

Daily Newswatch

Market Review

The FBMKLCI fell flat on Wednesday as investors lack positive buying catalysts ahead of Chinese New Year festivities. Market breadth was negative with 385 gainers and 552 losers. The utilities sector was the top gainer increasing by +1.30%, while the telecommunications & media sector was the top loser declining by -1.06%. GREATEC (0208) was the top gainer surging by RM1.70 or +3.8%. The FBMKLCI rose by +0.01% to 1,513.1.

Economics

- **U.S. to overtake China as Germany's top trade partner**, driven by export growth
- **U.S. companies announce biggest buybacks in years**, signaling confidence in market

Companies

- **Econpile (5253)** secures RM30 mil contract for Shah Alam office building substructure works
- **LFE (7170)** score RM10.96 mil earthworks contract, boosts earnings outlook for 2024
- **MNRB (6459)** soars with 47% profit jump in Q3, buoyed by insurance gains
- **KLCCP Stapled Group (5235SS)** records 38% profit jump in Q4

Expresso for the Day

- **Technical Watch – YTL Power (6742)** Entry Price: RM4.04, Target Price: RM4.44, Stop Loss: RM3.45, Support: RM3.84, Resistance: RM4.20
- **Technical Watch – Suncon (5263)** Entry Price: RM2.47, Target Price: RM2.72, Stop Loss: RM2.11, Support: RM2.35, Resistance: RM2.47

Local	Close	(%)
FBMKLCI	1,513.1	0.01
Volume (mil)	3,044.1	(1.39)
Value (RM'mil)	2,083.9	(4.00)
Gainers	385	
Losers	552	
Unchanged	465	
Foreign	Close	(%)
Dow Jones	38,677.4	0.4
Nasdaq CI	15,756.6	0.9
S&P 500	4,995.1	0.8
FTSE 100	7,628.8	(0.7)
Nikkei 225	36,119.9	(0.1)
Shanghai CI	2,829.7	1.4
HSI	16,081.9	(0.3)
STI	3,156.2	1.0
Most Active	RM	Chg (RM)
RENEUCO	0.050	(0.030)
MINETE	0.130	(0.010)
VELESTO	0.255	0.000
AGX	0.360	0.010
TWL	0.040	0.000
Top Gainers	RM	Chg (RM)
GREATEC	4.620	0.170
YTLPOWR	4.040	0.170
PPB	14.860	0.160
SBAGAN	4.840	0.160
KESM	6.850	0.160
Top Losers	RM	Chg (RM)
NESTLE	120.800	(0.500)
PETDAG	21.480	(0.320)
TM	5.820	(0.120)
RVIEW	3.230	(0.100)
MBMR	4.460	(0.090)
Other Stats	RM	(%)
USD/MYR	4.76	(0.15)
USD/RMB	7.20	0.07
Brent (USD/barrel)	79.37	0.99
Gold (USD/troy oz)	2,035.36	(0.04)
CPO (RM/metric t)	3,871.00	1.00



Daily Newswatch

Economics

GERMANY: Germany's Chamber of Industry and Commerce forecasts the United States will surpass China as Germany's top trade partner by 2025. Despite China maintaining its position as Germany's primary trade partner for the eighth consecutive year in 2023, trade volume with the US was only slightly lower. The growth in German exports to the US is driving this shift, while deliveries to China dropped by nearly 9% last year. German leaders caution against overreliance on China and advocate diversifying business away from what they view as a "partner, competitor, and systemic rival." (The Edge)

U.S.: Corporate buybacks in the U.S. are on the rise during the current earnings season, with announcements exceeding those of the past two quarters and surpassing the average of the last 12 periods. EPFR reports that companies are announcing an average of \$6.9 billion worth of buybacks daily, the highest at this stage since the first quarter of 2023. This surge in buyback activity is viewed as a positive sign for the market, with projections indicating a rebound in buybacks for 2024. Notable announcements include Meta Platforms' \$50 billion increase in stock repurchase authorization and several other companies initiating significant repurchase plans. Additionally, European companies like UBS and BP have also unveiled buyback plans recently. (Reuters)

Companies

Econpile Holdings Bhd (5253) has secured a contract worth RM30 million from Chingsan Development Sdn Bhd for substructure works on an office building in Shah Alam, Selangor. The scope of work includes site clearing, earthworks, and construction of a five-storey basement car park. The project is scheduled to be completed within 16 months from February 24, 2024, and is anticipated to have a positive impact on Econpile's revenue and earnings starting from the financial year ending June 30, 2024. (The Star)

LFE Corp Bhd (7170) has been awarded a contract worth RM10.96 million from Puncakcity Development Sdn Bhd (PDSB) for earthworks and related activities. The contract, accepted by LFE's wholly-owned subsidiary, spans eight months from February 7 to October 6, 2024. LFE anticipates that the contract will have a positive impact on its earnings and net assets per share until its completion, contributing to the financial performance of the LFE Group for the year ending December 31, 2024. (The Star)

In 3Q FY2024, **MNRB Holdings Bhd (6459)** experienced a significant surge in net profit, jumping 47.36% to RM84.61 million, driven by increased revenue from its insurance and takaful segment. Quarterly revenue also rose by 22.05% to RM980.87 million, primarily due to higher investment income and favorable fair value movement of investments. For the nine months ended December 31, 2023 (9MFY2024), net profit soared by 310.29% to RM195.72 million, attributed to improved underwriting results in reinsurance, retakaful, and general takaful businesses, alongside higher investment income and net fair value gains. The group's reinsurance and retakaful business recorded a commendable net profit of RM155.8 million for 9MFY2024, while its family and general takaful arms also saw significant growth in net profit. (The Edge)

KLCCP Stapled Group (5235SS) is positive about maintaining a growth trend in 2024 by capitalising on its iconic assets and long-term lease agreements in retail and hospitality. The group, comprising KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust, recorded a 38% year-on-year increase in net profit to RM384.6 million for the fourth quarter ended Dec 31, 2023 (4Q23), with revenue rising by 7.1% to RM442.6 million. Improved performance was observed in the hotel and retail segments, driven by higher occupancy and sales. Despite increased utility costs, the group remains optimistic, particularly in retail and hotel segments, and declared a dividend per stapled security of 40.50 sen for the year, the highest since its listing in 2013. (The Star)

YTL Power International Bhd

Bloomberg: YTLP MK | KLSE Stock Code: 6742

Technical Watch

“BUY on Potential Upside”

Company Overview

YTL Power International Bhd is an investment holding and management company. The Company, through its subsidiaries, provides power generation, electricity transmission, water supply, and communications services. YTL Power International 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 a marubozu 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	6.0	17.0	12.3
P/B	0.6	0.5	0.5
P/CF	3.4	3.1	4.2
P/S	0.5	0.5	0.5

Entry Price	RM4.04
Market Cap (m)	RM32,732.7
52w high	RM4.24
52w low	RM0.72
Stop Loss	RM3.45
Immediate Support	RM3.84
Immediate Resistance	RM4.20 (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)	1,133,275.2

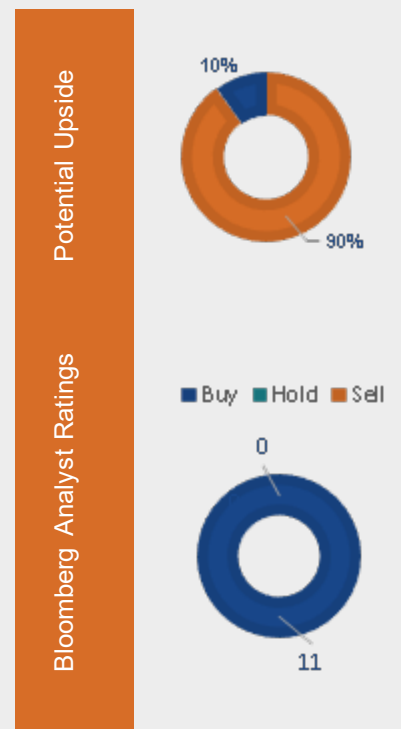
Main Market

Utilities

Subsector – Gas, Water & Multi-Utilities

Current Price: RM4.04

Target Price: RM4.44



Sunway Construction Group Berhad

Bloomberg: SCGB MK | KLSE Stock Code: 5263

Technical Watch

“BUY on Potential Upside”

Company Overview

Sunway Construction Group Berhad provided construction and engineering services. The Company offers its services throughout 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.

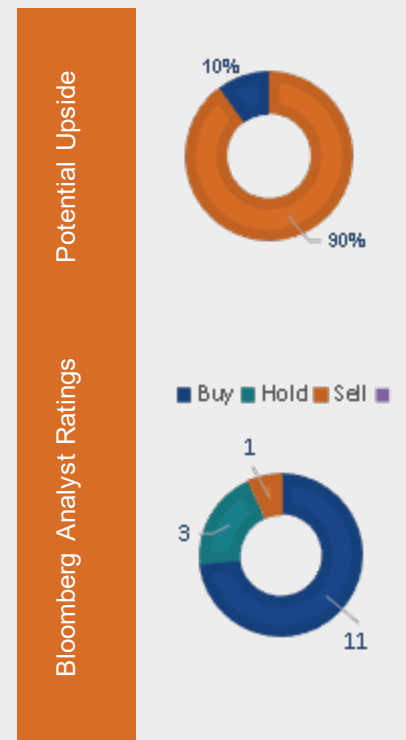
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	15.7	19.1	17.5
P/B	2.9	3.2	3.4
P/CF	44.3	25.0	20.3
P/S	1.0	1.1	1.1

Entry Price	RM2.47
Market Cap (m)	RM3,184.7
52w high	RM2.58
52w low	RM1.53
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)	371,638.1

Main Market

Construction
 Subsector – Construction
 Current Price: RM2.47
 Target Price: RM2.72





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
10/1/2024	Telekom	4863	5.740	5.820	4.910	6.310	-2.020	1.4	-
10/1/2024	GenP	2291	5.890	6.250	5.040	6.480	-0.951	6.1	-
11/1/2024	QL Resources	7084	5.880	5.790	5.030	6.470	0.347	-1.5	-
11/1/2024	HeitechPadu	5028	1.130	1.170	0.970	1.240	5.405	3.5	SL Triggered
12/1/2024	GenP	2291	6.300	6.250	5.390	6.930	-0.951	-0.8	-
12/1/2024	Frontken	0128	3.580	3.420	3.060	3.940	-0.870	-4.5	-
15/1/2024	KeckSeng	3476	5.300	5.670	4.530	5.800	0.354	7.0	TP Achieved
15/1/2024	Telekom	4863	5.820	5.820	4.980	6.400	-2.020	0.0	-
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	0.815	0.800	1.020	-4.678	-12.4	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.640	4.280	5.500	-0.215	-7.2	-
17/1/2024	Allianz	1163	20.100	19.200	17.190	22.110	0.000	-4.5	-
18/1/2024	AffinBank	5185	2.450	2.540	2.090	2.700	1.600	3.7	-
18/1/2024	AME Elite	5923	1.840	1.800	1.570	2.030	-1.639	-2.2	-
19/1/2024	QL Resources	7084	5.900	5.790	5.040	6.490	0.347	-1.9	-
19/1/2024	MSM	5202	1.880	2.360	1.610	2.070	1.288	25.5	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.720	4.130	5.310	-0.632	-2.3	-
22/1/2024	Aurelius	5302	2.770	2.600	2.370	3.050	-1.887	-6.1	-
23/1/2024	RCE	9296	3.240	3.150	2.770	3.560	-0.943	-2.8	-
23/1/2024	JayaTiasa	4383	1.130	1.140	0.970	1.240	-1.724	0.9	-
24/1/2024	PetDag	5681	21.200	21.480	18.130	22.300	-1.468	1.3	-
24/1/2024	Genetec	0104	2.090	1.880	1.790	2.299	-1.053	-10.0	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.450	2.110	2.720	0.410	-0.8	-
26/1/2024	MPI	3867	29.700	26.600	25.390	32.670	0.075	-10.4	SL Triggered
29/1/2024	MSM	5202	2.410	2.360	2.060	2.650	1.288	-2.1	-
29/1/2024	YTL	4677	2.450	2.240	2.090	2.700	2.283	-8.6	SL Triggered
30/1/2024	IHH	5225	6.150	6.140	5.260	6.780	-0.486	-0.2	-
30/1/2024	UchiTech	7100	3.870	3.890	3.310	4.260	0.517	0.5	-
31/1/2024	Solarvest	0215	1.450	1.410	1.240	1.600	-0.704	-2.8	-
31/1/2024	ITMax	5309	1.900	1.990	1.620	2.090	0.000	4.7	-
2/2/2024	TNB	5347	10.720	10.820	9.170	11.790	0.371	0.9	-
2/2/2024	Uzma	7250	1.180	1.120	1.010	1.290	-5.882	-5.1	-
5/2/2024	GentingM	4715	2.770	2.810	2.370	3.050	0.717	1.4	-
5/2/2024	Maybank	1155	9.340	9.290	7.990	10.270	-0.215	-0.5	-
6/2/2024	RCE	9296	3.170	3.150	2.710	3.490	-0.943	-0.6	-
6/2/2024	PGF	8117	1.850	1.730	1.580	2.040	-2.809	-6.5	-
7/2/2024	Uzma	7250	1.190	1.120	1.020	1.310	-5.882	-5.9	-
7/2/2024	Dayang	5141	2.090	2.040	1.770	2.280	-1.449	-2.4	-
8/2/2024	YTLPower	6742	4.040	4.040	3.450	4.440	4.393	0.0	-
8/2/2024	Suncon	5263	2.470	2.470	2.110	2.720	4.219	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	1.82	0.20	10.99
MBM RESOURCES BHD	CONSUMER	4.46	0.46	10.34
HEKTAR REITS	REITs	0.66	0.06	8.70
SENTRAL REIT	REITs	0.80	0.07	8.55
BERMAZ AUTO BERHAD	CONSUMER	2.45	0.21	8.45
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.99	0.72	8.04
YTL HOSPITALITY REIT	REITs	1.17	0.09	8.03
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.77
UOA REITS	REITs	1.11	0.08	7.48
SPORTS TOTO BERHAD	CONSUMER	1.48	0.11	7.30
RHB BANK	FINANCE	5.60	0.39	6.93
AMWAY (M) HOLDINGS BHD	CONSUMER	6.70	0.46	6.87
CAPITALAND MALAYSIA TRUST	REITs	0.63	0.04	6.72

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	4.0	24.2	14.8	18.0	14.8	13.6
Finance	4.0	13.0	10.2	12.0	10.2	10.1
Property	4.3	25.2	10.6	15.7	11.4	N/A
Plantation	2.3	95.5	9.7	31.1	14.8	16.9
Consumer	2.0	22.5	14.9	18.8	14.9	14.9
Technology	(2.2)	46.1	23.0	31.7	31.7	24.1
Construction	8.3	34.6	17.0	25.5	17.0	13.9
Energy	6.8	11.5	9.4	10.5	9.4	9.2
Healthcare	2.7	36.1	5.1	24.5	25.8	31.7
Ind. Prod.	(0.7)	24.9	12.7	18.2	17.6	14.9
REIT	4.3	29.5	13.2	19.1	13.2	15.2
Telco	4.0	31.0	19.8	26.6	27.3	21.2

Source: Bloomberg

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my