

# Daily Newswatch

## Market Review

The FBMKLCI closed marginally lower (-0.1%) on Wednesday, as investors opted to take profits on select blue chips following their recent gains. Among the index constituents, key decliners included TM (-1.4%), CIMB (-1.0%), and AMMB (-0.7%). Sectors that experienced the most decline include REIT (-0.6%), financial services (-0.3%), and telecommunications & media (-0.1%). Market breadth remained balanced, with 568 gainers against 571 losers.

## Economics

- Malaysia** is considering full tax exemptions on withdrawals from private retirement scheme funds.
- Malaysia** eyes 'orangutan diplomacy' with nations that import palm oil.
- EU** German industrial production shrinks for first time this year.
- Japan** BOJ's Ueda tweaks yen remarks in possible rate hike hint.

## Companies

- IHH (5225)** invests in Belun Technology for devices to tackle sleep disorders.
- KLK (2445)** temporarily suspended the arrival of 140 Nepali workers into Malaysia.
- Technology** Semiconductor industry offers chance for growth.
- Public Bank (1295)** mobilises over RM53bn in sustainable finance.
- Axiata (6888)** Sinar Mas seeking permission for Indonesia telco merger.
- Mega First (3069)** buys 64% stake in CSC Agriculture for RM25m.
- Industronics (9393)** appointed to manage Langkawi golf course, hotel development.
- Construction** CIDB receives significant interest from Australian construction landscape.
- Paragon Globe (9407)** proposes to sell Johor land for RM238m.

### Upcoming key economic data releases

	Date
US – Initial Jobless Claims	9 May
US - CPI	15 May
Malaysia - CPI	16 May
EU - CPI	17 May
Malaysia – External Trade	20 May
Malaysia – PPI	28 May
US - GDP	30 May
Malaysia - IPI	10 June
US - FOMC	12 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,604.8	(0.1)	10.4
Dow Jones	39,056.4	0.4	3.6
Nasdaq CI	16,302.8	(0.2)	10.4
S&P 500	5,187.7	(0.0)	9.4
FTSE 100	8,354.1	0.5	8.2
Nikkei 225	38,202.4	(1.6)	14.8
Shanghai CI	3,128.5	(0.6)	5.6
HSI	18,313.9	(0.9)	9.1
STI	3,264.5	(1.1)	1.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,395.7	(0.5)
Value traded (RM m)	3,572.3	(5.8)
Gainers	568	
Losers	571	
Unchanged	478	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
BCMALL	0.015	50.0	545.5
MYEG	0.985	7.1	223.5
TECHNAX	0.010	0.0	134.3
TWL	0.030	20.0	94.7
HM	0.115	4.5	94.4

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MYEG	0.985	7.1	220.1
CIMB	6.740	(1.0)	153.0
YTLPOWR	4.950	1.4	116.1
PBBANK	4.200	(0.2)	90.4
TENAGA	12.400	(0.6)	87.7

Currencies	Last Close	% Chg
USD/MYR	4.7415	0.1
USD/JPY	155.55	0.5
EUR/USD	1.0750	(0.1)
USD/CNY	7.2246	0.1
US Dollar Index	105.55	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.58	0.5
Gold (USD/troy oz)	2,310.41	(0.2)
CPO (USD/metric t)	3,949.0	1.2
Bitcoin (USD/BTC)	61,354.8	(2.2)

## Economics

### **Malaysia: Full tax exemption being mulled for emergency PRS withdrawals, says SC**

Malaysia is contemplating granting full tax exemptions on withdrawals from private retirement scheme (PRS) funds for emergency purposes, according to Securities Commission Malaysia (SC) chairman Datuk Seri Awang Adek Hussin. He highlighted the crucial role of private retirement schemes in complementing the public mandatory retirement scheme and providing flexibility in long-term savings. However, he emphasized the necessity to adapt the PRS framework to address long-term structural trends such as an ageing population, digitalization, and evolving work patterns, to better meet local retirement savings requirements. Awang Adek also mentioned plans to enhance the process for members to switch funds and providers. The SC and Private Pension Administration Malaysia (PPA) are collaborating with PRS providers to develop a digital process, enabling smoother fund transitions for members. *(Bernama)*

### **Malaysia: Plans to introduce 'orangutan diplomacy' with nations that import palm oil**

Malaysia is planning to adopt a strategy dubbed "orangutan diplomacy" to address concerns about the environmental impact of palm oil production, particularly considering the European Union's recent ban on imports linked to deforestation. The concept, likened to China's "panda diplomacy" by the commodities minister, involves offering orangutans as gifts to major palm oil-importing countries like the EU, India, and China. Malaysia, the world's second-largest palm oil producer, views the EU's ban as discriminatory and aimed at safeguarding its own oilseeds market. In response, Malaysia aims to demonstrate its commitment to biodiversity conservation and sustainable palm oil production through this diplomatic initiative. Plantations and Commodities Minister Johari Abdul Ghani emphasized the need for Malaysia to proactively address concerns about palm oil production and showcase its dedication to protecting forests and environmental sustainability. *(Reuters)*

### **EU: German industrial production shrinks for first time this year**

In a sign of ongoing challenges within Europe's largest economy, German industrial output recorded its first decline of the year. According to the statistics office, production decreased by 0.4% in March, primarily driven by decreases in consumer and intermediate goods, as well as energy. Despite a stronger-than-expected expansion at the beginning of 2024 following two years of near-stagnation, Germany's economy remains delicate, largely due to persistent weaknesses in manufacturing, which holds greater significance than in other regional economies. Recent data revealed an unexpected drop in factory orders in March, indicating that manufacturers are still grappling with subdued global demand, elevated interest rates, and higher energy costs in the aftermath of Russia's conflict in Ukraine. *(Bloomberg)*

### **Japan: BOJ's Ueda tweaks yen remarks in possible rate hike hint**

Bank of Japan Governor Kazuo Ueda issued a clear warning to financial markets regarding a potential policy adjustment, strengthening his stance on the weak yen following a meeting with Prime Minister Fumio Kishida. Ueda emphasized the significant impact of foreign exchange rates on the economy and inflation during a parliamentary session on Wednesday, suggesting that monetary policy might need to be reconsidered depending on currency movements. He also highlighted the growing likelihood of the weak yen affecting inflation, as Japanese companies increasingly pass on rising costs to consumers through price hikes. Following Ueda's remarks, the yen declined to an intraday low of 155.27 against the dollar, indicating a potential need for authorities to act sooner to prevent the unwinding of last week's suspected intervention. *(Bloomberg)*

## Companies

### **IHH (5225): Investing in Belun Technology for devices to tackle sleep disorders**

IHH Healthcare Bhd announced its investment in Belun Technology Company Ltd, a manufacturer of devices addressing sleep apnea and other sleep disorders, on Wednesday. The financial terms of the deal were not disclosed. Belun's medical-grade wearable sleep test device and software, endorsed by the US Food and Drug Administration, are designed to improve the accessibility and convenience of diagnosing sleep apnea, according to a statement from IHH. The device gathers comprehensive data, which is then used to generate detailed clinical reports for long-term preventive care, IHH added. Furthermore, the device has undergone clinical validation in accredited sleep labs, as highlighted by the company. IHH is focused on investing in early-stage digital health and technology-enabled healthcare services, aiming to enhance its capabilities and generate value across the healthcare spectrum by collaborating with promising ventures, stated IHH CEO Prem Kumar Nair. *(The Edge)*

### **KLK (2445): Temporarily suspended the arrival of 140 Nepali workers into Malaysia**

Kuala Lumpur Kepong Bhd (KLK) has halted the arrival of 140 Nepali workers in Malaysia temporarily due to accusations of unethical recruitment practices. The plantation company has taken swift action by appointing an independent party to investigate these claims, alongside conducting an internal review of its hiring procedures. The allegations arose from a report by Sajha Sabal Media, a Nepali news portal, which stated that sub-agents of SOS Manpower Service (SOS Manpower), responsible for recruiting Nepali workers for KLK's subsidiary, KL-Kepong Rubber Products Sdn Bhd, were involved in unethical recruitment practices. *(The Star)*

### **Technology: Semiconductor industry offers chance for growth**

Deputy Minister of Investment, Trade, and Industry, Liew Chin Tong, highlighted the significant potential of the semiconductor industry for Malaysia's economic growth, comparing it to a "once-in-a-generation" opportunity akin to oil. He emphasized the government's keen interest in this sector, noting its current global value of US\$580bn, expected to reach US\$1tn by 2030. Liew underscored the crucial roles of Penang, Kulim, and Malaysia overall in the semiconductor industry. He stressed the importance of collaborative efforts to establish a robust and secure semiconductor supply chain in Malaysia, urging industry players to work together with the government towards this goal. The remarks were made during the opening ceremony of LAM Research's automated warehouse, underscoring Malaysia's role as a significant hub in the semiconductor industry. *(Bernama)*

### **Public Bank (1295): Mobilises over RM53bn in sustainable finance**

Public Bank Bhd has facilitated over RM53bn in sustainable finance since 2020, encompassing various financing portfolios such as energy-efficient vehicles, affordable housing, corporate loans, and green financing facilities. The bank reiterated its commitment to advancing sustainable practices, aiming to achieve a total of RM100bn in sustainable finance by 2030 as outlined in its Sustainability Roadmap. Managing Director and CEO Tan Sri Dr. Tay Ah Lek emphasized the importance of remaining vigilant and adaptable amid evolving business landscapes, with a focus on balancing growth and risks. He expressed optimism about the stability of the Malaysian economy driven by domestic demand, affirming the bank's dedication to seizing growth opportunities. *(Bernama)*

### **Axiata (6888): Seeking permission for Indonesia telco merger**

Malaysian conglomerate Axiata Group and Indonesian group PT Sinar Mas have applied for approval from the Indonesian government to merge their telecommunications units, according to the communications minister. The proposed merger between PT XL Axiata and PT Smartfren Telecom would consolidate the telecom sector in Indonesia, reducing the number of major players to three. While XL Axiata and Smartfren have not provided immediate comments, executives from both companies have discussed the merger plan with the minister during various meetings, including one in Spain in February. The minister expressed support for the merger, stating that it would contribute to a healthier telecommunications ecosystem in Indonesia. He noted that a deal could potentially be finalized within this year. *(Reuters)*

**Mega First (3069): Buying 64% stake in CSC Agriculture for RM25m**

Mega First Corp Bhd (MFCB) is acquiring a 64% stake in CSC Agriculture Holdings Sdn Bhd, a company engaged in plantation and wholesale trading of fruits and vegetables, for RM25m. Through its wholly-owned subsidiary, Mega First Agrotech Sdn Bhd, MFCB has entered into a share subscription agreement with CSC Agriculture's current shareholders: CSC Chin Family Sdn Bhd, Chin Boon Tak, Chin Boon Ching, and Chin Boon Thiam. Upon completion of the proposed subscription, CSC Agriculture will become an indirect subsidiary of MFCB. While MFCB did not disclose the rationale behind the acquisition, the group is known for its involvement in renewable energy, packaging, and mining. (*The Edge*)

**Industronics (9393): Appointed to manage Langkawi golf course, hotel development**

Industronics Bhd has been appointed as the project management company for the development of a hotel and golf course on a 155-acre plot of land in Langkawi. The subsidiary of Industronics, Olympex Sdn Bhd, has entered into a project management agreement with Temoyong Land Sdn Bhd (TLSB) for this project, situated in Seksyen 4 of Bandar Padang Matsirat on the island. TLSB, owned by Tan Sri Ikmal Opat Abdullah, the largest shareholder of Widad Group Bhd, obtained the development rights from Langkasuaka Land Sdn Bhd, which is connected to Widad Business Group Sdn Bhd, also associated with Ikmal. It's worth noting that Industronics' executive director, Datuk Chu Boon Tiong, is also a director at TLSB. (*The Edge*)

**Construction: CIDB receives significant interest from Australian construction landscape**

The Construction Industry Development Board Malaysia (CIDB) has identified potential collaboration areas in Australia's mining and energy sectors, including Technical and Vocational Education and Training (TVET) programs and labour supply. Other areas of interest are the implementation of Building Information Modelling (BIM) and Industrialized Building Systems (IBS). These opportunities arose from CIDB's participation in the Sydney Build Expo 2024 earlier this month. The objective was to explore construction technology, particularly digital solutions, to support Malaysia's transition to 'Construction 4.0'. Five Malaysian companies, covering various sectors such as contractors, BIM, and suppliers, participated in the expo. This initiative aligns with CIDB's mandate to promote and facilitate the export of construction-related services under Act 520. By fostering collaborations and knowledge exchange with international partners, CIDB aims to enhance Malaysia's competitiveness in the global construction (*Bernama*)

**Paragon Globe (9407) proposes to sell Johor land for RM238m**

Paragon Globe Bhd's (PGB) wholly-owned subsidiary, Paragon Business Hub Sdn Bhd, has signed a sale and purchase agreement with Bridge Data Centres Malaysia IV Sdn Bhd for the proposed sale of land valued at RM238.3m. The agreement involves 19.4 hectares of freehold land in Johor, which is anticipated to enable PGB to unlock and realize the land's value in the near future. The proposed disposal is estimated to generate a gross pro forma gain of approximately RM90.1m and a net pro forma gain of approximately RM68.5m. PGB intends to allocate a portion of the proceeds for bank loan repayments, land acquisition, and working capital. The completion of the proposed disposal is anticipated by the third quarter of 2025. (*Bernama*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.33	0.21	9.01
Sentral REIT	REIT	0.81	0.07	8.27
British American Tobacco (M)	Consumer	8.60	0.70	8.12
YTL Hospital REIT	REIT	1.17	0.09	8.03
KIP REIT	REIT	0.89	0.07	7.87
RHB Bank	Finance	5.48	0.40	7.35
Taliworks Corporation	Utilities	0.81	0.06	7.16
Amway (M)	Consumer	7.22	0.51	7.02
Pavilion REIT	REIT	1.31	0.09	6.95
Sports Toto	Consumer	1.40	0.10	6.93
MBM Resources	Consumer	5.03	0.34	6.80
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.77
MAG Holdings	Consumer	1.14	0.07	6.58
Magnum	Consumer	1.14	0.07	6.58
UOA REITS	REIT	1.10	0.07	6.55

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		
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
Feytech Holdings	Main Market	0.80	143.3	109.6	8 May	21 May
Smart Asia Chemical	ACE Market	0.40	93.5	-	13 May	28 May
Kawan Renergy	ACE Market	0.30	110.0	34.5	14 May	29 May

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