

Daily Newswatch

Market Review

The FBMKLCI witnessed a minor decline on last Friday, in line with the majority of regional markets, as investors exercised caution. Market breadth was positive with 580 gainers and 515 losers. The property sector was the top gainer increasing by +1.74%, while the utilities sector was the top loser declining by -0.42%. UTDPLT (2089) was the top gainer surging by RM0.48 or 2.0%. The FBMKLCI fell by -0.2% to 1,551.0.

Economics

- **US:** Federal Reserve officials are not in a hurry to lower interest rates.
- **US:** Producer prices in the US have increased, but there is some easing in key categories.
- **India's** palm oil imports in March hit a 10-month low, while sunflower oil imports surged.
- **Singapore's** economic growth in first quarter 2024 falls short of expectations.
- **Philippines** saw a decline in the unemployment rate to 3.5% in February.

Companies

- **Solarvest (0215)** intends to raise up to RM56.7m via a private placement.
- **Sarawak Cable (5170)** is facing lawsuits from two creditor banks, seeking a total of RM95.5m.
- **Capital A (5099)** and **AirAsia X (5238)** have once again extended the negotiation period for the merger of their airline businesses.
- **Berjaya Food (5196)** is reportedly being considered for privatisation.

Upcoming key economic data releases

	<u>Date</u>
EU - CPI	17 Apr
US – Jobless Initial Claims	18 Apr
Malaysia – External Trades	19 Apr
Malaysia – GDP (estimates)	19 Apr
US - GDP	25 Apr
Malaysia - CPI	25 Apr
Malaysia - PPI	26 Apr
US - FOMC meeting	30 Apr
EU – GDP (flash)	30 Apr

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,551.0	(0.2)	6.7
Dow Jones	37,983.2	(1.2)	0.7
Nasdaq CI	16,175.1	(1.6)	9.5
S&P 500	5,123.4	(1.5)	8.0
FTSE 100	7,995.6	0.9	3.5
Nikkei 225	39,523.6	0.2	18.7
Shanghai CI	3,019.5	(0.5)	1.9
HSI	16,721.7	(2.2)	(0.4)
STI	3,216.9	(0.3)	(0.4)

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	3,880.6	12.1
Value traded (RM m)	2,996.1	45.2
Gainers	580	
Losers	515	
Unchanged	470	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HM	0.120	4.3	126.3
DNEX	0.415	10.7	92.1
VELESTO	0.275	(1.8)	85.7
KNM	0.065	(13.3)	76.2
BPURI	0.080	0.0	53.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MAYBANK	9.65	0.2	194.3
CIMB	6.61	0.6	167.2
AIRPORT	10.06	0.0	83.5
YTL	2.60	(1.1)	76.5
PBBANK	4.18	(0.2)	66.4

Currencies	Last Close	% Chg
USD/MYR	4.7705	0.48
USD/JPY	153.23	0.97
EUR/USD	1.0643	(1.97)
USD/CNY	7.2373	0.07
US Dollar Index	106.04	1.81

Commodities	Last Close	% Chg
Brent (USD/barrel)	90.45	1.15
CPO (RM/metric t)	4,470.5	(0.15)
Gold (USD/troy oz)	2,344.4	(0.36)
Bitcoin (USD/BTC)	63,258.0	(2.89)

Economics

US: Fed officials are stressing there's no rush to cut interest rates

US central bankers, including New York Fed President John Williams and Boston Fed President Susan Collins, are cautious about immediate rate cuts despite strong consumer price inflation. They cite the need for more confidence in inflation trends and the strength of the labour market. Inflation's resilience and continued economic growth are delaying expectations for rate cuts. (*The Edge*)

US: Producer prices rose the most in 11 months in March from a year earlier

The latest data from the US Labor Department shows that the producer price index (PPI) for final demand rose by 2.1% compared to March 2023. However, the monthly increase was lower than expected at 0.2%, following a sharp rise in February. This provides some relief for investors and Federal Reserve officials after faster-than-expected consumer price growth reported earlier. Certain categories in the PPI, which inform the Fed's preferred inflation measure, the personal consumption expenditures (PCE) price gauge, such as healthcare and portfolio management, showed softer increases. (*The Edge*)

India: Palm oil imports fell to their lowest point in 10 months

India's reduced palm oil imports may limit the surge in Malaysian palm oil futures, while increased sunflower oil purchases are expected to decrease inventories in the Black Sea region. In March, palm oil imports fell by about 2.5%, reaching their lowest level since May 2023, while sunflower oil imports surged by approximately 50%, marking the second-highest volume on record. (*The Edge*)

Singapore: Economy grew slower than expected as manufacturing output declined

Singapore's GDP grew by 0.1% in the first quarter, below economists' expectations. Manufacturing contracted by 2.9%, while services grew by 1.2%. Non-oil exports have declined in 10 of the last 12 months, reflecting challenges in the external environment. Finance Minister Lawrence Wong highlighted concerns about both external factors and domestic demographics. (*The Edge*)

Philippines: The number of unemployed workers decreased to 1.8m in February

According to the Philippines Statistics Authority, in February, the number of unemployed workers dropped to 1.8m from 2.15m in January, reducing the unemployment rate to 3.5% from 4.5%. Additionally, the under-employment rate decreased to 12.4% from 13.9% in January, with 6.08m workers under-employed. The National Economic and Development Authority emphasised the government's focus on enhancing connections between industry, academia, and the public sector to address skill mismatches in the labor market. (*The Star*)

Companies

Solarvest (0215): Plans to raise RM56.7m through a private placement

Solarvest Holdings Bhd plans to issue up to 40.2m shares to third parties to raise RM56.7m. The price per share is yet to be determined but is estimated at RM1.41, representing a 9.6% discount to last closing price. The funds will be allocated to various purposes, including capital expenditure for green power projects, and working capital. The aim is to diversify the shareholder base and expedite fundraising in a cost-effective manner. (*The Edge*)

Sarawak Cable (5170): Facing legal action for RM95.5m debt

Sarawak Cable Berhad (SCB), along with its wholly owned subsidiary Universal Cable (Sarawak) Sdn Bhd, is facing legal action from two banks seeking a total of RM95.5m in owed funds. Hong Leong Bank Bhd (HLB) and Hong Leong Bank Islamic Bhd (HLISB) filed lawsuits against the group and its subsidiary in the Kuching High Court on Monday, as disclosed by SCB in a filing to the bourse on last Tuesday. SCB, classified as a Practice Note 17 (PN 17) entity, stated that these legal actions are not anticipated to significantly affect its operations. It is currently engaged in negotiations with the banks to address the issue. (*The Edge*)

Capital A (5099) and AirAsia X (5238): Negotiation timeframe extended to 30 April 2024

Capital A Berhad and AirAsia X have agreed to prolong the negotiation timeframe for the sale of their aviation subsidiaries, namely AirAsia Bhd (AAB) and AirAsia Aviation Group Ltd (AAAGL). The negotiation period has been extended for the second time to 30 April 2024. AAB oversees AirAsia's Malaysian airline business, while AAAGL manages operations in Thailand, Indonesia, the Philippines, and Cambodia. Capital A aims to present a regularisation plan to Bursa Securities by June 30 to exit Practice Note 17 status by selling these subsidiaries to AAX. This sale, estimated at around RM5bn, will consolidate AirAsia's airlines under AAX. (*The Edge*)

Berjaya Food (5196): Tan Sri Vincent Tan is reportedly considering privatisation

Vincent Tan is in discussions with banks regarding financing for a potential deal to take Berjaya Food Bhd private, according to sources familiar with the matter. Berjaya Food, which owns Starbucks Corp's Malaysian operations, has seen its shares decline by approximately 28% over the past year, resulting in a market value of about US\$229m (RM1.1bn). Berjaya Corp, founded by Vincent Tan in 1984, holds a deemed interest of 55% in Berjaya Food, according to its latest available annual report. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.46	0.21	8.70
Sentral REIT	REIT	0.79	0.07	8.48
British American Tobacco (M)	Consumer	8.70	0.70	8.08
KIP Real Estate Investment Trust	REIT	0.90	0.07	7.82
YTL Hospitality REIT	REIT	1.22	0.09	7.70
UOA REIT	REIT	1.11	0.08	7.48
RHB Bank	Finance	5.77	0.40	7.00
Taliworks Corporation	Utilities	0.83	0.06	6.99
MBM Resources	Consumer	4.86	0.34	6.93
Berjaya Sports Toto	Consumer	1.41	0.10	6.88
Amway (M) Holdings	Consumer	7.42	0.51	6.83
Hektar REIT	REIT	0.65	0.04	6.77
Capitaland Malaysia Trust	REIT	0.63	0.04	6.67
MAG Holdings	Consumer	1.15	0.07	6.52
Magnum	Consumer	1.15	0.07	6.52

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.

IPO Tracker

Company	Listing Sought	Issue Price (RM/Share)	No. Of Shares (m)		Closing Date	Listing Date
			Public Issue	Offer for Sale		
Keyfield International	Main Market	0.90	209.0	-	3 Apr	22 Apr
Topmix	ACE Market	0.31	82.7	19.7	4 Apr	23 Apr
MKH Oil Palm (East Kalimantan)	Main Market	0.62	220.0	30.7	16 Apr	30 Apr

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