

Daily Newswatch

Market Review

The FBMKLCI rallied +0.7% yesterday and reached its highest level in three years, with 20 out of the 30 index constituents posting gains. One of the reasons behind the rally could be due to Malaysia's 1Q GDP growth of 4.2%, which exceeds consensus estimates. Among the top gainers in the constituents are Press Metal (+3.7%), Axiata (+2.1%), and TNB (+1.4%). Across the broader market, all sectors saw positive gains with construction (+2.5%), telecommunications & media (+1.5%) and industrial products & services (+1.5%) leading the charge. Market sentiment remained upbeat, reflected by 840 gainers surpassing 460 losers.

Economics

- **Malaysia** air passenger traffic up 19.5% y-o-y, increasing to 7.9m in April 2024
- **Malaysia** trade up 12.1% to RM221.7bn, exports rebound 9.1% to RM114.7bn in April
- **China's** banks keep lending rate unchanged after PBOC hold
- **China's** EV Makers taking longer to pay bills amid rising stress

Companies

- **Automotive** Malaysia's new vehicle sales up 21% in April - MAA
- **SunCon (5309)** secures RM1.7bn in new orders for 1Q24
- **Teladan (4847)** to launch projects with RM1.2bn GDV
- **KAB (0270)** to expand its energy solutions and customer base
- **Sunview (0262)** partners with Yashil Energiya to explore RE business in Uzbekistan
- **MAHB's (5014)** passenger traffic hit 11m in April, 7.6% higher month-on-month

Upcoming key economic data releases

	Date
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	1,627.5	0.7	12.0
Dow Jones	39,806.8	(0.5)	5.5
Nasdaq CI	16,794.9	0.7	13.7
S&P 500	5,308.1	0.1	11.9
FTSE 100	8,424.2	0.0	9.1
Nikkei 225	39,069.7	0.7	17.4
Shanghai CI	3,171.1	0.5	7.1
HSI	19,636.2	0.4	17.0
STI	3,314.1	0.0	2.6

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	6,984.8	(3.4)
Value traded (RM m)	4,366.4	(3.8)
Gainers	840	
Losers	460	
Unchanged	488	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
INGENIU	0.080	(15.8)	707.3
TOPGLOV	1.190	(0.8)	91.7
VELESTO	0.290	1.8	87.9
MBSB	0.940	5.6	77.5
MYEG	1.020	(1.9)	75.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	12.780	1.4	154.2
CIMB	6.840	0.4	150.6
TOPGLOV	1.190	(0.8)	109.1
AIRPORT	10.100	(0.6)	104.1
YTLPOWR	5.390	0.0	92.0

Currencies	Last Close	% Chg
USD/MYR	4.6850	(0.0)
USD/JPY	156.40	0.4
EUR/USD	1.0859	(0.1)
USD/CNY	7.2355	0.2
US Dollar Index	104.61	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.71	(0.3)
Gold (USD/troy oz)	2,425.50	0.4
CPO (USD/metric t)	3,883.50	1.0
Bitcoin (USD/BTC)	71,461.6	3.9

Economics

Malaysia: Air passenger traffic up 19.5% y-o-y, increasing to 7.9m in April 2024

Malaysia's air passenger traffic rose 19.5% year-on-year to 7.9m in April 2024, and 8% month-on-month from March 2024, driven by domestic travel during the Hari Raya Aidilfitri period. Domestic traffic accounted for 49.8% of April's total, while international traffic saw a 1.9% month-on-month increase. Cumulative air passenger traffic from January to April 2024 reached 30.5m, up 17% from the same period in 2023, with international traffic growing by 39.4% to 15.8m passengers. MAVCOM anticipates further acceleration in international travel due to visa exemptions for tourists from China and India. *(Bernama)*

Malaysia: Trade up 12.1% to RM221.7bn, exports rebound 9.1% to RM114.7bn in April

In April 2024, Malaysia's trade surged by 12.1% year-on-year to RM221.7bn, marking the fourth consecutive month of growth. Exports rebounded by 9.1% to RM114.7bn, driven by increased exports of machinery, chemicals, crude petroleum, palm oil products, and iron and steel. Imports rose by 15.6% to RM107.0bn, mainly due to strong imports of intermediate goods for manufacturing. The first four months of 2024 saw record-high trade values, with a trade surplus of RM41.8bn, although April's figures were lower compared to March 2024 due to reduced trade with key partners. Exports to free trade agreement partners increased by 4.4% to RM78.0bn. *(Bernama)*

China's: Banks keep lending rate unchanged after PBOC hold

Chinese banks maintained their benchmark lending rates unchanged following the central bank's decision to hold key loan rates. Despite a robust industrial sector, China's economic recovery faces challenges from weak domestic demand, especially amidst a persistent property downturn. The People's Bank of China's decision to roll over maturing loans without rate cuts indicates support for economic recovery without yuan pressure, with potential future measures including rate cuts or cash injections to stimulate demand and aid fiscal support. Recent measures also include special sovereign bond sales and policies to support the property sector by providing cheap funding for state-owned companies and easing mortgage requirements. *(Bloomberg)*

China's: EV Makers taking longer to pay bills amid rising stress

Chinese electric car makers like Nio Inc. and Xpeng Inc. are facing prolonged payment cycles to suppliers, indicating heightened stress in China's competitive auto market. While Tesla Inc. maintains a stable payment period of around 101 days, smaller EV manufacturers are struggling due to sluggish economic growth, subdued consumer sentiment, and intense price competition since the phase-out of national EV subsidies in 2022. Delayed payments are affecting auto-parts suppliers, potentially leading to a messy consolidation in the EV sector as suppliers face bankruptcy and production issues for automakers downstream. *(Bloomberg)*

Companies

Automotive: Malaysia's new vehicle sales up 21% in April - MAA

Malaysia's vehicle sales surged 21% in April 2024 to 57,991 units compared to the previous year, despite an 18% drop from March 2024 due to the Hari Raya holidays. Passenger vehicle sales rose 25% year-on-year, while commercial vehicle sales fell 9%. Total sales for the first four months of 2024 increased by 8% to 260,236 units. Production in April 2024 increased by 38% year-on-year, with a total of 56,895 vehicles produced. *(The Star)*

SunCon (5309): Secures RM1.72bn in new orders for 1Q24

In the first quarter of FY24, Sunway Construction Group Bhd (SunCon) secured RM1.7bn in new orders, over half of its annual target. The company made significant strides in data center projects with RM808m in contracts and plans to expand in advanced technology facilities and regional markets. *(The Star)*

Teladan (4847): To launch projects with RM1.2bn GDV

Teladan Group Bhd plans to launch properties with a total gross development value (GDV) of RM1.2bn in FY24, including its first project in the Klang Valley and other projects in Melaka. In Q1 2024, Teladan achieved property sales of RM75.7m and launched developments worth RM47.6m in GDV. *(The Star)*

KAB (0270): To expand its energy solutions and customer base

Kinergy Advancement Bhd (KAB) plans to expand its energy solutions and customer base, focusing on replenishing its order book and exploring opportunities in neighboring ASEAN countries. In Q1 2024, KAB's net profit doubled to RM5.0m, driven by the strong performance of its sustainable energy segment (SES), which generated revenue of RM19.9m. *(The Star)*

Sunview (0262): Partners with Yashil Energiya to explore RE business in Uzbekistan

Sunview Group Bhd has partnered with Uzbekistan-based Yashil Energiya to explore renewable energy opportunities in Uzbekistan. Under the agreement, Sunview's subsidiary, Fabulous Sunview Sdn Bhd, will invest in and manage engineering, procurement, construction, and commissioning for renewable energy projects, while Yashil Energiya will purchase the generated electricity. This partnership supports Uzbekistan's goal to produce 40% of its electricity from renewable sources by 2030 and marks a significant step in Sunview's global expansion. *(The Edge)*

MAHB's (5014): Passenger traffic hit 11m in April, 7.6% higher month-on-month

In April 2024, Malaysia Airports Holdings Bhd (MAHB) saw a 7.6% increase in passenger traffic, reaching 11m passengers compared to 10.2m in March. Domestic travel surged by 15% during the Aidilfitri and school holiday period, with over 3.7m domestic travelers recorded. Key airports like Kuala Lumpur International Airport (KUL) led with a 20% increase in passengers, while Penang and Langkawi airports also saw significant rises. International traffic remained steady at 3.9m passengers, accounting for 51% of total traffic. Istanbul Sabiha Gökçen International Airport reported 3.4m passengers, driven by a 21% rise in domestic travel. *(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	0.81	0.07	8.40
YTL Hospital REIT	REIT	1.21	0.10	7.93
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	9.04	0.70	7.72
RHB Bank	Finance	5.53	0.40	7.29
Amway (M)	Consumer	7.34	0.51	6.91
MBM Resources	Consumer	4.99	0.34	6.85
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.77
Pavilion REIT	REIT	1.37	0.09	6.64
UOA REITS	REIT	1.12	0.07	6.43
Sunway REIT	REIT	1.56	0.10	6.41
MAG Holdings	Consumer	1.18	0.07	6.36
Magnum	Consumer	1.18	0.07	6.36
Hektar REITS	REIT	0.70	0.04	6.33

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
KTI Landmark	ACE Market	0.30	160.0	45.0	4 Jun	19 Jun

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