

Daily Newswatch

Market Review

The FBMKLCI ended higher (+0.6%) closing at its highest mark in 2-years, on the back of continued positive investor sentiment in the market with selective buying in stocks such as Axiata (+5.0%) and Press Metal (+2.4%). All sectors ended in positive with property (+1.8%), healthcare (+1.7%) and technology sectors (+1.6%) leading the gains. Market breadth was positive with 777 gainers against 327 losers.

Economics

- **Germany's** business outlook hits one year high as economy heals
- **Australia's** hot inflation suggest higher-for-longer-rates
- **Indonesia** Central Bank delivers surprise rate hike
- **Mexico's** inflation accelerates, rate cut unlikely in May
- **Canada's** retail sales flatlined in the first quarter of 2024

Companies

- **Chin Hin (7187)** to develop two lands with combined GDV of RM1.1bn
- **Meta Bright (2097)** secures RM24m leasing contract
- **OCR Group (7071)** to develop RM313m residential project
- **Fajarbaru (7047)** wins RM252m contract from WCT
- **Axis-REIT (5106)** disposes of property in Johor for RM162m
- **Carlsberg (2836)** raises prices of beers to preserve margin
- **Hibiscus (5199)** completes drilling at Bunga Aster-1 well
- **MyEG (0138)** inks partnership to launch Hong Kong virtual assets
- **Suria Capital (6521)** partners with DP World to manage SPCB

<u>Upcoming key economic data releases</u>	<u>Date</u>
US - GDP	25 Apr
US – Jobless Initial Claims	25 Apr
Malaysia - CPI	25 Apr
Malaysia – PPI	26 Apr
Malaysia – External Trades Indices	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	1,571.5	0.6	8.1
Dow Jones	38,460.9	(0.1)	2.0
Nasdaq CI	15,712.8	0.1	6.4
S&P 500	5,071.7	0.0	6.9
FTSE 100	8,040.4	(0.1)	4.1
Nikkei 225	38,460.1	2.4	15.5
Shanghai CI	3,044.8	0.8	2.8
HSI	17,201.3	2.2	2.5
STI	3,293.1	0.6	2.0

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,249.1	13.9
Value traded (RM m)	3,033.9	8.7
Gainers	777	
Losers	327	
Unchanged	480	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TALAMT	0.015	50.0	183.1
INGENIEU	0.130	(3.7)	116.5
TWL	0.030	0.0	108.7
BPURI	0.075	0.0	95.6
MYEG	0.800	1.9	68.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.670	0.0	180.3
MAYBANK	9.800	(0.2)	160.6
TENAGA	11.860	1.2	115.6
PBBANK	4.250	1.0	89.0
PMETAL	5.510	2.4	79.7

Currencies	Last Close	% Chg
USD/MYR	4.7773	(0.1)
USD/JPY	155.30	0.3
EUR/USD	1.0698	(0.0)
USD/CNY	7.2460	0.0
US Dollar Index	105.82	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	88.12	(0.4)
CPO (RM/metric t)	2,317.9	(0.2)
Gold (USD/troy oz)	4,124.0	1.8
Bitcoin (USD/BTC)	63,886.3	(3.7)

Economics

Germany: business outlook hits one year high as economy heals

German business outlook, as measured by the Ifo institute, rose to its highest level in a year to 89.9 in April from a revised 87.7 the previous month. That exceeds the 88.9 median forecast in a Bloomberg survey, surpassing expectations. This improvement reflects a stabilization in the economy, driven by a stronger global economy, looser monetary policy in the euro zone, and optimism from policymakers. However, while there are signs of recovery, particularly in services, challenges remain, notably in the manufacturing sector, and growth prospects for Germany are still modest compared to pre-pandemic levels. *(Bloomberg)*

Australia: hot inflation suggest higher-for-longer-rates

Australia's inflation in the first quarter of 2024 surpassed expectations, with the consumer price index rising 3.6% year-on-year and the core inflation gauge, the trimmed mean, climbing 4%. This stronger-than-expected inflation data has led to a shift in market expectations, with reduced pricing for future rate cuts by the Reserve Bank of Australia (RBA) and increased speculation about the possibility of rate hikes. The report highlights concerns about the stickiness of services prices and the potential for inflation expectations to become unmoored if CPI remains elevated, prompting the RBA to potentially revise its forecasts and consider further tightening measures to cool prices. *(Bloomberg)*

Indonesia: Central Bank delivers surprise rate hike

Indonesia's central bank surprised markets with a 25 basis points rate hike, raising the 7-day reverse repurchase rate to 6.25%, its highest level since 2016. This move aims to support the rupiah against global risk aversion and uncertainties regarding the timing of U.S. monetary policy adjustments. BI Governor Perry Warjiyo highlighted the decision's intent to bolster the rupiah's stability amid concerns about a deteriorating global economy. The announcement led to a strengthening of the rupiah, which had been under pressure due to risk-off sentiment and geopolitical tensions. *(Bloomberg)*

Mexico: inflation accelerates, rate cut unlikely in May

Mexico's consumer prices unexpectedly increased in the first half of April, contrary to economists' expectations of a decrease. This reinforced expectations that the central bank would maintain its benchmark interest rate at the upcoming policy meeting. The inflation rate rose to 4.63% annually, surpassing both market expectations and the Bank of Mexico's target range. Despite a recent rate cut in March, policymakers are likely to adopt a more cautious approach due to persistent inflationary pressures and global uncertainties affecting the Mexican peso. *(Reuters)*

Canada: retail sales flatlined in the first quarter of 2024

Canadian retail sales remained stagnant in March, following a slight drop in February and a significant decline in January, resulting in the weakest quarterly performance since the second quarter of 2023. February's decrease was driven by lower sales at gas stations, while car sales provided a bright spot. However, core retail sales, excluding autos, remained unchanged, indicating consumer cutbacks on discretionary spending, particularly on items like clothing and sporting goods. *(Bloomberg)*

Companies

Chin Hin Group (7187): to develop two lands with combined GDV of RM1.1bn

Chin Hin Group Property Bhd's unit, Chin Hin Property (Segambut) Sdn Bhd, has signed agreements with New York Empire Sdn Bhd and Kar Sin Bhd to develop a freehold land in Segambut, Kuala Lumpur, with an estimated gross development value (GDV) of RM685.1m for a residential or mixed-use project. Another subsidiary, BKHS Capital Sdn Bhd, has also entered an agreement with Archmill Sdn Bhd and Suasa Sentosa Sdn Bhd to develop a freehold land parcel in Dutamas, Kuala Lumpur, with an estimated GDV of RM395.5m for similar innovative residential or mixed-use concepts, with CHGP having comprehensive rights for design, development, and marketing for both projects. *(The Star)*

Meta Bright (2097): secures RM24m leasing contract with Australia company

Meta Bright Group Bhd (MBGB) announced that its wholly-owned Australian subsidiary, Meta Bright Australia Pty Ltd, has secured a new equipment leasing contract from Australian copper mining company Mt Cuthbert Resources Pty Ltd (MCR). The contract entails providing dry hire equipment rental services to MCR, supporting its copper mining operations in Australia with machinery and equipment valued up to RM24.8m. MBGB anticipates substantial monthly recurring rental income from this contract, estimated at AU\$222,950 (approximately RM691.7m), enhancing its recurring revenue streams and strengthening its foothold in the Australian market. *(The Star)*

OCR Group (7071): to develop RM313m residential project in Rawang

OCR Group Bhd's indirect subsidiary, OCR Templer Sdn Bhd, is set to develop a landed residential project spanning 7.44 hectares in Templer, Rawang, with an estimated gross development value (GDV) of RM313m. Through a joint-venture agreement (JVA) with landowner Lecca Properties (M) Sdn Bhd, OCR Templer will undertake the development on the freehold land. The project, slated for launch in 2025, will feature 118 semi-detached houses, 37 bungalow lots, and five units of commercial shop lots, catering to urban convenience and a close-to-nature lifestyle. OCR Group's managing director, Billy Ong Kah Hoe, expressed confidence in the project's success, highlighting its strategic location and appealing attributes aimed at enriching residents' lifestyles. *(The Star)*

Fajarbaru (7047): wins RM252m contract from WCT

Fajarbaru Builder Group Bhd has been awarded a contract by WCT Holdings Bhd for main building works on a two-phase residential development project in Johor Baru, Johor, valued at RM252.3m. The project consists of two blocks of serviced apartments across eight towers, totaling 2,048 residential units and 69 commercial units, with work scheduled to commence on May 6, 2024, and completion expected by May 5, 2027. Phase 2 of the project is pending confirmation, with Fajarbaru anticipating a decision from WCT within the next 12 months. This significant contract win strengthens Fajarbaru's position in the construction industry and expands its ongoing project order book to over a billion ringgit, showcasing its reliability as a trusted partner for major developers like WCT. *(The Star)*

Axis-REIT (5106): disposes of property in Johor for RM162m

Axis Real Estate Investment Trust (Axis-REIT) has proposed to sell the Axis Steel Centre@SiLC in Nusajaya, Johor, to a data center operator for RM162m. However, Axis-REIT cannot disclose the purchaser's identity due to confidentiality clauses in the sale and purchase agreement. The proposed disposal aligns with the fund's investment objectives, as the manager believes that after nine years of ownership, the property's income-generating potential has been maximized, with limited upside for future rental growth in its current capacity as a manufacturing facility. *(The Star)*

Carlsberg Malaysia (2836): raises prices of beers to preserve margin

Carlsberg Brewery Malaysia Bhd, the local arm of the Danish brewer, has confirmed price increases for its beer products starting this month. The company's managing director, Stefano Clini, stated that the priority is to preserve margin, noting that the last price hike occurred in 2022. While Clini acknowledged the price increase, specific details were not disclosed. Last month, retailers reportedly received notices of the price hikes from Carlsberg and its Dutch rival Heineken, with an approximate increase of around 5%. *(The Edge)*

Hibiscus (5199): completes drilling at Bunga Aster-1 well, first oil production set for next month

Hibiscus Petroleum Bhd has completed drilling the Bunga Aster-1 exploration well, expecting first oil production in May. The discovery is anticipated to boost reserves and oil production in the PM3 Commercial Arrangement Area Production Sharing Contract (PM3 CAA PSC). Hibiscus plans to explore other prospects in the PM3 CAA PSC, holding a 35% participating interest in collaboration with Petroliaam Nasional Bhd (Petronas). *(The Edge)*

MyEG (0138): inks partnership to launch Hong Kong virtual assets

MyEG Services Bhd has partnered with Zetrix Foundation and MaiCapital to launch an SFC-approved ETF of cryptocurrencies, aiming to integrate digital assets into mainstream finance and offer diversification to investors. MaiCapital will manage the ETF, leveraging its SFC approval to manage funds comprising up to 100% virtual assets. This collaboration follows MyEG's successful ventures, including the Zetrix blockchain platform, which contributed to a 22.3% increase in net profit to RM487.7m in FY2023. MyEG remains optimistic about its long-term prospects as it continues to innovate services in Malaysia and globally, aligning with Hong Kong's Web3 ambitions through strategic alliances. *(The Edge)*

Suria Capital's (6521): Sabah Ports partners with DP World to manage SPCB

Sabah Ports Sdn Bhd, a subsidiary of Suria Capital Holdings Bhd, has teamed up with DP World to manage Sapangar Bay Container Port (SBCP), aiming to strengthen its role as a trade hub for the BIMP-EAGA region. DP World will expand SBCP's container handling capacity, invest in digital enhancements, and improve port connectivity. The partnership, signed by Sabah Ports' managing director Datuk Ng Kiat Min and DP World's chairman and CEO Sultan Ahmed Sulayem, seeks to address logistics challenges, attract investments, and stimulate economic growth in Sabah. This collaboration builds on a 2019 agreement and aims to enhance connectivity, reduce transit costs, and elevate performance standards across Sabah's supply chain, unlocking new growth opportunities, particularly in agricultural exports. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.34	0.21	9.15
British American Tobacco (M)	Consumer	8.25	0.70	8.52
Sentral REIT	REIT	0.80	0.07	8.43
YTL Hospital REIT	REIT	1.20	0.09	7.83
KIP REIT	REIT	0.91	0.07	7.73
UOA REITS	REIT	1.11	0.08	7.48
RHB Bank	Finance	5.52	0.40	7.30
Taliworks Corporation	Utilities	0.80	0.06	7.25
CapitaLand Malaysia Trust	REIT	0.63	0.05	7.20
MBM Resources	Consumer	4.86	0.34	7.02
Amway (M)	Consumer	7.23	0.51	7.01
Sports Toto	Consumer	1.39	0.10	6.98
Pavilion REIT	REIT	1.29	0.09	6.98
Paramount Corporation	Property	1.07	0.07	6.64
MAG Holdings	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		
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
Farm Price Berhad	Ace Market	0.26	102.0	33.0	30 Apr	14 May

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