

Daily Newswatch

Market Review

Thursday saw the FBMKLCI posting a 0.5% increase, aligning with positive sentiments across regional markets. Leading the charge were MRDIY (+1.1%), Public Bank (+1.0%), YTL Power (+0.8%), and YTL (+0.6%). All sectors except healthcare (-3.6%) and transportation & logistics (-0.2%) saw gains, with technology (+1.8%), consumer products & services (+0.9%), and construction (+0.8%) sectors leading the way. Market sentiment remained positive, with 720 stocks advancing compared to 492 declining.

Economics

- **Malaysia's** inflation recorded a slower increase of 2.5% in 2023 – DoSM
- **US** jobless claims drop back after New York school break ends
- **Indonesia** targets higher white sugar output in 2024

Companies

- **UEM Sunrise (5148)** partners to develop renewable energy park in Johor
- **Seremban Engineering (5163)** clinches RM40m contract
- **Pansar (8419)** secures RM30m contract in Kuching
- **Thong Guan (7034)** teams up with Kedah agency to develop RM200m GDV property project
- **Capital A (5099)** AirAsia move inks MoU with The Commune Mall to enhance customer experience
- **TNB (5347)** prevails against IRB's RM1.8bn tax claim in court

<u>Upcoming key economic data releases</u>	<u>Date</u>
EU - CPI	17 May
Malaysia – External Trade	20 May
US – Initial Jobless Claims	23 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	1,611.1	0.5	10.9
Dow Jones	39,869.4	(0.1)	5.7
Nasdaq CI	16,698.3	(0.3)	13.1
S&P 500	5,297.1	(0.2)	11.7
FTSE 100	8,438.7	(0.1)	9.3
Nikkei 225	38,920.3	1.4	16.9
Shanghai CI	3,122.4	0.1	5.4
HSI	19,376.5	1.6	15.4
STI	3,305.0	0.5	2.3

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	6,050.4	(2.4)
Value traded (RM m)	4,354.7	(6.7)
Gainers	720	
Losers	492	
Unchanged	456	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TOPGLOV	1.200	(4.8)	297.5
REVENUE	0.230	(6.1)	280.3
MQTECH	0.015	(25.0)	160.9
CAREPLS	0.350	(7.9)	106.1
SINKUNG	0.145	3.6	103.6

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TOPGLOV	1.200	(4.8)	357.0
AIRPORT	10.040	(3.5)	294.4
HARTA	3.650	(4.5)	137.8
CIMB	6.790	0.1	129.2
MYEG	1.030	0.0	105.1

Currencies	Last Close	% Chg
USD/MYR	4.6845	(0.5)
USD/JPY	155.47	0.3
EUR/USD	1.0862	(0.2)
USD/CNY	7.2214	0.0
US Dollar Index	104.56	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.44	0.6
Gold (USD/troy oz)	2,378.54	(0.4)
CPO (USD/metric t)	3,859.50	(1.3)
Bitcoin (USD/BTC)	65,304.5	(1.1)

Economics

Malaysia's: Inflation recorded a slower increase of 2.5% in 2023 – DoSM

Malaysia's inflation rate slowed to 2.5% in 2023 from 3.3% in 2022, with the Consumer Price Index (CPI) rising to 130.4 points from 127.2. This deceleration was attributed to declining global commodity prices, easing supply disruptions, and government price controls and subsidies. Despite a significant drop in energy commodity prices, fuel costs and imported LNG dependence led to adjusted electricity tariffs for Peninsular Malaysia. All main CPI groups except communication saw increases, with the highest inflation in restaurants and hotels (5.6%). The Federal Territory of Putrajaya recorded the highest state-level inflation at 3.4%, while Labuan had the lowest at 1.6%. (*Bernama*)

US: Jobless claims drop back after New York school break ends

Initial US unemployment claims fell by 10,000 to 222,000 for the week ending May 11, following a spike in New York claims the previous week due to seasonal factors. Continuing claims increased to 1.79 million for the week ending May 4, indicating more people are receiving unemployment benefits. Federal Reserve Chair Jerome Powell noted that the labor market, while still strong, is gradually cooling as policymakers aim to reduce economic demand to manage inflation. Additionally, home construction in April rose less than expected, and permits for new activity declined, reflecting the impact of rising mortgage rates. (*Bloomberg*)

Indonesia: Targets higher white sugar output in 2024

Indonesia aims to boost its 2024 sugar output to 2.59m metric tonnes by expanding its planting area, following a decline to 2.3m tonnes last year due to an extended dry season. Sugar prices have surged nearly 30% over the past year due to low stocks and a 14% drop in imports. The government's goal is to achieve self-sufficiency in sugar for household consumption by 2028 and for industrial use by 2030. This year's harvested area is expected to increase slightly, and the sugar milling season, which started in May, is anticipated to replenish stocks soon. (*Reuters*)

Companies

UEM Sunrise (5148): Partners to develop renewable energy park in Johor

UEM Sunrise, ITRAMAS Corp, and China Machinery Engineering Corp (CMEC) have partnered to develop a 40-acre renewable energy industrial park in Iskandar Puteri, Johor. The park, designed to attract Chinese manufacturers and suppliers in the renewable energy and EV sectors, is part of a one-gigawatt hybrid solar power plant project under Malaysia's National Energy Transition Roadmap. This collaboration aims to bolster Malaysia's energy transition and EV ecosystems while enhancing cross-border sustainable development efforts. *(The Edge)*

Seremban Engineering (5163): Clinches RM40m contract in Shah Alam

Seremban Engineering Bhd (SEB) has secured an RM39.8m contract from Kerry Ingredients (M) Sdn Bhd for civil, structural, architectural, and electrical works in Shah Alam, set to begin on July 29. It will be financed through internally generated funds and project financing as needed. SEB specializes in fabricating process equipment, steel structures, civil engineering, and maintenance services. *(The Edge)*

Pansar (8419): Secures RM30m contract to manage museum building in Kuching

Pansar Bhd has been awarded an RM30.1m contract for facilities management and maintenance of the Borneo Cultures Museum and annexe building in Kuching by the state Public Works Department. The 39-month project, starting May 27, includes various services and is expected to boost Pansar's earnings. This contract is part of Pansar's strategic focus on facility management and adds to their recent project wins, bringing the total value of contracts secured in 2024 to RM429.2m, all in Sarawak. *(The Edge)*

Thong Guan (7034): Teams up with Kedah agency to develop RM200m GDV property project

Thong Guan Industries Bhd is partnering with the Kedah State Development Corporation (PKNK) to develop 221 shop and office units on a 20-acre plot, with an estimated gross development value of RM200m. The project aligns with Thong Guan's strategy to diversify into property development and will be funded through internal funds, bank borrowings, or corporate exercises. Thong Guan will pay a guaranteed minimum sum of RM19.8m to PKNK and retains all project proceeds, aside from six commercial units valued at RM4.75m for PKNK. The development is expected to be completed within five years. *(The Edge)*

Capital A (5099): AirAsia Move inks MoU with The Commune Mall to enhance customer experience

AirAsia MOVE has signed an MoU with The Commune Mall, set to open in Q3 2024 in Kulai, Johor, offering customers exclusive discounts on flights, hotels, and rides through the AirAsia MOVE app. Shoppers at The Commune Mall will earn AirAsia Points for their purchases, which can be redeemed for flights, hotel bookings, and ride-hailing services. This partnership marks the first time AirAsia's loyalty program, AirAsia Rewards, is extended to a partner, enhancing the shopping experience with additional benefits. *(Bernama)*

TNB (5347): Prevails against IRB's RM1.8bn tax claim in court

TNB has successfully defended against an Inland Revenue Board (IRB) claim of RM1.8bn in taxes, with the Court of Appeal upholding a High Court decision favoring the utility company. The court ruled unanimously that TNB's business activities qualify for tax incentives related to manufacturing energy, including the reinvestment allowance. TNB's judicial review application was granted by the High Court two years ago, affirming the company's right to claim the reinvestment allowance for its manufacturing activities in electricity generation and transmission. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.43	0.21	8.81
Sentral REIT	REIT	0.82	0.07	8.34
YTL Hospital REIT	REIT	1.20	0.10	8.00
British American Tobacco (M)	Consumer	8.82	0.70	7.91
KIP REIT	REIT	0.90	0.07	7.82
RHB Bank	Finance	5.49	0.40	7.34
Amway (M)	Consumer	7.33	0.51	6.92
MBM Resources	Consumer	4.96	0.34	6.90
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.77
Sports Toto	Consumer	1.44	0.10	6.74
Pavilion REIT	REIT	1.36	0.09	6.69
UOA REITS	REIT	1.11	0.07	6.49
MAG Holdings	Consumer	1.16	0.07	6.47
Magnum	Consumer	1.16	0.07	6.47
Hektar REITS	REIT	0.69	0.04	6.42

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		
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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