

Daily Newswatch

Market Review

The FBMKLCI declined on Wednesday in line with the decline in Wall Street overnight. Market breadth was negative with 387 gainers and 503 losers. The health care sector was the top gainer increasing by +3.25%, while the technology sector was the top loser declining by -0.75%. PETDAG (5681) was the top gainer surging by RM0.54 or +2.50%. The FBMKLCI declined by -0.13% to 1,529.3.

Economics

- **Global semicon industry** poised for 2024 recovery – SEMI
- **50% rise in global LNG demand** by 2040 - Shell

Companies

- **Dayang (5141)** secures two more workboat contract extensions from Petronas Carigali
- **Perdana Petroleum (7108)** secures new work barge job, extension of existing contract
- **UEM Sunrise (5148)** issues RM500 mil in Islamic medium-term notes
- **Pansar (8419)** bags RM130 mil job in Sarawak
- **HSS Engineers (0185)** associate wins RM9.5mil job

Expresso for the Day

- **Technical Watch – Hume Cement (5000)** Entry Price: RM2.93, Target Price: RM3.22, Stop Loss: RM2.51, Support: RM2.78, Resistance: RM2.93
- **Technical Watch – ITMAX (5309)** Entry Price: RM2.14, Target Price: RM2.35, Stop Loss: RM1.38, Support: RM2.03, Resistance: RM2.14

Local	Close	(%)
FBMKLCI	1,529.3	(0.13)
Volume (mil)	2,807.0	33.15
Value (RM'mil)	1,928.4	(5.67)
Gainers	387	
Losers	503	
Unchanged	508	
Foreign	Close	(%)
Dow Jones	38,424.3	0.4
Nasdaq CI	15,859.2	1.3
S&P 500	5,000.6	1.0
FTSE 100	7,568.4	0.7
Nikkei 225	37,703.3	(0.7)
Shanghai CI	2,865.9	1.3
HSI	15,879.4	0.8
STI	3,139.1	(0.1)
Most Active	RM	Chg (RM)
RGB	0.330	0.015
WIDAD	0.125	(0.005)
MMAG	0.115	0.015
MTEC	0.415	0.025
WENTEL	0.295	0.020
Top Gainers	RM	Chg (RM)
PETDAG	22.260	0.540
F&N	29.160	0.160
MPI	26.340	0.140
ITMAX	2.140	0.110
PERSTIM	3.260	0.110
Top Losers	RM	Chg (RM)
DLADY	23.700	(0.300)
IDEAL	3.300	(0.200)
CARLSBG	19.480	(0.120)
HEIM	24.600	(0.100)
TOCEAN	1.600	(0.100)
Other Stats	RM	(%)
USD/MYR	4.79	0.49
USD/RMB	7.19	(0.04)
Brent (USD/barrel)	81.51	(1.43)
Gold (USD/troy oz)	1,992.33	(0.04)
CPO (RM/metric t)	3,914.15	(0.97)

Daily Newswatch

Economics

GLOBAL: According to SEMI's Semiconductor Manufacturing Monitor report, the global semiconductor industry is experiencing a recovery, with electronics and integrated circuit (IC) sales showing growth in the fourth quarter of 2023 and projected increases for the first quarter of 2024. IC sales are forecasted to see a significant jump of 18% year-over-year in Q1 2024, while capital expenditures (capex) and fab utilization rates are expected to mildly recover during the same period. Despite an overall positive outlook, equipment billings are anticipated to experience muted growth in the first half of 2024 due to seasonality. SEMI's senior director of market intelligence expects continued recovery and improvement in fab utilization throughout 2024, while TechInsights' director of market analysis highlights the impact of AI and geopolitics on semiconductor demand and capacity. (The Edge)

COMMODITY: Shell's annual report predicts a surge in global liquefied natural gas (LNG) demand, exceeding 50% by 2040, driven primarily by China and countries in South and Southeast Asia shifting to LNG for economic growth, with China leading the demand growth due to its efforts to reduce carbon emissions by transitioning from coal to gas, while the report underscores the need for significant investments in gas import infrastructure to balance rising demand with new supply and mentions easing LNG prices below US\$10/mmBtu in 2023, encouraging buyers in Asia to secure new term supplies. (The Edge)

Companies

Dayang Enterprise Holdings Bhd (5141) has secured contract extensions from Petronas Carigali Sdn Bhd for two accommodation work boats, Dayang Ruby and Dayang Opal, with the values to be determined based on issued work orders, contributing to its strong financial performance, including its best quarterly net profit in three years for the period ending Sept 30, 2023. (The Edge)

Perdana Petroleum Bhd (7108), through its subsidiary Perdana Nautika Sdn Bhd, has secured a work order award from ROC Oil (Sarawak) Sdn Bhd for the provision of an anchor handling tug and supply vessel valued at RM8.4 million, commencing in January 2024 for up to 120 days with an extension option. Additionally, the company received a contract extension from Saujana Marine Sdn Bhd for an accommodation work barge, valued at RM16.2 million, extending for 220 days from December 2023 with a further extension option, contributing positively to its financial performance for the fiscal year ending December 31, 2024, without affecting its share capital or structure. (The Star)

UEM Sunrise Bhd (5148) has successfully raised RM500 million through its Islamic medium-term notes (IMTN) programme, part of which will be utilized for the group's syariah-compliant general corporate purposes, in accordance with the terms of the issuance as stated in the filing with Bursa Malaysia. (The Star)

Pansar Bhd's (8419) subsidiary, Perbena Emas Sdn Bhd, has been awarded a construction contract valued at RM129.99 million by Borneo Development Corp (Sarawak) Sdn Bhd (BDC) for the Sarawak Infectious Disease Centre at Sg Jernang, Samarahan (package one), with the project's scope covering construction and completion over a 30-month period, as stated in the filing with Bursa Malaysia. (The Star)

HSS Engineers Bhd's (0185) associate, SMHB Sdn Bhd, has secured a RM9.52 million contract from Pengurusan Aset Air Bhd for engineering consulting services for the proposed water systems upgrade project in Kuantan, Pekan, and Rompin in Pahang, with the contract commencing on Feb 19 and expected to be completed by July 2027, as announced in the filing with Bursa Malaysia. (The Star)

Hume Cement Industries Berhad

Bloomberg: HUME MK | KLSE Stock Code: 5000

Technical Watch

“BUY on Potential Upside”

Company Overview

Hume Cement Industries Berhad is a building material manufacturer. The Company, through its subsidiaries, is engaged in the manufacturing and sales of cement and cement related products. Hume Cement Industries 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).

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.

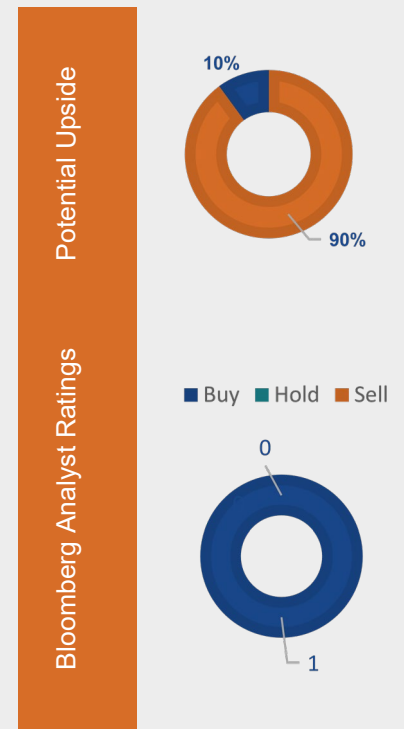
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	64.9	64.9	52.9
P/B	1.7	1.5	2.5
P/CF	20.5	19.8	29.7
P/S	0.8	0.8	1.4

Entry Price	RM2.93
Market Cap (m)	RM1,837.5
52w high	RM2.93
52w low	RM0.92
Stop Loss	RM2.51
Immediate Support	RM2.78
Immediate Resistance	RM2.93 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	55,819.1

Main Market

Industrial Products & Services
 Subsector – Building Materials
 Current Price: RM2.93
 Target Price: RM3.22



ITMAX System Berhad

Bloomberg: ITMAX MK | KLSE Stock Code: 5309

Technical Watch

“BUY on Potential Upside”

Company Overview

ITMAX System Berhad operates as an integrated digital infrastructure provider. The Company offer public space networked systems and related artificial intelligence technology solutions that promote sustainable living in efficiently managed cities, townships, and enterprises. ITMAX System 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 bullish engulfing 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.

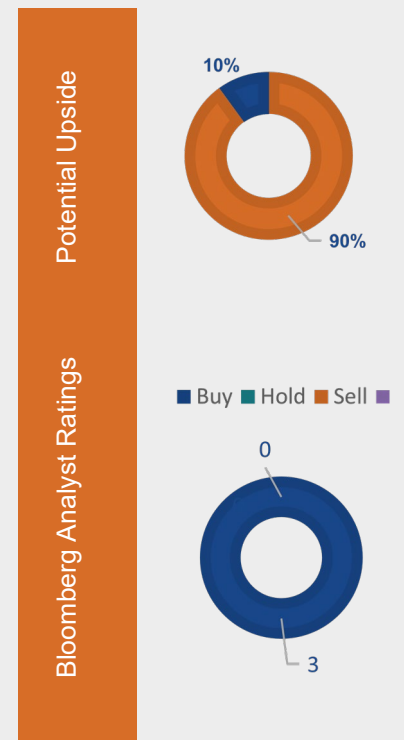
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	6.5	6.5	6.5
P/B	5.4	5.4	5.4
P/CF	6.9	6.9	6.9
P/S	2.5	2.5	2.5

Entry Price	RM2.14
Market Cap (m)	RM2,201.6
52w high	RM2.15
52w low	RM1.30
Stop Loss	RM1.83
Immediate Support	RM2.03
Immediate Resistance	RM2.14 (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)	23,126,931.2

Main Market

Technology
 Subsector – Digital Services
 Current Price: RM2.14
 Target Price: RM2.35





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
16/1/2024	TaAnnHoldings	5012	3.750	3.690	3.210	4.130	-1.337	-1.6	-
16/1/2024	E&O	3417	0.930	0.870	0.800	1.020	-2.247	-6.5	SL Triggered
17/1/2024	PressMetal	8869	5.000	4.600	4.280	5.500	-1.288	-8.0	-
17/1/2024	Allianz	1163	20.100	19.600	17.190	22.110	-0.305	-2.5	-
18/1/2024	AffinBank	5185	2.450	2.530	2.090	2.700	-0.394	3.3	-
18/1/2024	AME Elite	5923	1.840	1.840	1.570	2.030	0.000	0.0	-
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	2.420	1.610	2.070	-3.200	28.7	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.650	4.130	5.310	0.649	-3.7	-
22/1/2024	Aurelius	5302	2.770	2.600	2.370	3.050	0.000	-6.1	-
23/1/2024	RCE	9296	3.240	3.120	2.770	3.560	0.000	-3.7	-
23/1/2024	JayaTiasa	4383	1.130	1.220	0.970	1.240	1.667	8.0	-
24/1/2024	PetDag	5681	21.200	22.260	18.130	22.300	2.486	5.0	-
24/1/2024	Genetec	0104	2.090	1.890	1.790	2.299	-2.073	-9.6	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.470	2.110	2.720	-0.403	0.0	-
26/1/2024	MPI	3867	29.700	26.340	25.390	32.670	0.534	-11.3	SL Triggered
29/1/2024	MSM	5202	2.410	2.420	2.060	2.650	-3.200	0.4	-
29/1/2024	YTL	4677	2.450	2.290	2.090	2.700	0.000	-6.5	SL Triggered
30/1/2024	IHH	5225	6.150	6.140	5.260	6.780	-1.127	-0.2	-
30/1/2024	UchiTech	7100	3.870	4.000	3.310	4.260	1.523	3.4	-
31/1/2024	Solarvest	0215	1.450	1.460	1.240	1.600	-0.680	0.7	-
31/1/2024	ITMax	5309	1.900	2.140	1.620	2.090	5.419	12.6	TP Achieved
2/2/2024	TNB	5347	10.720	11.060	9.170	11.790	-0.181	3.2	-
2/2/2024	Uzma	7250	1.180	1.150	1.010	1.290	-0.862	-2.5	-
5/2/2024	GentingM	4715	2.770	2.850	2.370	3.050	-0.350	2.9	-
5/2/2024	Maybank	1155	9.340	9.400	7.990	10.270	-0.424	0.6	-
6/2/2024	RCE	9296	3.170	3.120	2.710	3.490	0.000	-1.6	-
6/2/2024	PGF	8117	1.850	1.780	1.580	2.040	-1.111	-3.8	-
7/2/2024	Uzma	7250	1.190	1.150	1.020	1.310	-0.862	-3.4	-
7/2/2024	Dayang	5141	2.090	2.090	1.770	2.280	-1.415	0.0	-
8/2/2024	YTLPower	6742	4.040	3.960	3.450	4.440	-0.503	-2.0	-
8/2/2024	Suncon	5263	2.470	2.560	2.110	2.720	-1.538	3.6	-
9/2/2024	MSM	5202	2.410	2.420	2.060	2.650	-3.200	0.4	-
9/2/2024	AeonCredit	5139	6.010	6.120	5.140	6.610	1.325	1.8	-
13/2/2024	AjinamotoMy	2658	16.760	17.020	14.330	18.440	0.236	1.6	-
13/2/2024	Solarvest	0215	1.470	1.460	1.260	1.620	-0.680	-0.7	-
14/2/2024	HapSeng	3034	4.810	4.890	4.110	5.290	1.663	1.7	-
14/2/2024	MNRB	6459	1.730	1.700	1.480	1.900	-1.734	-1.7	-
15/2/2024	HumeCement	5000	2.930	2.930	2.510	3.220	2.807	0.0	-
15/2/2024	ITMax	5309	2.140	2.140	1.830	2.350	5.419	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.56	0.73	13.08
UOA DEVELOPMENT BERHAD	PROPERTY	1.80	0.20	11.11
MBM RESOURCES BHD	CONSUMER	4.60	0.46	10.02
HEKTAR REITS	REITs	0.63	0.06	9.05
SENTRAL REIT	REITs	0.81	0.07	8.45
BERMAZ AUTO BERHAD	CONSUMER	2.47	0.21	8.38
YTL HOSPITALITY REIT	REITs	1.19	0.09	7.90
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.00	0.70	7.81
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.77
UOA REITS	REITs	1.11	0.08	7.48
SPORTS TOTO BERHAD	CONSUMER	1.51	0.11	7.15
RHB BANK	FINANCE	5.64	0.39	6.88
AMWAY (M) HOLDINGS BHD	CONSUMER	6.85	0.46	6.72
CAPITALAND MALAYSIA TRUST	REITs	0.65	0.04	6.51

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	5.1	24.2	14.8	18.0	15.0	13.7
Finance	5.2	13.0	10.3	12.0	10.3	10.2
Property	6.9	25.2	10.6	15.8	11.7	N/A
Plantation	3.2	95.5	9.7	31.1	14.9	17.1
Consumer	3.0	22.5	15.1	18.9	15.1	15.0
Technology	(1.5)	46.1	23.0	31.7	31.9	24.3
Construction	12.8	34.6	17.7	25.6	17.7	14.4
Energy	8.9	11.5	9.6	10.6	9.6	9.3
Healthcare	4.3	36.1	5.1	24.6	26.2	32.7
Ind. Prod.	0.6	24.9	12.7	18.3	17.9	15.0
REIT	4.9	29.5	13.2	19.2	13.2	15.0
Telco	7.6	31.0	19.8	26.8	28.3	21.7

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