

Daily Newswatch

Market Review

The FBMKLCI experienced another decline (-0.6%) on Monday as investors remain caution amid geopolitical tensions in the Middle East. Similarly, key major regional indices also saw decreases, influenced also by ongoing inflation concerns in the US. Across the board, every sector registered losses, with the property sector taking the hardest hit (-2.5%), followed by healthcare (-1.8%) and telecommunication (-1.7%). Overall, market breadth was negative with 993 losers against 230 gainers. Key decliners among index constituents are CDB (-2.4%), Axiata (-2.3%) and Genting (-1.7%).

Economics

- US:** March retail sales top forecasts as consumers keep fuelling growth.
- EU:** European Central Bank's governing council member sees three rate cuts in 2024.
- China:** Economy is expected to have slowed in the first quarter.
- Energy:** Oil market remains calm despite Iran's attack on Israel, as Brent crude prices decline.

Companies

- Solarvest (0215)** to install solar system covering mall's rooftop and car park.
- HeiTech Padu (5028)** bagged a RM190m contract to provide maintenance and technical support services.
- Yinson (7293)** hires bankers for potential bond issue.
- Kitacon (5310)** has secured contract award worth RM135m
- Bahvest (0998)** unit has received approval for its gold mining operations in Tawau, Sabah.
- EP Manufacturing (7773)** signed a cooperation agreement with China-based automobile group.
- Master Tec (0295)** expects higher revenue growth amid copper price rally.

Upcoming key economic data releases

<u>Upcoming key economic data releases</u>	<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	1,542.5	(0.5)	6.2
Dow Jones	37,735.1	(0.7)	0.1
Nasdaq CI	15,885.0	(1.8)	7.6
S&P 500	5,061.8	(1.2)	6.7
FTSE 100	7,965.5	(0.4)	3.2
Nikkei 225	39,232.8	(0.7)	17.9
Shanghai CI	3,057.4	1.3	3.2
HSI	16,600.5	(0.7)	(1.1)
STI	3,183.6	(1.0)	(1.4)

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,279.9	10.3
Value traded (RM m)	3,247.7	8.4
Gainers	230	
Losers	993	
Unchanged	374	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DNEX	0.410	(1.2)	77.2
VELESTO	0.275	0.0	74.3
HM	0.115	(4.2)	69.7
SENDAI	0.375	13.6	66.4
SNS	0.385	(6.1)	50.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.58	(0.5)	171.8
PMETAL	5.22	0.8	144.3
MAYBANK	9.65	0.0	105.8
TENAGA	11.60	(0.9)	85.2
PBBANK	4.12	(1.4)	69.6

Currencies	Last Close	% Chg
USD/MYR	4.7800	0.2
USD/JPY	154.20	0.7
EUR/USD	1.0627	(0.2)
USD/CNY	7.2382	0.0
US Dollar Index	106.21	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	90.10	(0.4)
CPO (RM/metric t)	4,443.0	(0.6)
Gold (USD/troy oz)	2,389.2	1.7
Bitcoin (USD/BTC)	62,821.4	(5.9)

Economics

US: March retail sales top forecasts as consumers keep fuelling growth

US retail sales rose by more than forecast in March and the prior month was revised higher, showcasing resilient consumer demand that keeps fuelling a surprisingly strong economy. The value of retail purchases, unadjusted for inflation, increased 0.7% from February, Commerce Department data showed on Monday. That matched the highest estimate in a Bloomberg survey of economists. Excluding cars and gasoline, sales jumped 1%. So-called control-group sales — which are used to calculate gross domestic product (GDP) — jumped 1.1%, the most since the start of last year. The measure excludes food services, auto dealers, building materials stores and gasoline stations. That likely bodes well for first-quarter GDP, especially after the February reading was revised higher. *(Bloomberg)*

EU: At least three rate cuts in 2024

European Central Bank Governing Council member Gediminas Simkus expects borrowing costs to decrease this year, foreseeing at least three rate cuts. He suggests a possibility of a rate cut in July and emphasizes its importance in setting the future trajectory. Simkus's remarks follow the ECB's recent decision to keep rates steady, but with indications of imminent cuts due to cooling inflation. While policymakers seem aligned in starting cuts at the June meeting, the subsequent path remains uncertain. Money markets project approximately 85 basis points of monetary easing in 2024, indicating at least three quarter-point cuts with a 40% chance of a fourth. *(Bloomberg)*

China: Q1 GDP growth likely to slow

China's economy is expected to have slowed in the first quarter due to ongoing challenges such as a property downturn and weak private-sector confidence, leading policymakers to consider more stimulus measures. According to a Reuters poll, GDP growth likely dropped to 4.6% year-on-year in January-March from 5.2% in the previous quarter, the weakest since Q1 2023. Despite setting a growth target of around 5% for this year, analysts see it as ambitious given last year's growth rate, which was likely boosted by comparison with a COVID-affected 2022. Recent data for March, including exports, consumer inflation, and bank lending, suggests potential faltering momentum, prompting concerns among analysts and the possibility of further stimulus measures to support economic growth in 2024. *(Reuters)*

Energy: Oil market remains steady

Despite Iran's attack on Israel, oil prices initially rose before easing on speculation that the conflict would remain contained. The attack involved over 300 missiles and drones, marking the first strike from Iranian soil. Analysts suggest that if Israel refrains from retaliation, tensions may de-escalate. Oil has been strong due to OPEC+ supply restrictions, and the attack heightens tensions in a region crucial for global oil production. However, Iran's UN mission suggested the issue could be considered resolved, reducing the risk of further conflict. *(Bloomberg)*

Companies

Solarvest (0215): Installing solar system at 1 Utama Shopping Centre

The largest solar power system in Malaysia will be installed across 273,300 square feet of a mall's rooftop and car park, generating over 5,700 kilowatts peak of renewable energy. Solarvest will handle the installation, with its CEO noting the increasing interest in clean energy adoption. The mall's senior manager sees this as a significant step towards achieving environmental goals. (*The Edge*)

Heitech Padu (5028): Bagged RM190m system maintenance contract from JPJ

HeiTech Padu Bhd announced that it secured a contract worth RM190.0m to deliver maintenance and technical support services for the Road Transport Department's (JPJ) information and communications technology infrastructure and MySIKAP system. The three-year contract, starting from May 2024, covers services at JPJ offices nationwide. While specific details of the scope were not provided, the contract's value surpasses that of previous contracts awarded by JPJ to the company. (*The Edge*)

Yinson (7293): Potential bond issue of up to RM2.4bn

Yinson Holdings Bhd has appointed DNB Markets, Pareto Securities, and ABG Sundal Collier ASA to arrange meetings with fixed-income investors, suggesting a potential issuance of a new five-year senior secured debt. The proceeds will be used to refinance existing debt and for general corporate purposes. As of January, Yinson had total borrowings of RM16.3bn, with RM14.9bn as long-term borrowings, and its net gearing ratio rose to 1.7 times from 1.2 times a year ago. (*The Edge*)

Kitacon (5310): Secures LOA worth RM135m

Kitacon, in a filing to the stock exchange on Monday, announced that its subsidiary, Kitacon Sdn Bhd, has agreed to the Letter of Award (LOA) from Tropicana Alam Sdn Bhd for the construction and completion of Phase 1 (Avisa) of the project. The 22-month contract will begin on April 18 this year. Kitacon anticipates that this contract will have a positive impact on its earnings starting from the financial year ending December 31, 2024, and continuing until the contract concludes. (*The Edge*)

Bahvest (0998): Gold mining ops in Sabah get approval

Bahvest Resources Bhd's subsidiary, Wullersdorf Resources, secured approval from Malaysia's Department of Mineral and Geoscience for its mining operations. This adds to its previous endorsement from the Sabah state government. Wullersdorf is Bahvest's main revenue generator. (*The Edge*)

EP Manufacturing (7773): Inks deal with China's BAIC for vehicle assembly in Malaysia

EP Manufacturing Bhd (EPMB) announced that its subsidiary, PEPS-JV (Melaka) Sdn Bhd (PJVM), has partnered with BAIC Motor Corporation Ltd, a major Chinese automobile group, to assemble and manufacture BAIC's authorized model vehicles in Malaysia. PJVM will handle assembly and manufacturing, aiming to reach production capacities of 5,000 vehicles annually by September 1 and 10,000 vehicles by March 1, 2025. BAIC will provide authorization, technical support, and oversee the assembly process. The agreement is effective from April 8, 2024, lasting for 10 years with a possible six-month extension. (*The Edge*)

Master Tec (0295): Higher revenue growth amid copper price rally

Master Tec Group Bhd, an electricity cable manufacturer, predicts increased revenue growth due to higher demand for aluminium conductors amid soaring copper prices. CEO Tee Kok Hwa mentioned a 5% rise in copper conductor production costs, which the company is passing on to customers. There's a growing preference for aluminium conductors among customers as an alternative to copper, expected to expand across various applications. Tee said the company is raising its production capacity for aluminium-cored wires and cables by the fourth quarter of 2024, with two new production plants which can manufacture both medium-voltage and low-voltage power cables. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Cossumer	2.41	0.21	8.88
Sentral REIT	REIT	0.79	0.07	8.48
British American Tobacco (M)	Consumer	8.59	0.70	8.18
YTL Hospital REIT	REIT	1.17	0.09	8.03
KIP REIT	REIT	0.90	0.07	7.78
UOA REITS	REIT	1.11	0.08	7.48
RHB Bank	Finance	5.74	0.40	7.04
Taliworks Corporation	Utilities	0.83	0.06	6.99
Amway (M)	Consumer	7.30	0.51	6.95
Sports Toto	Consumer	1.40	0.10	6.93
MBM Resources	Consumer	4.87	0.34	6.92
CapitaLand Malaysia Trust	REIT	0.62	0.04	6.83
Hektar REITS	REIT	0.65	0.04	6.82
MAG Holdings	Consumer	1.14	0.07	6.58
Magnum	Consumer	1.14	0.07	6.58

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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