

Daily Newswatch

Market Review

The FBMKLCI ended its four-day losing streak on Wednesday, gaining (+0.4%) as investors reassessed risks related to the Middle East crisis. Across the board, all sectors except plantation rebounded, with the construction sector gaining (+1.6%), followed by technology (+1.2%) and healthcare (+1.0%). Market breadth turned positive with 717 gainers against 318 losers. Major gainers among the index constituents are Axiata (+4.0%), TM (+2.2%), and YTL Power (+2.1%).

Economics

- Malaysia:** Cutting petrol subsidies this year as it seeks to narrow fiscal deficit.
- US:** Federal Reserve Chair Jerome Powell signalled policymakers will wait longer than previously anticipated to cut interest rates.
- UK:** Inflation slowed less than expected to 3.2% last month as fuel prices increased.
- Energy:** Oil prices extended losses on Wednesday due to weak economic momentum in China and rise in stockpiles in US

Companies

- Energy** Malaysia intends to export up to 300MW of renewable energy to Singapore.
- Maxis (6012)** has invested RM813 million in FY2023 to enhance its mobile network capacity.
- Malaysian Genomics (0155)** partners De Cell to bring cell-gene therapy programme to market.
- Malayan Flour Mills (3662)** invests RM100m in FY2024, installs milling line in Perak.
- Reservoir Link Energy's (0219)** has secured a contract worth about RM22m for the sub-contracting works of a solar farm.
- Comfort Gloves (2127)** said two subsidiaries of the group have commenced legal action.

Upcoming key economic data releases

	Date
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
US - CPI	15 May

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,540.4	0.4	6.0
Dow Jones	37,753.3	(0.1)	0.1
Nasdaq CI	15,683.4	(1.1)	6.2
S&P 500	5,022.2	(0.6)	5.9
FTSE 100	7,848.0	0.4	1.6
Nikkei 225	37,961.8	(1.3)	14.0
Shanghai CI	3,071.4	2.1	3.7
HSI	16,251.8	0.0	(3.2)
STI	3,154.7	0.3	(2.3)

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	3,452.5	(29.9)
Value traded (RM m)	2,672.8	(28.1)
Gainers	717	
Losers	318	
Unchanged	469	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
BPURI	0.085	6.3	91.1
INGENIEU	0.145	0.0	90.9
ALPHA	0.330	(1.5)	84.2
MYEG	0.775	0.6	70.1
AVI	0.045	(25.0)	53.5

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.53	0.8	210.0
SUNWAY	3.35	2.1	84.4
MAYBANK	9.60	0.2	78.6
PBBANK	4.15	1.2	77.5
TENAGA	11.52	0.3	66.2

Currencies	Last Close	% Chg
USD/MYR	4.7930	(0.1)
USD/JPY	154.27	(0.2)
EUR/USD	1.0672	0.5
USD/CNY	7.2385	0.0
US Dollar Index	105.95	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	87.29	(3.0)
CPO (RM/metric t)	4,258.5	(1.1)
Gold (USD/troy oz)	2,365.7	(0.9)
Bitcoin (USD/BTC)	61,345.5	(3.5)

Economics

Malaysia: Putrajaya pushing ahead with subsidy cuts

Malaysia's economy minister Rafizi Ramli announced plans to reduce petrol subsidies this year to narrow the fiscal deficit, focusing assistance on those in need. The government aims to manage the timing of subsidy cuts to mitigate inflation risks. Prime Minister Anwar Ibrahim's administration seeks to restore investor confidence by scaling back hefty subsidies and diversifying revenue streams, given the weak Malaysian Ringgit. Malaysia currently heavily subsidizes fuel and cooking oil, straining its finances, and plans to cut universal subsidies for RON95 fuel, the most widely used gasoline. (*Bloomberg*)

US: Powell Signals Delay in Rate Cuts Due to Persistent Inflation

Federal Reserve Chair Jerome Powell signalled a delayed approach to interest rate cuts due to persistent high inflation. Powell stressed the need for more time to gain confidence in reaching the Fed's inflation target before considering lowering borrowing costs. He emphasised the Fed's readiness to maintain steady rates if inflation pressures persist. This shift follows consecutive months of inflation surpassing expectations. Powell highlighted the importance of current policy measures while monitoring economic data and outlook. Market expectations for rate cuts have adjusted accordingly, with investors now anticipating fewer cuts than previously projected. (*Bloomberg*)

UK: Inflation stronger than expected

In March, UK inflation slowed less than anticipated, reaching 3.2% compared to the previous year, down from 3.4% in February, according to the Office for National Statistics. This figure, while lower than previous months, surpassed both Bank of England and private-sector economist expectations of 3.1%. This data has prompted traders to reconsider bets on potential interest rate cuts. The report highlights concern about when the Bank of England might be able to ease its record-high interest rates. Additionally, separate data reveals a decline in pipeline price pressures, with fuel and raw material costs for producers dropping by 2.5% in March compared to a year earlier. However, there's still notable inflationary pressure in the services sector, where producer prices rose by 3.6% in the first quarter compared to a year earlier, slightly higher than the previous quarter's 3.5%. (*Bloomberg*)

Energy: Oil prices dip as demand concerns outweigh Middle East supply fears

Oil prices declined early on Wednesday due to concerns about global demand, particularly stemming from weak economic conditions in China and an anticipated increase in US commercial oil stockpiles. Despite tensions in the Middle East, worries about demand overshadowed supply fears. Brent futures for June dropped by 0.6% to \$89.5 a barrel, while US crude futures for May fell by 0.7% to \$84.7 a barrel. The decline in oil prices this week is attributed to economic uncertainties, which have dampened investor confidence despite geopolitical tensions. Attention is focused on Israel's potential response to Iran's recent attack. (*Reuters*)

Companies

Energy: Malaysia green energy sale to Singapore capped at 300MW, operated by single buyer

Malaysia aims to export 300MW of renewable energy to Singapore via the existing power line. The Energy Commission's guidelines establish the Single Buyer as the operator of Energy Exchange Malaysia, facilitating the sale of green electricity. Renewable energy producers can sell power to the Single Buyer, who will then auction it to Singapore-licensed entities. The Single Buyer oversees all aspects of the cross-border scheme. *(The Edge)*

Maxis (6012): Enhances mobile network and IT with RM813mil investment

Maxis Bhd invested RM813 million in 2023 to upgrade its mobile network, expand fibre coverage, and boost digitalization. CEO Goh Seow Eng highlighted achievements, including over 11,000 LTE sites covering 95% of Malaysia and connecting 181,000 premises with fibre. The company prioritises customer experience, boasting a high net promoter score. Improved mobile apps streamline services like plan upgrades and device purchases. Maxis aims for faster, more reliable service through digitalisation, and is confident in maintaining its position as Malaysia's top telco. It will focus on core businesses and operational excellence. *(The Star)*

Malaysian Genomics (0155): Introducing cell-gene therapy programmed to market

MGRC Healthcare Sdn Bhd, a subsidiary of Malaysian Genomics Resource Centre Bhd (MGRC), is collaborating with De Cell Bhd to commercialize its cell-gene therapy program, EXOGENETIX. MGRC will provide technical and production support, while De Cell will handle marketing activities exclusively. This partnership aims to enhance the program's reach and effectiveness in transforming healthcare outcomes through advanced biotechnologies. *(The Star)*

Malayan Flour Mills (3662): Investing a total of RM100m, with new milling line in Lumut

In FY2024, Malayan Flour Mills Bhd (MFM) plans to invest RM100m. Out of this amount, RM32.0m will be allocated to set up a new milling line in Lumut, featuring the latest, more efficient technology. This new line will increase the current daily capacity of 1,800m tonnes by another 600m tonnes. The remaining RM60.0m will be utilised to construct and install flour silos and flour blending facilities in southern Vietnam. This investment follows MFM's capital expenditure of RM34.8 million in FY2023, primarily focused on expanding capacity and enhancing infrastructure at Mekong Flour Mills Ltd. *(The Edge)*

Reservoir Link Energy (0219): Sub-unit bags RM22m solar farm sub-contract

Reservoir Link Energy Bhd's sub-subsidiary Founder Energy Sdn Bhd has won a contract worth RM22m from JS Solar Bhd for the sub-contracting works of a 50MW solar farm in Kulim, Kedah. The project commenced on March 18, 2024, with commercial operations scheduled to begin on March 31, 2025. *(The Star)*

Comfort Gloves (2127): Two subsidiaries go to court over RM99.3m additional tax demand

Comfort Gloves Bhd has announced that two of its subsidiaries have initiated legal proceedings concerning an additional tax claim amounting to RM99.3m by the Inland Revenue Board (IRB). According to a filing with the stock exchange on Tuesday, Rubber Gloves Industries Sdn Bhd (CRGI) and Gallant Quality Sdn Bhd (GQ) received additional income tax assessments from the IRB on February 27. These assessments include RM13.6 million in additional net tax and RM85.7 million in penalties. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.42	0.21	8.84
Sentral REIT	REIT	0.79	0.07	8.48
British American Tobacco (M)	Consumer	8.47	0.70	8.30
YTL Hospital REIT	REIT	1.20	0.09	7.83
KIP REIT	REIT	0.90	0.07	7.78
UOA REITS	REIT	1.10	0.08	7.55
Pavilion REIT	REIT	1.27	0.09	7.09
Sports Toto	Consumer	1.37	0.10	7.08
Taliworks Corporation	Utilities	0.82	0.06	7.07
RHB Bank	Finance	5.72	0.40	7.05
Amway (M)	Consumer	7.21	0.51	7.03
MBM Resources	Consumer	4.86	0.34	6.93
CapitaLand Malaysia Trust	REIT	0.61	0.04	6.89
Hektar REITS	REIT	0.65	0.04	6.82
Sunway REIT	REIT	1.52	0.10	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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