

Daily Newswatch

Market Review

The FBMKLCI maintained its recovery momentum on Thursday, gaining +0.3% as investors regained some confidence and bargain hunt. Across the board, key sectors that emerged positive include utilities (+1.9%), healthcare (+0.8%), and REIT (+0.7%). Meanwhile, the energy sector likely saw some profit taking (-0.8%) amid the stabilisation in oil prices. Market breadth remained positive with 570 gainers against 469 losers. Major movers among the index constituents are RHB (-4.2%), QL (+2.6%), YTL (+2.4%), as well as YTL Power (+2.3%).

Economics

- US:** Economic activity expanded slightly, and firms signalled they expect inflation pressures to hold steady.
- US:** Federal Reserve Bank of Cleveland president Loretta Mester said monetary policy is in a good place.
- EU:** ECB has made it clear that interest rates could be cut in June.
- China:** Central bank to take steps to support the economy.
- Energy:** Oil stabilises after sharp drop on demand concerns, easing of Middle East tension.

Companies

- Axiata (6888)** and India's Bharti Airtel signed a definitive agreement on Thursday to combine their Sri Lankan operations.
- Bursa (1818)** will hold its inaugural auction of renewable energy certificates.
- RHB (1066)** sees opportunities in sustainability finance, aims to provide RM50bn by 2026.
- Pansar (8419)** has secured a contract worth RM269.1 million to upgrade the capacity of a water treatment plant.
- HeiTech Padu (5028)** is looking to raise up to RM23.0m via a private placement.
- Menang Corp (1694)** signed an agreement to acquire 20% of an Indonesian healthcare joint venture.

Upcoming key economic data releases

	Date
Malaysia – External Trades	19 Apr
Malaysia – GDP (estimates)	19 Apr
US - GDP	25 Apr
US – Jobless Initial Claims	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	1,544.8	0.3	6.3
Dow Jones	37,775.4	0.1	0.2
Nasdaq CI	15,601.5	(0.5)	5.7
S&P 500	5,011.1	(0.2)	5.7
FTSE 100	7,877.1	0.4	2.0
Nikkei 225	38,079.7	0.3	14.4
Shanghai CI	3,074.2	0.1	3.8
HSI	16,385.9	0.8	(2.4)
STI	3,187.7	1.0	(1.3)

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	3,838.5	11.2
Value traded (RM m)	2,622.0	(1.9)
Gainers	570	
Losers	469	
Unchanged	493	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
BORNOIL	0.005	(50.0)	177.8
INGENIEU	0.140	(3.4)	129.9
SENDAI	0.405	8.0	71.6
FITTERS	0.045	(10.0)	69.0
VELESTO	0.270	(1.8)	65.2

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.59	0.9	188.5
TENAGA	11.60	0.7	85.3
YTLPOWR	3.99	2.3	72.7
PIE	5.57	12.8	69.7
SUNWAY	3.36	0.3	63.2

Currencies	Last Close	% Chg
USD/MYR	4.7855	(0.2)
USD/JPY	154.58	0.2
EUR/USD	1.0644	(0.3)
USD/CNY	7.2387	0.0
US Dollar Index	106.15	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	87.11	(0.2)
CPO (RM/metric t)	4,152.5	(2.5)
Gold (USD/troy oz)	2,380.5	0.8
Bitcoin (USD/BTC)	63,308.3	4.4

Economics

US: Economic activity expanded slightly in recent weeks, Fed says

The U.S. Federal Reserve recently published its latest assessment of the economy, following Fed Chair Jerome Powell's departure from previous guidance on potential interest rate cuts. Powell emphasised the need for a longer period of restrictive monetary policy due to consistently stronger inflation readings. According to the Fed's "Beige Book" survey, economic activity showed slight expansion overall. Business contacts expressed cautious optimism about the economic outlook. While the pace of price increases was generally described as modest, six districts reported moderate rises in energy prices, with some manufacturers foreseeing near-term risks in both input and output prices. The Fed is expected to maintain its policy rate within the current range of 5.3%-5.5% during its upcoming meeting. *(Reuters)*

US: Mester says US Fed can hold rates steady, not in a hurry to cut

Loretta Mester, President of the Federal Reserve Bank of Cleveland, believes current monetary policy is appropriate and advises against hasty interest rate cuts. She anticipates a decline in inflation but wants more data to confirm its trajectory toward the Fed's 2% target. Mester acknowledges the robust economy and job market, advocating for patience in policy decisions. *(Bloomberg)*

EU: ECB 'crystal clear' on June rate cut, de Guindos says

ECB Vice President Luis de Guindos emphasised that while the European Central Bank (ECB) has clearly indicated the possibility of interest rate cuts in June, decisions beyond that remain uncertain. Despite factors like increasing oil prices, a weaker euro, and expectations of delayed rate cuts by the U.S. Federal Reserve, the ECB has maintained its stance on potential June rate reductions. De Guindos reiterated the ECB's recent guidance that inflation, standing at 2.4% in March, is expected to remain close to its current level in the coming months but is projected to ease back to the ECB's 2% target by next year. Market expectations imply a total of 75 basis points in cuts to the central bank's 4% deposit rate this year, extending beyond June. However, de Guindos refrained from speculating on future rate movements, although some policymakers have suggested the possibility of a second rate cut in July. He acknowledged various uncertainties, including wage growth, productivity, unit labour costs, profit margins, and geopolitical risks, which make it challenging to anticipate future monetary policy decisions. *(Reuters)*

China: Central bank pledging to step up policy support for the economy

China's central bank officials stated that they still have options to boost the economy, but they must be cautious to prevent excessive cash flow within the banking system, especially with weakened real credit demand. Despite the economy's faster-than-expected growth in the first quarter, indicators from March, indicate fragile domestic demand, hindering overall momentum. The People's Bank of China has committed to enhancing policy support and encouraging a price rebound this year. Deputy Governor Zhu Hexin mentioned that earlier monetary policy measures are gradually having an impact, leading to a positive economic start. The central bank has recently implemented slight reductions in banks' reserve requirement ratios and interest rates as part of broader efforts to bolster the economy, with further policy easing anticipated in the upcoming months. *(Reuters)*

Energy: Oil prices were little changed after a drop in the previous session.

Brent futures rose by 13 cents to reach US\$87.4 per barrel, while US West Texas Intermediate (WTI) crude futures increased by six cents to US\$82.8 per barrel. The previous session saw both benchmarks decline by 3%, indicating lower-than-expected fuel demand for the year due to slowing economic growth in China and increased oil inventories in the US, the world's largest crude consumer. The surge in US crude inventories, which rose by 2.7 million barrels to reach 460 million barrels in the week ending April 12, further constrained prices. *(Reuters)*

Companies

Axiata (6888): Combining Sri Lankan ops with Bharti Airtel

Axiata Group Bhd, Malaysia's leading telecom company, and India's Bharti Airtel Ltd have officially agreed to merge their Sri Lankan operations. In this arrangement, Axiata's unit, Dialog Axiata, will take over Airtel Lanka entirely through a share swap deal. As part of this deal, Bharti Airtel will receive shares equivalent to 10.4% of Dialog's shares. This merger reflects Axiata's strategy of consolidating markets and fortifying its financial position. Axiata's CEO, Vivek Sood, believes that merging Dialog and Airtel Lanka will generate value for both Dialog and Axiata shareholders through synergies. For Bharti Airtel, the merger presents new opportunities for growth and innovation in the Sri Lankan market. *(The Edge)*

Bursa (1818): Holding auction of maiden RE certificates on June 25

Bursa Malaysia's BCX will hold its first auction of renewable energy certificates (RECs) on June 25th. RECs support Malaysia's energy transition and companies' net-zero goals by ensuring electricity comes from renewable sources. Sarawak Energy Bhd will provide RECs from its Murum hydropower plant, issued under the I-REC Standard. This move marks BCX's transition to a comprehensive, Shariah-compliant environmental product exchange. *(The Edge)*

RHB (1066): Aiming to provide RM50bn sustainable financing by 2026

RHB Bank sees sustainable financing as an opportunity rather than a challenge, believing it won't impact its overall profit from financing activities. The bank has set a target to provide over RM50bn in sustainable financing by 2026, having already mobilised RM23.8bn in such services by the end of fiscal year 2023, surpassing its initial RM20bn goal. This includes RM11.3bn allocated to green initiatives, aiding the bank's aim of achieving net zero emissions by 2050. RHB's CEO, Mohd Rashid Mohamad, expressed confidence in reaching the RM50bn target by 2026, citing opportunities identified through engagements with various industries and government initiatives. *(The Edge)*

Pansar (8419): Secured RM269m job to upgrade water treatment plant in Sarawak

The construction and infrastructure company was awarded the project by Lembaga Air SibU through an open tender process, facilitated by its subsidiary, Perbena Emas Sdn Bhd. In a filing with the stock exchange, Pansar stated that the 30-month project, starting from May of this year, involves enhancing the capacity of the Salim Water Treatment Plant from its existing 150 million litres per day (MLD) to 300 MLD. *(The Edge)*

HeiTech Padu (5028): Seeks to raise RM23m via private placement

E-government services provider HeiTech Padu Bhd, which recently secured a RM190m contract from the Road Transport Department (JPJ), plans to raise up to RM23m through a private placement. According to a filing on Wednesday, the funds raised will primarily support working capital and payments to suppliers and creditors. The private placement involves offering 10.1 million shares, equivalent to 10% of the company's enlarged share base. The indicative issue price is set at RM2.30 per share, reflecting a discount of 24.4 sen or 9.7% to the five-day volume-weighted average price of HeiTech Padu shares until April 17. *(The Edge)*

Menang Corp (1694): Acquiring 20% stake in Indonesian healthcare JV

Property developer Menang Corp (M) Bhd announced on Wednesday that it had entered into an agreement to purchase a 20.0% stake in an Indonesian healthcare joint venture (JV) for RM4m. Additionally, the company has agreed to subscribe to up to 30m preference shares for RM30m in the JV, named Alpro Menang Ventures Sdn Bhd. The remaining 80.0% of the JV will be owned by Alpro Alliance Sdn Bhd (ALA), a company engaged in the retail of pharmaceutical products. Menang stated that this investment provides an opportunity for the company and its subsidiaries to establish a strategic partnership with ALA in exploring the healthcare and wellness sector within the dynamic Indonesian market. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.41	0.21	8.88
British American Tobacco (M)	Consumer	8.39	0.70	8.38
Sentral REIT	REIT	0.80	0.07	8.38
YTL Hospital REIT	REIT	1.19	0.09	7.90
KIP REIT	REIT	0.90	0.07	7.78
UOA REITS	REIT	1.11	0.08	7.48
RHB Bank	Finance	5.48	0.40	7.35
Taliworks Corporation	Utilities	0.81	0.06	7.16
Sports Toto	Consumer	1.37	0.10	7.08
Amway (M)	Consumer	7.20	0.51	7.04
Pavilion REIT	REIT	1.29	0.09	6.98
MBM Resources	Consumer	4.91	0.34	6.95
Hektar REITS	REIT	0.64	0.04	6.88
CapitaLand Malaysia Trust	REIT	0.63	0.04	6.67
Sunway REIT	REIT	1.51	0.10	6.62

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
Sin-Kung Logistics	ACE Market	0.13	200.0	103.5	2 May	15 May

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