14.9
Technology	(2.6)	46.1	23.0	31.7	31.6	24.0
Construction	8.3	34.6	16.9	25.5	16.9	13.7
Energy	6.4	11.5	9.4	10.5	9.4	9.2
Healthcare	3.7	36.1	5.1	24.6	26.1	31.7
Ind. Prod.	(0.7)	24.9	12.7	18.2	17.6	14.9
REIT	3.9	29.5	13.6	19.3	13.6	16.0
Telco	4.2	31.0	19.8	26.6	27.4	21.2

Source: Bloomberg

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