

Daily Newswatch

Market Review

Despite weak sentiment in regional markets, the FBMKLCI managed to close in positive territory (+0.2%) due to selective buying in commodity-related counters such as PMETAL (+3.0%) and MISC (+2.3%). This was also aided by positive economic data release, where advance estimates forecast Malaysia 1Q24 GDP to grow by 3.9%, compare to 3.0% in 4Q23. Overall, given escalated tension in the Middle East conflict, the energy sector gained 1.8% but negative sentiment dragged technology (-1.7%), construction (-1.3%), and property (-1.2%) sectors instead. Market breadth was negative with 289 gainers against 918 losers.

Economics

- Malaysia:** GDP grew 3.9% in 1Q2024, advance estimate shows
- EU:** ECB could make back-to-back summer rate cuts, Simkus say
- UK:** BOE's Ramsden signals he has less concern about UK inflation
- Japan:** Inflation cools ahead of BOJ Policy board meeting

Companies

- Yinson (7293)** secures bond issue for facility upgrades
- Kimlun (5171)** bags RM150m contract from Astaka
- Uzma (7250)** plans private placement for WIF development
- MCE Holdings (7004)** begins construction of Auto Hub in Selangor
- Fitters (9318)** bags RM26m subcontract from IJM Construction
- Fajarbaru (7047)** wins KLIA terminal contract
- Gas Malaysia (5209)** adjusts its tariff rate down
- Hextar Capital (0035)** diversifies into construction and project management services
- EG Industries (8907)** expands partnership with US-based firm Cambridge Industries Group

Upcoming key economic data releases

	Date
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	1,547.6	0.2	6.5
Dow Jones	37,986.4	0.6	0.7
Nasdaq CI	15,282.0	(2.0)	3.5
S&P 500	4,967.2	(0.9)	4.7
FTSE 100	7,895.9	0.2	2.3
Nikkei 225	37,068.4	(2.7)	11.4
Shanghai CI	3,065.3	(0.3)	3.5
HSI	16,224.1	(1.0)	(3.4)
STI	3,176.5	(0.3)	(1.7)

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,713.3	22.8
Value traded (RM m)	3,396.8	29.6
Gainers	289	
Losers	918	
Unchanged	416	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TWL	0.030	(0.0)	96.2
BPURI	0.080	(0.0)	77.6
VELESTO	0.275	1.9	72.4
MYEG	0.770	(1.3)	66.2
AWANTEC	0.220	(31.2)	64.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.56	(0.5)	215.8
MAYBANK	9.65	(0.2)	106.3
INARI	3.05	(4.1)	78.4
YTLPOWR	4.02	0.8	76.6
PMETAL	5.44	3.0	69.6

Currencies	Last Close	% Chg
USD/MYR	4.7832	(0.0)
USD/JPY	154.64	0.0
EUR/USD	1.0656	0.1
USD/CNY	7.2393	0.0
US Dollar Index	106.15	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	87.29	0.2
CPO (RM/metric t)	2,391.9	0.5
Gold (USD/troy oz)	3,995.5	0.9
Bitcoin (USD/BTC)	65,259.0	0.9

Economics

Malaysia: GDP grew 3.9% in 1Q2024, advance estimate shows

According to the Department of Statistics Malaysia (DOSM), Malaysia's economy expanded by 3.9% in the first quarter of 2024, with growth primarily driven by the services sector, particularly wholesale & retail trade, transport & storage, and business services. Other sectors, such as manufacturing, mining & quarrying, agriculture, and construction, also contributed positively to the overall growth. Bank Negara Malaysia anticipates the economy to grow between 4% and 5% for the entire year of 2024. (*TheEdge*)

EU: ECB could make back-to-back summer rate cuts, Simkus say

The European Central Bank (ECB) could potentially lower borrowing costs in both June and July if disinflation in the euro zone exceeds expectations, according to a statement by Governing Council member Gediminas Simkus. The ECB anticipates a series of rate reductions throughout 2024, with the possibility of up to three or even four cuts, contingent on economic data and growth forecasts. However, some council members express concerns about aligning ECB policy too closely with the Federal Reserve's and emphasize geopolitical uncertainties. (*Bloomberg*)

UK: BOE's Ramsden signals he has less concern about UK inflation

Bank of England Deputy Governor Dave Ramsden indicates a lessened concern about UK inflation, suggesting a potential willingness to support interest rate cuts. Ramsden notes a convergence of UK inflation dynamics with the more subdued backdrop in the eurozone, signaling a shift in stance from previous months. His remarks trigger expectations for rate cuts, with markets now fully pricing in two quarter-point rate cuts by the end of the year. (*Bloomberg*)

Japan: Inflation cools ahead of BOJ Policy board meeting

Japan's consumer inflation eased slightly in March but remained above the Bank of Japan's 2% target for two consecutive years, potentially supporting further policy normalization efforts. While some indicators, like service prices, show signs of slowing, larger wage increases could spur demand-led price growth in the coming months. Factors such as the weak yen and rising commodity costs pose upside risks to inflation, with expectations for the BOJ to upwardly revise its inflation forecast for the current fiscal year. (*Bloomberg*)

Companies

Yinson (7293): Secured bond issue for facility upgrades

Yinson Holdings Bhd's subsidiary, Yinson Production Offshore Pte Ltd, has successfully issued a US\$500m five-year senior secured bond with a fixed coupon of 9.625% in the Nordic bond market. The proceeds will be used to refinance existing corporate loans and for general corporate purposes, reflecting investor confidence in Yinson Production's long-term contracts and cash flows. Yinson's recent financing activities, including bond placements and private placements, aim to support its renewable energy ventures alongside its existing offshore vessel operations. *(The Edge)*

Kimlun (5171): Bags RM150m contract from Astaka Holdings Ltd

Astaka Holdings Ltd has awarded a RM150m construction contract to Kimlun Sdn Bhd, a subsidiary of Kimlun Corp Bhd, for the Aliva project with a GDV of RM254m. The project comprises of 499 units that is primarily targeting the premium market segment in Mount Austin, Johor Baru. *(The Star)*

Uzma (7250): Plans private placement for WIF development

Uzma Bhd intends to raise RM68.4m through a private placement, offering 15% of its current share base to fund the development of a water injection facility (WIF) leased to a Hibiscus Petroleum Bhd unit. The company plans to issue up to 58.1m shares to third-party investors at a price yet to be determined but estimated at RM1.18 per share. The proceeds will mainly support the construction of the WIF and repay bank borrowings, facilitating business expansion and interest savings. This move, which is expected to conclude by the 2Q24, follows a previous successful private placement in July last year, aimed at funding its solar plant project. *(The Edge)*

MCE Holdings (7004): Begins construction of Auto Hub in Selangor

MCE Holdings Bhd has initiated the construction of its MCE Auto Hub in Serendah, Selangor, with an initial investment of RM50m for the first phase. The hub aims to serve as MCE's primary production facility, catering to the increasing demand for automotive electronic components and systems in both internal combustion engine (ICE) vehicles and electric vehicles (EVs). Managing Director Dr. Goh Kar Chun emphasized the company's commitment to lead in supplying automotive electronics in the region, with plans to invest RM150m to RM200m over the next decade. The first phase of construction is expected to finish by year-end, with operations slated to commence in 2025. *(The Edge)*

Fitters (9318): Bags RM26.1m subcontract from IJM Construction

Fitters Diversified Bhd's subsidiary, Fitters Engineering Services Sdn Bhd, has secured a RM26.1 million subcontract from IJM Construction Sdn Bhd for fire protection services in Shah Alam, Selangor. The subcontract has commenced on February 20, 2025. *(The Star)*

Fajarbaru Builder Group (7047): Wins KLIA Terminal contract

Fajarbaru Builder Group Bhd has secured a RM13.3m contract to upgrade fire engineering systems at Kuala Lumpur International Airport's Terminal 1 satellite building, awarded by Malaysia Airports Holdings Bhd. The contract, spanning 11 months starting from April 22. This achievement follows Fajarbaru's strong financial performance in the second quarter of 2023, with a net profit of RM19.2m driven by increased revenue from property development, logging, and timber trading segments. *(The Edge)*

Gas Malaysia (5209): Adjusts its tariff rate down

Gas Malaysia Bhd's subsidiary, Gas Malaysia Distribution Sdn Bhd (GMD), will adjust its rate by RM0.045 per gigajoule (GJ) per day through a rebate to its base average tariff for the period of Jan 1-Dec 31, 2024. This adjustment sets GMD's allowed average tariff under the incentive-based regulation (IBR) at RM1.528/GJ per day. Gas Malaysia clarified that this tariff adjustment does not apply to sales of liquefied petroleum gas in gas cylinders or bulk supply. *(The Star)*

Hextar Capital (0035): Diversifies into construction and project management services

Hextar Capital Bhd (HCB) is set to diversify its business into construction and project management services, with the support of its subsidiary, T&J Engineering Sdn Bhd (TJE). TJE recently secured a RM97 million contract to serve as a sub-contractor for building student hostels at Universiti Malaysia Kelantan. This strategic move aligns with HCB's long-term plan to pursue additional EPCC opportunities and expand revenue streams, reflecting its commitment to innovation, growth, and delivering sustainable value to shareholders. *(The Star)*

EG Industries (8907): Expands partnership with US-based firm Cambridge Industries Group

EG Industries Bhd has entered into a second letter of intent with US-based Cambridge Industries Group (CIG) to manufacture the next-generation 1.6T advanced high-speed optical signal transmitter and receiver for 5G wireless networks at EG Industries' new Smart Factory 4.0 in Penang. These optical modules represent the latest industry advancement for high-speed data transmission in 5G networks, supporting automation and AI applications. EG Industries serves as CIG's exclusive manufacturer outside of China, underlining a strategic partnership for technology transfer and production of CIG's photonics solutions. Additionally, the LOI covers the production of 800G optical modules alongside previously agreed-upon models, to be manufactured in EG Industries' existing facilities in Sungai Petani, Kedah, and the upcoming Smart Factory 4.0 slated to commence operations by the second half of 2024. *(The Star)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.37	0.21	9.03
Sentral REIT	REIT	0.79	0.07	8.48
British American Tobacco (M)	Consumer	8.32	0.70	8.45
YTL Hospital REIT	REIT	1.18	0.09	7.97
KIP REIT	REIT	0.90	0.07	7.78
UOA REITS	REIT	1.12	0.08	7.41
RHB Bank	Finance	5.48	0.40	7.35
Taliworks Corporation	Utilities	0.80	0.06	7.25
Sports Toto	Consumer	1.36	0.10	7.13
Pavilion REIT	REIT	1.28	0.09	7.03
MBM Resources	Consumer	4.87	0.34	7.00
Amway (M)	Consumer	7.31	0.51	6.94
CapitaLand Malaysia Trust	REIT	0.62	0.04	6.83
Hektar REITS	REIT	0.65	0.04	6.82
Paramount Corporation	Property	1.06	0.07	6.70

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.

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

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my