

# Daily Newswatch

## Market Review

The FBMKLCI closed marginally lower (-0.1%) on Thursday as investor sentiment turned cautious following weak US corporate results overnight. Sectors that experienced the most decline include industrial products & services (-0.7%), telecommunications (-0.6%), and technology (-0.5%). Market breadth turned negative with 581 losers compared to 443 gainers. Key decliners among index constituents are Genting (-1.8%), PetChem (-1.7%), and GENM (-1.1%).

## Economics

- **Malaysia's** inflation stays at 1.8% in March 2024.
- **US** economic growth slowed more than expected in 1Q24.
- **Canada's** governing council split on rate cut timing.
- **South Korea's** economic growth beats forecast.
- **Thailand** banks will cut lending rates by 25 basis points.

## Companies

- **Axiata (6888)** and PT Sinar Mas are moving forward with plans to merge their telecommunications operations.
- **IOI Properties (5249)** breaks ground for 117-acre Senna Puteri in Sepang.
- **Eden Inc's (7471)** major shareholder is proposing to settle a RM46m debt by land transfer.
- **Solarvest (0215)** has delivered an additional 8.9MWp solar project to Nibong Tebal Paper Mill.
- **AirAsia X (5238)** is taking over Capital A Bhd's aviation business.
- **Inta Bina (0192)** bags RM225m job to build business serviced apartments.

### Upcoming key economic data releases

	<u>Date</u>
Malaysia – PPI	26 Apr
Malaysia – External Trades	26 Apr
US - FOMC meeting	30 Apr
EU – GDP (flash)	30 Apr
US – Jobless Initial Claims	2 May
US - CPI	15 May
Malaysia - CPI	16 May
EU - CPI	17 May
US - GDP	30 May

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,569.3	(0.1)	8.0
Dow Jones	38,085.8	(1.0)	1.0
Nasdaq CI	15,611.8	(0.6)	5.7
S&P 500	5,048.4	(0.5)	6.4
FTSE 100	8,078.9	0.5	4.6
Nikkei 225	37,628.5	(2.2)	13.0
Shanghai CI	3,052.9	0.3	3.1
HSI	17,284.5	0.5	3.0
STI	3,287.8	(0.2)	1.8

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	3,963.0	(6.7)
Value traded (RM m)	2,829.9	(6.7)
Gainers	443	
Losers	581	
Unchanged	535	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SAPNRG	0.045	0.0	124.1
BJCORP	0.295	3.5	117.6
INGENIEU	0.115	(11.5)	93.9
EKOVEST	0.450	(2.2)	95.6
FITTERS	0.050	11.1	63.5

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MAYBANK	9.78	(0.2)	200.8
CIMB	6.68	0.1	156.1
YTL	2.77	2.2	101.4
AIRPORT	9.89	(1.1)	84.4
TENAGA	11.86	0.0	81.7

Currencies	Last Close	% Chg
USD/MYR	4.7760	(0.0)
USD/JPY	155.57	0.2
EUR/USD	1.0730	0.3
USD/CNY	7.2399	(0.1)
US Dollar Index	105.60	(0.2)

Commodities	Last Close	% Chg
Brent (USD/barrel)	89.01	1.1
CPO (RM/metric t)	4,124.0	1.8
Gold (USD/troy oz)	2,333.1	0.7
Bitcoin (USD/BTC)	64,613.7	1.2

## Economics

### Malaysia: Inflation stays at 1.8% in March

In March 2024, Malaysia's inflation rate remained steady at 1.8% compared to the previous month, as reported by the Department of Statistics Malaysia (DOSM). The stable inflation was primarily influenced by rising prices in housing, water, electricity, gas, and other fuels (3.0%), along with restaurant and accommodation services (3.0%). Additionally, personal care, social protection, miscellaneous goods, and services contributed to the inflation rate with a 2.6% increase, while transport saw a modest rise of 1.3%. However, this uptick was balanced by slower increases in health (2.1%), food and beverages (1.7%), and recreation, sports, and culture (1.5%). *(The Edge)*

### US: Economic growth slowed more than expected in the first quarter

The Commerce Department's Bureau of Economic Analysis reported that in the first quarter, US Gross Domestic Product (GDP) rose by 1.6% on an annualized basis. This growth, primarily fuelled by consumer spending, contributed significantly to the overall expansion. Additionally, the International Monetary Fund (IMF) recently revised its 2024 growth forecast for the United States to 2.7%, up from the 2.1% initially projected in January. The IMF cited robust employment figures and consumer spending as key factors behind this upward revision. Notably, monthly job additions in the first quarter averaged 276,000, a notable increase from the previous quarter's average of 212,000. *(Reuters)*

### Canada: Governing council split on rate cut timing

During their recent meeting, the Bank of Canada's governing council members were divided on when to cut interest rates. Some emphasised caution due to the strong Canadian economy and inflation risks, while others pointed to slowing inflation and the risk of maintaining high rates for too long. Despite these differences, they agreed to maintain the key interest rate at five percent for now, with any future rate cuts to be implemented gradually. Canada's inflation rate was 2.9 per cent in March, within the central bank's one to three per cent target range. Core measures of inflation, which strip out volatile price movements, have also eased over the last few months. *(Bloomberg)*

### South Korea: Economic growth accelerated faster than expected

South Korea's economic growth surged last quarter, surpassing even the most optimistic forecasts. According to the Bank of Korea, Gross Domestic Product (GDP) expanded by 1.3% in the first quarter, exceeding economists' consensus of 0.6% and surpassing even the highest estimate of 0.9%. Year-on-year, the economy grew by 3.4%, outpacing the forecast of 2.5%. This faster-than-expected growth supports policymakers' expectations of over 2% growth for the year, driven by strong global demand for technology products like semiconductors. Additionally, export growth accelerated to 8.3% in the first quarter from 5.7% in the previous period, indicating broadening momentum across various industries. *(Bloomberg)*

### Thailand: Lenders to cut rates by 25 bps

Thai banks will decrease lending rates by 25 basis points for six months for vulnerable groups, responding to a government request to aid small businesses. Prime Minister Srettha Thavisin has urged the central bank to cut rates from a more than decade-high of 2.50%, citing its negative impact on businesses amid high household debt and China's economic slowdown. The rate cuts, applied to individual and SME customers, aim to ease their interest burden and support their recovery, according to the bankers' association. Despite government pressure, the Bank of Thailand has kept its key interest rate unchanged for a third consecutive meeting on April 10, asserting its support for the economy. The next rate review is scheduled for June 12. *(Reuters)*

## Companies

### **Axiata (6888): Moving closer to US\$3.5bn telco merger**

The owners of PT XL Axiata and PT Smartfren Telecom are in discussions about a potential deal that would combine the two companies into a US\$3.5bn entity with around 100m customers. Sources familiar with the matter revealed that the structure of the transaction is being considered, with the possibility of involving a combination of cash and shares. A non-binding agreement might be reached in the coming months, allowing for continued negotiations and due diligence. However, they cautioned that the talks are ongoing and there is no guarantee the merger will proceed. *(The Edge)*

### **IOI Properties (5249): Broke ground on Thursday for Senna Puteri**

IOI Properties Group initiated the construction of Senna Puteri, its latest township project situated in Sepang, Selangor. The development will comprise 386 townhouse units in its initial phase, slated for launch before the end of the second quarter. Spanning 117 acres in the southern Klang Valley, Senna Puteri is a 12-phase project planned over the next decade, encompassing residential, commercial, and recreational areas, along with amenities like a community hall and surau. With a gross development value exceeding RM3bn, IOI Properties aims to replicate the success of its previous project, Warisan Puteri, by creating a well-planned, self-sufficient mixed development. *(The Edge)*

### **Eden Inc (7471): Major shareholder proposes land transfer to settle RM46m debt owed**

Tan Sri Abd Rahim Mohamad, a significant shareholder of Eden Inc Bhd, is proposing to settle a RM45.7m debt owed by his company, Zil Enterprise Sdn Bhd (ZESB), to Eden. The proposal involves transferring ownership of a 55-acre leasehold land, valued at RM50.5m, to Eden. ZESB, solely owned by Abd Rahim, holds a 6.7% direct stake and an 8.7% indirect stake in Eden through Serata Padu Sdn Bhd, giving him control of 15.4% of Eden. The industrial plot in Kuantan, valued by an independent valuer, is to be transferred to Eden's unit, Stratavest Sdn Bhd (STV). Upon transfer, Eden will pay ZESB RM4.9m in cash, the balance of the land value after deducting the debt. *(The Edge)*

### **Solarvest (0215): Delivers 8.9MWp solar project to NTPM**

Solarvest Holdings Bhd has completed an additional 8.9 Megawatt peak (MWp) solar project for Nibong Tebal Paper Mill Sdn Bhd (NTPM). The project, valued at RM27m, began operating on December 31, 2023, and will provide power to NTPM's facilities in Nibong Tebal, Penang, and Parit Buntar, Perak. This development enables NTPM to monitor and reduce carbon emissions, aligning with Bursa Malaysia's requirements for listed companies to report greenhouse gas (GHG) emissions. *(The Star)*

### **AirAsia X (5238): Buying Capital A's aviation business for RM6.8bn via share deal**

AirAsia X Bhd (AAX) revealed its plan to acquire Capital A Bhd's aviation business via a bourse filing on Thursday. The strategy involves internal reorganization, creating a new entity (NewCo) to take over AAX's listing status. Existing AAX shareholders will swap their shares for shares in the NewCo, named Airasia Group Sdn Bhd, at a one-to-one ratio. The NewCo will then acquire Capital A's aviation assets for RM6.8bn, issuing new shares and assuming debt. Additionally, the NewCo plans to issue free warrants, conduct a private placement, and reduce its share capital. Capital A intends to distribute NewCo shares worth RM2.2bn to its existing shareholders. *(The Edge)*

### **Inta Bina (0192): Secured a contract worth RM225m to develop business serviced apartment**

In a Thursday bourse filing, the company announced that its wholly owned subsidiary, Inta Bina Sdn Bhd, has agreed to undertake the main construction works for a proposed development under a letter of award from Tropicana Metropark Sdn Bhd. The project entails constructing 30 floors of business serviced apartments with 553 units, along with eight podium floors, including six parking floors, one floor for residents' amenities, and one floor designated for business purposes. Construction is scheduled to begin on May 2 and is anticipated to last 34 months. Inta Bina intends to finance the project through a combination of borrowings and internal funds. *(The Edge)*

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.35	0.21	9.11
British American Tobacco (M)	Consumer	8.22	0.70	8.55
Sentral REIT	REIT	0.80	0.07	8.38
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	5.51	0.40	7.31
Taliworks Corporation	Utilities	0.80	0.06	7.25
MBM Resources	Consumer	4.87	0.34	7.00
Amway (M)	Consumer	7.26	0.51	6.98
Sports Toto	Consumer	1.40	0.10	6.93
Pavilion REIT	REIT	1.30	0.09	6.92
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.67
Paramount Corporation	Property	1.08	0.07	6.57
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
Farm Price	ACE Market	0.26	102.0	33.0	30 Apr	14 May
Sin-Kung Logistics	ACE Market	0.13	200.0	103.5	2 May	15 May

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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](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my