

Daily Newswatch

Market Review

The FBMKLCI closed higher on Thursday, mirroring the positive performance witnessed in most regional markets. Market breadth was negative with 443 gainers and 663 losers. The construction sector was the top gainer increasing by +0.71%, while the utilities sector was the top loser declining by -1.76%. Nestle (4707) was the top gainer surging by RM1.10 or +0.9%. The FBMKLCI increased by +0.4% to 1,551.4.

Economics

- **Australia's monthly inflation rate remained unchanged** at 3.4% in January.
- **Malaysia's unit value indices for exports and imports declined** in January. – DoSM

Companies

- **Malayan Banking Bhd (1155)** reported an 8.3% y-o-y increase in its net profit for the fourth quarter.
- **Hong Leong Bank Bhd (5819)** announced a 4.4% increase in net profit for the second quarter.
- **Farm Fresh Bhd (5306)** saw an 8.91% increase in net profit to RM20.44 million for the third quarter.
- **IJM Corp Bhd (3336)** reported a 34.3% increase in net profit to RM100.43 million for its third quarter.

Expresso for the Day

- **Technical Watch – Malayan Cement (3749)** Entry Price: RM5.18, Target Price: RM5.70, Stop Loss: RM4.43, Support: RM4.92, Resistance: RM5.18
- **Technical Watch – Paramount Corporation (1724)** Entry Price: RM1.08, Target Price: RM1.19, Stop Loss: RM0.92, Support: RM1.13, Resistance: RM1.08

Local	Close	(%)
FBMKLCI	1,551.4	0.4
Volume (mil)	5,340.5	11.8
Value (RM'mil)	7,013.1	112.4
Gainers	370	
Losers	679	
Unchanged	430	
Foreign	Close	(%)
Dow Jones	38,996.4	0.1
Nasdaq CI	16,091.9	0.9
S&P 500	5,096.3	0.5
FTSE 100	7,630.0	0.1
Nikkei 225	39,166.2	(0.1)
Shanghai CI	3,015.2	1.9
HSI	16,511.4	(0.2)
STI	3,141.9	0.1
Most Active	RM	Chg (RM)
DIALOG	0.020	(0.090)
YTL	2.670	0.030
YTLPOWR	3.950	(0.060)
HONGSENG	0.015	0.000
MYEG	0.805	0.015
Top Gainers	RM	Chg (RM)
NESTLE	124.900	1.100
AMWAY	7.140	0.650
MPI	29.040	0.620
UTDPLT	22.120	0.440
HLFG	17.000	0.320
Top Losers	RM	Chg (RM)
PBA	1.940	(0.520)
BAT	8.350	(0.240)
HAPSENG	4.420	(0.200)
MSM	2.600	(0.190)
D&O	3.320	(0.180)
Other Stats	RM	(%)
USD/MYR	4.74	(0.59)
USD/RMB	7.19	(0.13)
Brent (USD/barrel)	83.62	(0.07)
Gold (USD/troy oz)	2,044.30	0.48
CPO (RM/metric t)	4003.50	0.03

Daily Newswatch

Economics

AUSTRALIA: In January, **Australian inflation remained steady, supporting the possibility of the Reserve Bank of Australia (RBA) lowering interest rates later in the year.** Despite economists' expectations of a rise, the consumer price index stayed at 3.4% year-on-year, according to data from the Australian Bureau of Statistics. When volatile items were excluded, the annual inflation rate was 4.1%, still above the RBA's target range of 2%-3%. This data will influence the RBA's decision-making during its upcoming meeting in March, particularly as interest rates are currently at a 12-year high of 4.35%. Earlier considerations for further rate hikes by the RBA were driven by concerns about inflation persisting above the target range due to strong aggregate demand outstripping the economy's supply potential. (The Star)

MALAYSIA: In January 2024, **Malaysia's export unit value index dropped by 0.5% to 147.2 points,** led by decreases in mineral fuels, manufactured goods, and machinery and transport equipment. Conversely, the export volume index increased by 4.0%, driven by rises in mineral fuels, manufactured goods, and chemicals. The seasonally adjusted export volume index also grew by 16.1%. Meanwhile, the import unit value index declined by 0.1% to 128.5 points, primarily due to decreases in mineral fuels, inedible crude materials, and manufactured goods. However, the import volume index rose by 5.6%, attributed to increases in food, manufactured goods, and mineral fuels. (The Star)

Companies

Malayan Banking Bhd (1155) reported an 8.3% year-on-year increase in its net profit for the fourth quarter ended December 31, 2023. The growth was attributed to strong gains in its insurance segment and non-interest income, which offset a decline in net interest income. Despite a 9.4% decrease in net interest income, non-interest income rose by 5.4%. Maybank aims for an 11% return-on-equity for 2024 and declared a second interim dividend of 31 sen per share, bringing the full-year dividends to 60 sen per share. In the full fiscal year 2023, Maybank's net profit rose by 17% to RM9.35 billion, with non-interest income experiencing a significant surge of 74% due to higher investment income and paper gains, while net interest income fell by 7.4%. (The Edge)

Hong Leong Bank Bhd (5819) reported a 4.4% increase in net profit for the second quarter ending December 31, 2023. This growth was driven by higher contributions from associate companies and write-backs from past provisions, despite a slight decline in net interest income. Net profit reached RM1.09 billion or 53.09 sen per share. HLB declared an interim dividend of 25 sen per share, with an ex-date set for March 14. (The Edge)

Farm Fresh Bhd (5306) net profit rose by 8.91% to RM20.44 million for the third quarter ended December 31, 2023 (3QFY2024), up from RM18.77 million a year earlier. This increase was fueled by higher sales to hotels, restaurants, and cafes (Horeca), alongside improved sales of ultra-high-temperature (UHT) processed products. Recent acquisitions of ice cream units further bolstered quarterly profits. Despite losses in its Australian operations, Farm Fresh saw a significant improvement in its Malaysian segment. Quarterly revenue also surged by 30.5% to RM211.62 million compared to RM162.17 million in the previous year. (The Edge)

IJM Corp Bhd (3336) net profit rose by 34.3% to RM100.43 million for its third quarter ended Dec 31, 2023 (3QFY2024) from RM74.79 million a year earlier, driven by higher revenue across all its business segments. Total revenue for the quarter was up 34% y-o-y at RM1.48 billion from RM1.1 billion. Over the nine-month period, net profit surged 118% to RM294.76 million from RM135.23 million in the corresponding period of the previous financial year, while revenue increased 28.2% to RM4.16 billion from RM3.25 billion.

Malayan Cement Berhad

Bloomberg: LMC MK | KLSE Stock Code: 3794

Technical Watch

“BUY on Potential Upside”

Company Overview

Malayan Cement Berhad manufactures, sells, and distributes cement and clinker. The Company offers ready-mixed concrete, provides shipping services, leases vessels, and trades building materials. Malayan Cement 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 bullish engulfing 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.

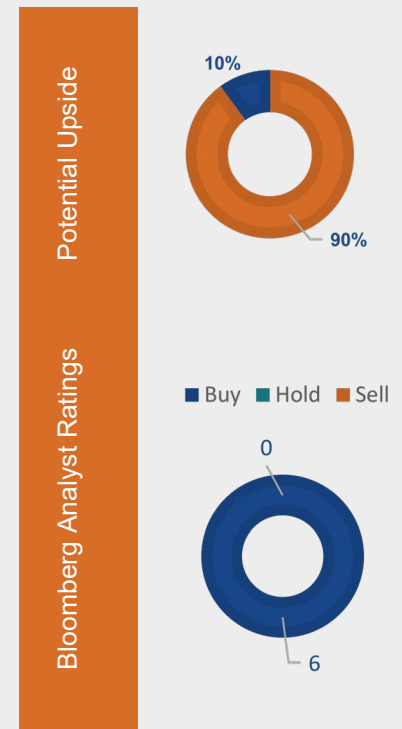
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	34.3	67.5	78.5
P/B	0.6	0.8	1.4
P/CF	14.5	15.9	45.4
P/S	1.1	1.3	1.8

Entry Price	RM5.18
Market Cap (m)	RM6,792.0
52w high	RM5.18
52w low	RM2.22
Stop Loss	RM4.43
Immediate Support	RM4.92
Immediate Resistance	RM5.18 (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)	318,650.1

Main Market

Industrial Products & Services
 Subsector – Building Materials
 Current Price: RM5.18
 Target Price: RM5.70



Paramount Corporation Berhad

Bloomberg: PAR MK | KLSE Stock Code: 1724

Technical Watch

“BUY on Potential Upside”

Company Overview

Paramount Corporation Berhad is an investment holding company that is primarily involved in property development and investment of residential and commercial properties. The Company is also engaged in the provision of building and engineering contractor services along with providing private educational.

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.

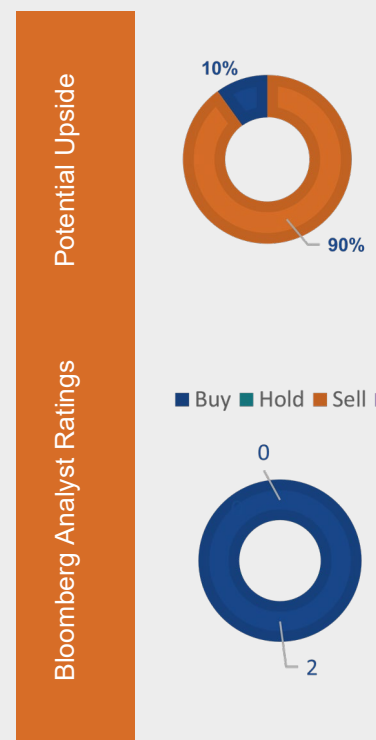
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	7.8	13.6	8.8
P/B	0.3	0.3	0.3
P/CF	5.5	4.4	6.2
P/S	0.5	0.5	0.5

Entry Price	RM1.08
Market Cap (m)	RM672.5
52w high	RM1.09
52w low	RM0.74
Stop Loss	RM0.92
Immediate Support	RM1.03
Immediate Resistance	RM1.08 (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)	145,440.7

Main Market

Property
Subsector – Property
Current Price: RM1.08
Target Price: RM1.19





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
2/2/2024	TNB	5347	10.720	11.260	9.170	11.790	2.737	5.0	-
2/2/2024	Uzma	7250	1.180	1.230	1.010	1.290	0.000	4.2	-
5/2/2024	GentingM	4715	2.770	2.870	2.370	3.050	0.000	3.6	-
5/2/2024	Maybank	1155	9.340	9.530	7.990	10.270	0.210	2.0	-
6/2/2024	RCE	9296	3.170	2.790	2.710	3.490	-0.712	-12.0	SL Triggered
6/2/2024	PGF	8117	1.850	1.610	1.580	2.040	0.625	-13.0	SL Triggered
7/2/2024	Uzma	7250	1.190	1.230	1.020	1.310	0.000	3.4	-
7/2/2024	Dayang	5141	2.090	2.330	1.770	2.280	-1.271	11.5	TP Achieved
8/2/2024	YTLPower	6742	4.040	3.950	3.450	4.440	-1.496	-2.2	-
8/2/2024	Suncon	5263	2.470	2.550	2.110	2.720	-0.391	3.2	-
9/2/2024	MSM	5202	2.410	2.600	2.060	2.650	-6.810	7.9	TP Achieved
9/2/2024	AeonCredit	5139	6.010	6.340	5.140	6.610	-1.246	5.5	-
13/2/2024	AjinamotoMy	2658	16.760	17.380	14.330	18.440	1.519	3.7	-
13/2/2024	Solarvest	0215	1.470	1.490	1.260	1.620	-0.667	1.4	-
14/2/2024	HapSeng	3034	4.810	4.420	4.110	5.290	-4.329	-8.1	-
14/2/2024	MNRB	6459	1.730	1.800	1.480	1.900	1.695	4.0	TP Achieved
15/2/2024	HumeCement	5000	2.930	2.970	2.510	3.220	-1.000	1.4	-
15/2/2024	ITMax	5309	2.140	2.270	1.830	2.350	2.715	6.1	-
16/2/2024	TNB	5347	11.100	11.260	9.490	12.210	2.737	1.4	-
16/2/2024	QL Resources	7084	5.860	5.810	5.010	6.450	-0.684	-0.9	-
19/2/2024	BankIslam	5258	2.440	2.460	2.090	2.680	-1.600	0.8	-
19/2/2024	PWF	7134	1.040	0.980	0.890	1.140	3.158	-5.8	-
20/2/2024	JayaTiasa	4383	1.340	1.200	1.150	1.470	1.695	-10.4	SL Triggered
20/2/2024	Padini	7052	3.580	3.390	3.060	3.940	-0.294	-5.3	-
21/2/2024	Axiata	6888	2.890	2.780	2.470	3.180	-1.068	-3.8	-
21/2/2024	Sime Darby	4197	2.630	2.710	2.250	2.890	2.264	3.0	-
22/2/2024	PIE	7095	3.330	3.350	2.850	3.660	-1.180	0.6	-
22/2/2024	Jetson	9083	0.365	0.340	0.310	0.400	-6.849	-6.8	-
23/2/2024	MiTech	5286	2.070	1.830	1.770	2.280	-0.543	-11.6	SL Triggered
23/2/2024	Genetec	0104	2.050	2.220	1.750	2.260	-3.057	8.3	-
26/2/2024	ChinHin	5273	4.030	3.880	3.450	4.430	-3.242	-3.7	-
26/2/2024	Ge-Shen	7197	2.000	2.740	1.710	2.200	4.183	37.0	TP Achieved
27/2/2024	Paragon	9407	4.050	3.600	3.460	4.450	2.564	-11.1	SL Triggered
27/2/2024	MalaysiAirports	7197	8.440	8.480	7.220	9.280	0.355	0.5	-
28/2/2024	KKB	9466	1.830	1.760	1.580	2.010	-2.222	-3.8	-
28/2/2024	MSM Malaysia	5202	2.810	2.600	2.400	3.090	-6.810	-7.5	-
29/2/2024	UPL	2089	21.680	22.120	21.900	23.850	2.030	2.0	-
29/2/2024	UNISEM	5005	3.350	3.330	2.750	3.690	0.000	-0.6	-
1/3/2024	Mcement	3749	5.180	5.180	4.430	5.700	2.982	0.0	-
1/3/2024	Paramon	1724	1.080	1.080	0.920	1.190	5.882	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
BERMAZ AUTO BERHAD	CONSUMER	2.44	0.21	8.48
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.35	0.70	8.42
SENTRAL REIT	REITs	0.80	0.07	8.38
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
YTL HOSPITALITY REIT	REITs	1.22	0.09	7.70
TALIWORKS CORPORATION BHD	UTILITIES	0.78	0.06	7.48
UOA REITS	REITs	1.11	0.08	7.48
MBM RESOURCES BHD	CONSUMER	4.50	0.33	7.38
RHB BANK	FINANCE	5.60	0.40	7.20
AMWAY (M) HOLDINGS BHD	CONSUMER	7.14	0.51	7.10
BERMAZ AUTO BERHAD	CONSUMER	2.44	0.21	8.48
BRITISH AMERICAN TOBACCO (M)	CONSUMER	8.35	0.70	8.42
SENTRAL REIT	REITs	0.80	0.07	8.38
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
YTL HOSPITALITY REIT	REITs	1.22	0.09	7.70

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	6.7	24.2	14.8	18.0	14.7	12.9
Finance	6.2	13.0	10.3	12.0	10.3	9.8
Property	6.9	25.2	10.6	15.8	11.7	-
Plantation	2.7	95.5	9.7	31.6	17.6	17.2
Consumer	4.4	22.5	15.3	18.9	15.3	14.3
Technology	1.9	46.1	23.0	31.8	32.2	20.4
Construction	10.1	34.6	17.0	25.5	17.0	13.9
Energy	13.1	11.5	10.0	10.8	10.0	9.7
Healthcare	(0.2)	36.1	5.1	24.4	25.3	32.2
Ind Prod	1.9	24.9	12.7	18.6	19.3	15.6
REIT	4.0	29.5	13.0	19.0	13.0	14.9
Telco	7.3	31.0	19.8	26.6	27.4	19.0

Source: Bloomberg

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