

Daily Newswatch

Market Review

The FBMKLCI experienced a decline on Thursday as investors opted for a cautious approach ahead of the Chinese New Year long weekend, citing a lack of positive buying catalysts. Market breadth was negative with 574 gainers and 361 losers. The construction sector was the top gainer increasing by +1.78%, while the financial services sector was the top loser declining by -0.18%. KLK (2445) was the top gainer surging by RM0.30 or +1.4%. The FBMKLCI declined by -0.05% to 1,512.4.

Economics

- **U.S. initial jobless claim declined** for first time in three week
- **Malaysia GDP** forecasted to grow to 4.6% in 2024 - MIER

Companies

- **MGB (7595)** secures two purchase orders worth RM120m from Saudi Arabia-based company
- **Dataprep (8338)** inks 30-year concession for Bandung telco infra project, sees RM95m investment over 3 years
- **CIMB (1023)** completes acquisition of KAF Equities
- **NationGate (0270)** acquires Hesechan Industries in Penang for RM25m cash
- **Perdana Petroleum (7108)** bags RM14.3 mil contract from ROC Oil and T7 Marine

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 – AEON Credit (5139)** Entry Price: RM6.01, Target Price: RM6.61, Stop Loss: RM5.14, Support: RM5.71, Resistance: RM6.01

Local	Close	(%)
FBMKLCI	1,512.4	(0.05)
Volume (mil)	3,245.3	6.61
Value (RM'mil)	1,996.5	(4.19)
Gainers	574	
Losers	361	
Unchanged	453	
Foreign	Close	(%)
Dow Jones	38,726.3	0.1
Nasdaq CI	15,793.7	0.2
S&P 500	4,997.9	0.1
FTSE 100	7,595.5	(0.4)
Nikkei 225	36,863.3	2.1
Shanghai CI	2,865.9	1.3
HSI	15,878.1	(1.3)
STI	3,142.9	(0.4)
Most Active	RM	Chg (RM)
PHB	0.005	0.000
EAH	0.005	(0.005)
WIDAD	0.125	0.015
MINETEC	0.130	0.000
RENEUCO	0.070	0.020
Top Gainers	RM	Chg (RM)
KLK	22.320	0.300
AJI	16.660	0.260
CARLSBG	19.680	0.240
MNRB	1.620	0.200
SUNCON	2.630	0.160
Top Losers	RM	Chg (RM)
MPI	26.080	(0.520)
NESTLE	120.400	(0.400)
HLBANK	19.000	(0.200)
KESM	6.700	(0.150)
HEIM	24.880	(0.140)
Other Stats	RM	(%)
USD/MYR	4.77	0.25
USD/RMB	7.20	0.03
Brent (USD/barrel)	81.81	3.28
Gold (USD/troy oz)	2,034.01	(0.07)
CPO (RM/metric t)	3,889.00	0.46

Daily Newswatch

Economics

U.S.: Initial applications for US unemployment benefits decreased by 9,000 to 218,000 in the week ended Feb 3, the first decline in three weeks, signaling that employers are largely retaining their workers, while continuing claims dropped to 1.87 million, reflecting a robust labor market despite recent high-profile job-cut announcements, with the four-week moving average increasing to 212,250, the highest since late December, and unadjusted data showing a broad-based decline across states, particularly notable in Oregon and Ohio. (The Edge)

MALAYSIA: The Malaysian Institute of Economic Research (MIER) forecasts moderate GDP growth of 4.3% to 4.6% for Malaysia in 2024, driven by resilient domestic demand and stable labor market conditions, while the manufacturing sector's business conditions index showed improvement in the fourth quarter of 2023, though still below the 100-point threshold, with lower levels of optimism due to various domestic and global factors contributing to subdued outlook. (The Edge)

Companies

MGB Bhd's (7595) subsidiary MGB International for Industry secures two purchase orders totaling approximately RM119.55 million from Saudi Arabia-based Sany Alameriah Industrial for the supply and installation of precast elements for 400 villas in the Roshn Alarous development, marking MGB's first international project and a strategic entry into Saudi Arabia's property development sector, aligning with the kingdom's Vision 2030 housing initiatives. (The Edge)

Dataprep Holdings Bhd's (8338) Indonesian unit secures a 30-year concession to develop and maintain passive telecommunication infrastructure in Bandung, Indonesia, with an estimated investment of around RM95.4 million over the next three years, utilizing the build-operate-transfer (BOT) model through a public-private partnership initiative, with consortium partners including PT Bintang Trans Khatulistiwa Tbk and PT Raka Mitra Bersama Tbk. (The Edge)

CIMB Group Holdings Bhd (1023) completes the acquisition of KAF Equities Sdn Bhd, now rebranded as CIMB Securities Sdn Bhd, headed by Ruzi Rani Ajith as CEO, offering equities services integrated within Group Wholesale Banking's product suite to institutional and corporate clients, following the disposal of its residual stake in CGS-CIMB Securities International Pte Ltd and CGS-CIMB Holdings Sdn Bhd to China Galaxy Securities Co Ltd, securing estimated gross proceeds of RM780 million and marking CIMB's total proceeds from stockbroking business sales since 2018 at about RM2.5 billion. (The Edge)

NationGate Holdings Bhd (0270) enters a share sale agreement to acquire Hesechan Industries in Prai, Penang for RM25 million in cash, intending to expand its manufacturing space and facilitate business growth, with the acquisition expected to be completed by the end of the first quarter ending March 31, 2024. (The Edge)

Perdana Petroleum Bhd's (7108) subsidiary, Perdana Nautika Sdn Bhd, secures two contracts totaling RM14.3 million from ROC Oil (Sarawak) Sdn Bhd and T7 Marine Sdn Bhd, involving the provision of an anchor handling tug and supply vessel for 120 days in the Sarawak region, and an accommodation work barge with crew and equipment for up to 50 days to support T7 Marine's project activities. (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 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.

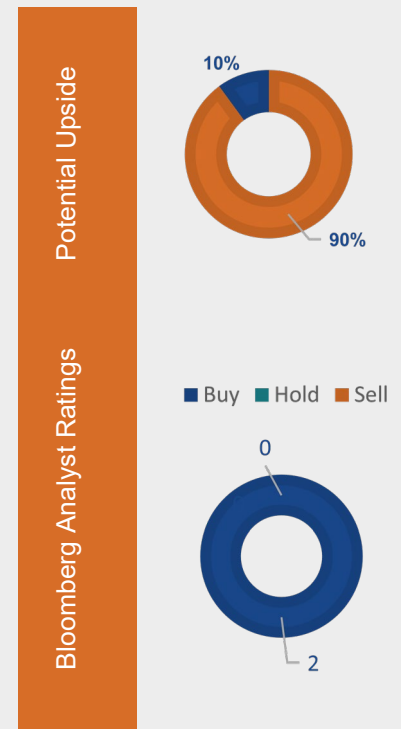
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	17.1	48.1	36.6
P/B	0.5	0.5	0.9
P/CF	12.1	7.6	10.9
P/S	0.3	0.3	0.7

Entry Price	RM2.41
Market Cap (m)	RM1,694.2
52w high	RM2.57
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



Aeon Credit Service (M) Bhd

Bloomberg: ACSM MK | KLSE Stock Code: 5139

Technical Watch

“BUY on Potential Upside”

Company Overview

Aeon Credit Service M Bhd provides consumer financing products. The Company offers products such as easy payment, personal financing, and credit cards.

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.

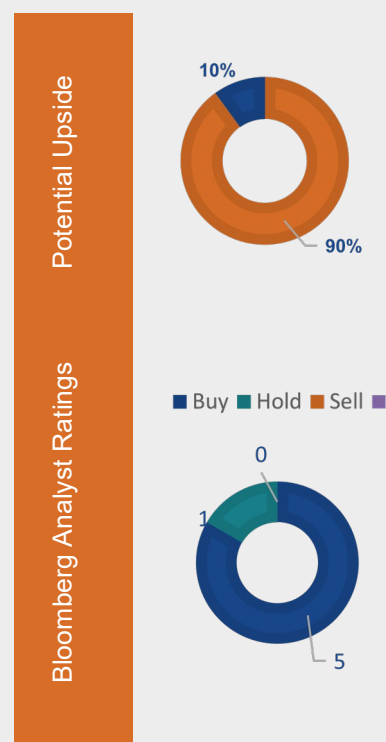
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.5	9.0	8.4
P/B	1.4	1.6	1.9
P/CF	6.7	5.5	5.5
P/S	1.7	1.6	1.7

Entry Price	RM6.01
Market Cap (m)	RM3,068.8
52w high	RM6.45
52w low	RM5.44
Stop Loss	RM5.14
Immediate Support	RM5.71
Immediate Resistance	RM6.01 (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)	94,910.0

Main Market

Financial Services
Subsector – Other Financials
Current Price: RM6.01
Target Price: RM6.61





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
11/1/2024	QL Resources	7084	5.880	5.740	5.030	6.470	-0.864	-2.4	-
11/1/2024	HeitechPadu	5028	1.130	1.190	0.970	1.240	1.709	5.3	SL Triggered
12/1/2024	GenP	2291	6.300	6.280	5.390	6.930	0.480	-0.3	-
12/1/2024	Frontken	0128	3.580	3.470	3.060	3.940	1.462	-3.1	-
15/1/2024	KeckSeng	3476	5.300	5.700	4.530	5.800	0.529	7.5	TP Achieved
15/1/2024	Telekom	4863	5.820	5.820	4.980	6.400	0.000	0.0	-
16/1/2024	TaAnnHoldings	5012	3.750	3.700	3.210	4.130	0.271	-1.3	-
16/1/2024	E&O	3417	0.930	0.850	0.800	1.020	4.294	-8.6	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.620	4.280	5.500	-0.431	-7.6	-
17/1/2024	Allianz	1163	20.100	19.220	17.190	22.110	0.104	-4.4	-
18/1/2024	AffinBank	5185	2.450	2.510	2.090	2.700	-1.181	2.4	-
18/1/2024	AME Elite	5923	1.840	1.830	1.570	2.030	1.667	-0.5	-
19/1/2024	QL Resources	7084	5.900	5.740	5.040	6.490	-0.864	-2.7	-
19/1/2024	MSM	5202	1.880	2.410	1.610	2.070	2.119	28.2	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.680	4.130	5.310	-0.847	-3.1	-
22/1/2024	Aurelius	5302	2.770	2.630	2.370	3.050	1.154	-5.1	-
23/1/2024	RCE	9296	3.240	3.140	2.770	3.560	-0.317	-3.1	-
23/1/2024	JayaTiasa	4383	1.130	1.150	0.970	1.240	0.877	1.8	-
24/1/2024	PetDag	5681	21.200	21.440	18.130	22.300	-0.186	1.1	-
24/1/2024	Genetec	0104	2.090	1.870	1.790	2.299	-0.532	-10.5	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.450	2.110	2.720	0.000	-0.8	-
26/1/2024	MPI	3867	29.700	26.080	25.390	32.670	-1.955	-12.2	SL Triggered
29/1/2024	MSM	5202	2.410	2.410	2.060	2.650	2.119	0.0	-
29/1/2024	YTL	4677	2.450	2.300	2.090	2.700	2.679	-6.1	SL Triggered
30/1/2024	IHH	5225	6.150	6.130	5.260	6.780	-0.163	-0.3	-
30/1/2024	UchiTech	7100	3.870	3.920	3.310	4.260	0.771	1.3	-
31/1/2024	Solarvest	0215	1.450	1.420	1.240	1.600	0.709	-2.1	-
31/1/2024	ITMax	5309	1.900	2.030	1.620	2.090	2.010	6.8	-
2/2/2024	TNB	5347	10.720	10.780	9.170	11.790	-0.370	0.6	-
2/2/2024	Uzma	7250	1.180	1.140	1.010	1.290	1.786	-3.4	-
5/2/2024	GentingM	4715	2.770	2.810	2.370	3.050	0.000	1.4	-
5/2/2024	Maybank	1155	9.340	9.260	7.990	10.270	-0.323	-0.9	-
6/2/2024	RCE	9296	3.170	3.140	2.710	3.490	-0.317	-0.9	-
6/2/2024	PGF	8117	1.850	1.760	1.580	2.040	1.734	-4.9	-
7/2/2024	Uzma	7250	1.190	1.140	1.020	1.310	1.786	-4.2	-
7/2/2024	Dayang	5141	2.090	2.080	1.770	2.280	1.961	-0.5	-
8/2/2024	YTLPower	6742	4.040	4.000	3.450	4.440	-0.990	-1.0	-
8/2/2024	Suncon	5263	2.470	2.630	2.110	2.720	6.478	6.5	-
9/2/2024	MSM	5202	2.410	2.410	2.060	2.650	2.119	0.0	-
9/2/2024	AeonCredit	5139	6.010	6.010	5.140	6.610	1.349	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.55	0.73	13.10
UOA DEVELOPMENT BERHAD	PROPERTY	1.82	0.20	10.99
MBM RESOURCES BHD	CONSUMER	4.49	0.46	10.27
HEKTAR REITS	REITs	0.64	0.06	8.91
SENTRAL REIT	REITs	0.80	0.07	8.50
BERMAZ AUTO BERHAD	CONSUMER	2.45	0.21	8.45
YTL HOSPITALITY REIT	REITs	1.17	0.09	8.03
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.86	0.70	7.93
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.78
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.73
UOA REITS	REITs	1.10	0.08	7.55
SPORTS TOTO BERHAD	CONSUMER	1.50	0.11	7.20
RHB BANK	FINANCE	5.58	0.39	6.95
AMWAY (M) HOLDINGS BHD	CONSUMER	6.75	0.46	6.81
PAVILION REAL ESTATE INV TRUST	REITs	1.28	0.09	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	13.5
Finance	3.8	13.0	10.2	12.0	10.2	10.1
Property	5.0	25.2	10.6	15.7	11.5	N/A
Plantation	2.7	95.5	9.7	31.1	14.8	17.0
Consumer	2.1	22.5	14.9	18.8	14.9	14.9
Technology	(1.8)	46.1	23.0	31.7	31.9	24.2
Construction	10.2	34.6	17.3	25.5	17.3	14.2
Energy	7.7	11.5	9.5	10.5	9.5	9.3
Healthcare	3.1	36.1	5.1	24.5	25.9	32.5
Ind. Prod.	(0.4)	24.9	12.7	18.2	17.7	14.9
REIT	4.3	29.5	13.2	19.1	13.2	14.9
Telco	5.0	31.0	19.8	26.6	27.6	21.2

Source: Bloomberg

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