

Daily Newswatch

Market Review

The FBMKLCI closed marginally lower on Monday, primarily due to investors engaging in profit-taking on technology stocks after seeing strong gains last week. Market breadth was negative with 443 gainers and 663 losers. The transportation & logistics sector was the top gainer increasing by +1.09%, while the technology sector was the top loser declining by -1.27%. Geshen (7197) was the top gainer surging by RM0.60 or +30.0%. The FBMKLCI decreased by -0.1% to 1,547.6.

Economics

- **Malaysia's inflation stays consistent** in January. – DOSM
- **India's household expenditure has doubled** over a span of 12 years.

Companies

- **Sime Darby Property Bhd (5288)** experienced an increase in its fourth quarter net profit, reaching RM131.26 million.
- **Telekom Malaysia Bhd's (4863)** fourth quarter net profit more than doubled to RM433.53 million.
- **Sam Engineering & Equipment (M) Bhd (9822)** saw its net profit surge by 52.81% to RM29.32 million in the third quarter.
- **Aeon Co (M) Bhd (6599)** saw a notable uptick in its net profit, which rose to RM32.58 million in the fourth quarter.

Expresso for the Day

- **Technical Watch – Paragon Union (9407)** Entry Price: RM4.05, Target Price: RM4.45, Stop Loss: RM3.46, Support: RM3.85, Resistance: RM4.05
- **Technical Watch – Malaysia Airports (7197)** Entry Price: RM8.44, Target Price: RM9.28, Stop Loss: RM7.22, Support: RM8.02, Resistance: RM8.44

Local	Close	(%)
FBMKLCI	1,547.6	(0.1)
Volume (mil)	3,739.9	(8.1)
Value (RM'mil)	3,120.5	(2.8)
Gainers	443	
Losers	663	
Unchanged	439	

Foreign	Close	(%)
Dow Jones	39,069.2	(0.2)
Nasdaq CI	15,976.3	(0.1)
S&P 500	5,069.5	(0.4)
FTSE 100	7,684.3	(0.3)
Nikkei 225	39,233.7	0.3
Shanghai CI	2,977.0	(0.9)
HSI	16,634.7	(0.5)
STI	3,171.1	(0.4)

Most Active	RM	Chg (RM)
HONGSENG	0.020	0.000
TWL	0.040	0.000
EKOVEST	0.490	(0.005)
YTLPOWR	4.070	0.050
YTL	2.510	0.040

Top Gainers	RM	Chg (RM)
GESHEN	2.600	0.600
SAM	4.860	0.600
AIRPORT	8.400	0.370
PARAGON	4.030	0.350
NESTLE	121.500	0.300

Top Losers	RM	Chg (RM)
MPI	28.500	(0.380)
BKAWAN	19.620	(0.280)
VITROX	7.310	(0.260)
KLK	22.220	(0.260)
HEIM	22.860	(0.220)

Other Stats	RM	(%)
USD/MYR	4.78	0.00
USD/RMB	7.20	0.02
Brent (USD/barrel)	82.52	1.15
Gold (USD/troy oz)	2,031.24	(0.20)
CPO (RM/metric t)	3,956.50	(0.67)



Daily Newswatch

Economics

MALAYSIA: In January, Malaysia's consumer price growth remained steady, with some categories experiencing slower increases compared to others. Official data released by the Department of Statistics Malaysia (DOSM) showed that the **consumer price index, a key measure of inflation, rose by 1.5% compared to the same period last year, maintaining the pace observed since November 2023.** Food and beverage prices, contributing about 30% to the index, increased by 2.0%, slightly lower than December 2023's 2.3%. Prices for restaurant and accommodation services rose by 3.2%, while transport costs went up by 0.7%. Core inflation, excluding volatile prices like fresh food and regulated items, slowed down to 1.8% in January compared to 1.9% in December. The DOSM noted that the latest data incorporated updates such as the reclassification and expansion of item codes, enhancing the measurement methodology. (The Edge)

INDIA: Indian household spending has more than doubled in the past decade, with discretionary items seeing a larger share of expenditure, according to a recent government report. Average monthly per capita consumption expenditure in urban areas rose from 2,630 rupees in 2011-12 to an estimated 6,459 rupees between August 2022 and July 2023. In rural areas, it increased from 1,430 rupees to an estimated 3,773 rupees during the same period. This surge in spending is attributed to government investments and robust domestic demand, contributing to India's projected economic growth of 7.3% for the fiscal year ending in March. The survey also indicates a decline in the percentage of household spending on food items, with a corresponding increase in discretionary purchases such as clothing and electronics. (The Edge)

Companies

Sime Darby Property Bhd's (5288) net profit for the fourth quarter ending Dec 31, 2023, surged by 27.25% to RM131.26 million, driven by robust revenue and increased profitability in property development. Quarterly revenue rose by 5.83% to RM1.01 billion. The company declared a second interim dividend of 1.5 sen per share, bringing total dividends for FY2023 to 2.5 sen per share. Full-year net profit jumped by 29.15% to RM407.91 million, with annual revenue expanding by 25.34% to RM3.44 billion. Positive FY2024 outlook is expected due to rising sales volumes, new property launches, successful completions, and supportive government policies. (The Edge)

Telekom Malaysia Bhd (4863) witnessed a remarkable performance in the fourth quarter of FY2023, with its net profit more than doubling to RM433.53 million from RM160.18 million a year ago. This surge can be attributed to tax credits, increased data revenue, and reduced costs. Quarterly revenue also experienced a 5% year-on-year growth, reaching RM3.12 billion from RM2.98 billion, primarily driven by heightened demand for data, internet, multimedia services, and other telecommunication offerings. The company declared a final dividend of 15.5 sen per share. Furthermore, for the full fiscal year, net profit soared by 64% to RM1.87 billion from RM1.14 billion, largely due to lower net finance costs and the recognition of tax credits stemming from unutilized tax losses. (The Edge)

SAM Engineering & Equipment (M) Bhd's (9822) net profit surged by 52.81% to RM29.32 million in 3QFY2024, up from RM19.19 million the previous year, driven by increased profitability in its equipment and aerospace segments. Quarterly revenue also rose by 11.54% to RM387.28 million, supported by higher sales and forex gains. For 9MFY2024, net profit grew by 18.41% to RM82.48 million, with revenue slightly up by 1.45% to RM1.12 billion. Despite a recovery in semiconductor equipment sales, fabrication utilization remained at approximately 70% in the latter half of 2023. (The Edge)

Aeon Co (M) Bhd's (6599) fourth-quarter net profit grew by 31% to RM32.58 million in FY2023 compared to RM24.91 million in the preceding year, attributed to improved occupancy rates, successful rental renewals, and effective cost management. However, quarterly revenue declined by 2.68% to RM1.03 billion from RM1.06 billion, mainly due to lower retail sales and tough year-over-year comparisons. For the full fiscal year 2023, net profit rose by 3.24% to RM114.83 million from RM111.23 million, while revenue decreased slightly by 0.29% to RM4.13 billion from RM4.14 billion in the previous year, primarily due to challenging comparisons and some temporary store closures for renovation. The company proposed a dividend of four sen per share for FY2023. (The Edge)

Paragon Union Berhad

Bloomberg: PU MK | KLSE Stock Code: 9407

Technical Watch

"BUY on Potential Upside"

Company Overview

Paragon Union Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and distributes commercial and car carpets and automotive components.

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 >80).

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.

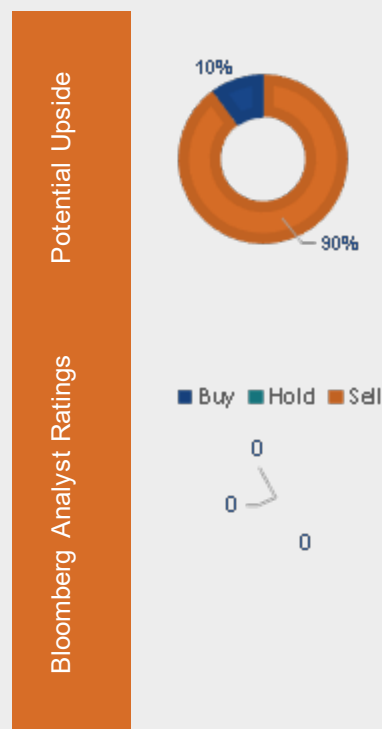
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	30.8	61.4	84.6
P/B	5.1	3.2	2.1
P/CF	N/A	217.9	68.9
P/S	3.0	2.2	1.4

Entry Price	RM4.05
Market Cap (m)	RM339.5
52w high	RM4.05
52w low	RM2.20
Stop Loss	RM3.46
Immediate Support	RM3.85
Immediate Resistance	RM4.05 (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)	31,127.8

Main Market

Consumer Products & Services
 Subsector – Household Goods
 Current Price: RM4.05
 Target Price: RM4.45



Malaysia Airports Holdings Berhad

Bloomberg: MAHB MK | KLSE Stock Code: 7197

Technical Watch

“BUY on Potential Upside”

Company Overview

Malaysia Airports Holdings Berhad is an investment holding company. The Company, through its subsidiaries, provides management, maintenance, and operation of designated airports. Malaysia Airports also operates duty-free and non-duty free stores as well as provides food and beverage outlets at the airports.

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 >80).

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.

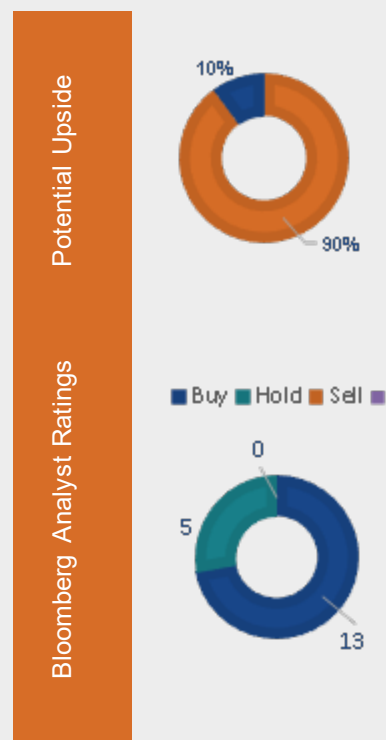
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	40.8	44.1	54.3
P/B	1.8	1.5	1.5
P/CF	21.8	17.8	13.9
P/S	3.8	4.0	3.3

Entry Price	RM8.44
Market Cap (m)	RM14,082.6
52w high	RM8.47
52w low	RM6.59
Stop Loss	RM7.22
Immediate Support	RM8.02
Immediate Resistance	RM8.44 (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)	2,628,136.8

Main Market

Transportation & Logistics
 Subsector – Transportation &
 Logistics Services
 Current Price: RM8.44
 Target Price: RM9.28





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
29/1/2024	MSM	5202	2.410	2.660	2.060	2.650	10.833	10.4	TP Achieved
29/1/2024	YTL	4677	2.450	2.500	2.090	2.700	1.215	2.0	SL Triggered
30/1/2024	IHH	5225	6.150	6.190	5.260	6.780	0.650	0.7	-
30/1/2024	UchiTech	7100	3.870	4.100	3.310	4.260	0.737	5.9	-
31/1/2024	Solarvest	0215	1.450	1.530	1.240	1.600	1.325	5.5	-
31/1/2024	ITMax	5309	1.900	2.220	1.620	2.090	0.000	16.8	TP Achieved
2/2/2024	TNB	5347	10.720	11.360	9.170	11.790	0.709	6.0	-
2/2/2024	Uzma	7250	1.180	1.160	1.010	1.290	3.571	-1.7	-
5/2/2024	GentingM	4715	2.770	2.840	2.370	3.050	-1.730	2.5	-
5/2/2024	Maybank	1155	9.340	9.510	7.990	10.270	-0.210	1.8	-
6/2/2024	RCE	9296	3.170	2.540	2.710	3.490	-4.869	-19.9	SL Triggered
6/2/2024	PGF	8117	1.850	1.690	1.580	2.040	1.807	-8.6	-
7/2/2024	Uzma	7250	1.190	1.160	1.020	1.310	3.571	-2.5	-
7/2/2024	Dayang	5141	2.090	2.420	1.770	2.280	3.863	15.8	TP Achieved
8/2/2024	YTLPower	6742	4.040	4.060	3.450	4.440	0.995	0.5	-
8/2/2024	Suncon	5263	2.470	2.600	2.110	2.720	1.167	5.3	-
9/2/2024	MSM	5202	2.410	2.660	2.060	2.650	10.833	10.4	TP Achieved
9/2/2024	AeonCredit	5139	6.010	6.480	5.140	6.610	2.857	7.8	-
13/2/2024	AjinamotoMy	2658	16.760	17.200	14.330	18.440	1.176	2.6	-
13/2/2024	Solarvest	0215	1.470	1.530	1.260	1.620	1.325	4.1	-
14/2/2024	HapSeng	3034	4.810	4.720	4.110	5.290	-0.840	-1.9	-
14/2/2024	MNRB	6459	1.730	1.780	1.480	1.900	1.136	2.9	TP Achieved
15/2/2024	HumeCement	5000	2.930	2.980	2.510	3.220	-1.325	1.7	-
15/2/2024	ITMax	5309	2.140	2.220	1.830	2.350	0.000	3.7	-
16/2/2024	TNB	5347	11.100	11.360	9.490	12.210	0.709	2.3	-
16/2/2024	QL Resources	7084	5.860	5.870	5.010	6.450	0.000	0.2	-
19/2/2024	BankIslam	5258	2.440	2.480	2.090	2.680	3.333	1.6	-
19/2/2024	PWF	7134	1.040	1.020	0.890	1.140	0.990	-1.9	-
20/2/2024	JayaTiasa	4383	1.340	1.240	1.150	1.470	1.639	-7.5	-
20/2/2024	Padini	7052	3.580	3.480	3.060	3.940	0.000	-2.8	-
21/2/2024	Axiata	6888	2.890	2.740	2.470	3.180	-1.083	-5.2	-
21/2/2024	Sime Darby	4197	2.630	2.620	2.250	2.890	-1.132	-0.4	-
22/2/2024	PIE	7095	3.330	3.400	2.850	3.660	0.295	2.1	-
22/2/2024	Jetson	9083	0.365	0.380	0.310	0.400	-3.797	4.1	-
23/2/2024	MiTech	5286	2.070	1.860	1.770	2.280	-8.824	-10.1	SL Triggered
23/2/2024	Genetec	0104	2.050	2.160	1.750	2.260	4.348	5.4	-
26/2/2024	ChinHin	5273	4.030	4.050	3.450	4.430	0.496	0.5	-
26/2/2024	Ge-Shen	7197	2.000	2.600	1.710	2.200	30.000	30.0	TP Achieved
27/2/2024	Paragon	9407	4.050	4.050	3.460	4.450	10.054	0.0	-
27/2/2024	MalaysiAirports	7197	8.440	8.440	7.220	9.280	5.106	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.42	0.73	13.41
UOA DEVELOPMENT BERHAD	PROPERTY	1.86	0.22	11.83
MBM RESOURCES BHD	CONSUMER	4.58	0.46	10.07
BERMAZ AUTO BERHAD	CONSUMER	2.46	0.21	8.41
SENTRAL REIT	REITs	0.81	0.07	8.32
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.75	0.70	8.03
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.91
TALIWORKS CORPORATION BHD	UTILITIES	0.88	0.07	7.73
YTL HOSPITALITY REIT	REITs	1.23	0.09	7.64
UOA REITS	REITs	1.12	0.08	7.41
HEKTAR REITS	REITs	0.63	0.04	6.98
AMWAY (M) HOLDINGS BHD	CONSUMER	6.75	0.46	6.81
RHB BANK	FINANCE	5.65	0.38	6.80
CAPITALAND MALAYSIA TRUST	REITs	0.64	0.04	6.61
TA ANN HOLDINGS BHD	PLANTATION	3.69	0.24	6.56

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	6.4	24.2	14.8	18.0	15.1	13.6
Finance	6.2	13.0	10.4	12.0	10.4	10.3
Property	7.9	25.2	10.6	15.8	11.8	N/A
Plantation	2.2	95.5	9.7	31.8	18.6	17.9
Consumer	4.4	22.5	15.3	18.9	15.3	14.2
Technology	2.0	46.1	23.0	32.0	33.5	25.5
Construction	9.2	34.6	17.1	25.5	17.1	13.9
Energy	14.5	11.5	10.1	10.8	10.1	9.9
Healthcare	1.8	36.1	5.1	24.4	25.5	32.4
Ind Prod	2.9	24.9	12.7	18.4	18.3	15.3
REIT	4.4	29.5	12.9	19.0	12.9	14.9
Telco	8.4	31.0	19.8	26.6	27.6	19.3

Source: Bloomberg

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Published & Printed By:

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