

# Daily Newswatch

## Market Review

The FBMKLCI saw a slight decrease of 0.1% on Monday, attributed to the lack of positive buying catalysts, bucking the regional trend. The most notable laggard among constituents is Sime Darby (-4.1%). Across the broader market, the utilities (+1.6%) and construction (+1.2%) sectors saw the most gains, while the health care (-1.4%) and plantation (-0.6%) sectors saw the highest decline. Overall, market sentiment was weaker, with 682 decliners outnumbering 529 advancers.

## Economics

- **German** business outlook improves on stronger economic momentum
- **China's** industrial profits return to growth in April amid policy support
- **Malaysia-China** to sign MOUs on high-tech and trade sectors
- **Global** trade strains boost cargo rates at pace recalling Covid 'chaos'

## Companies

- **Inta Bina (0192)** gets RM199m apartment job
- **KIP REIT (5280)** to acquire DPulze Shopping Centre for RM320m
- **UEM Sunrise (5148)** proposes landmark development at Perth
- **Kimlun (5171)** bags RM143m construction job
- **Pesona Metro (8311)** secures RM411m M&E contract
- **MGB (7595)** wins RM189m property development project in a related-party deal

### Upcoming key economic data releases

	<u>Date</u>
Malaysia – PPI	28 May
US - GDP	30 May
Malaysia - IPI	10 June
US - FOMC	12 June
US - CPI	12 June
US - PPI	13 June
Malaysia - CPI	25 June
Malaysia - GDP	27 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,618.3	(0.1)	11.4
Dow Jones	39,069.6	0.0	3.6
Nasdaq CI	16,920.8	0.0	14.6
S&P 500	5,304.7	0.0	11.8
FTSE 100	8,317.6	0.0	7.7
Nikkei 225	38,900.0	0.7	16.9
Shanghai CI	3,124.0	1.1	5.5
HSI	18,827.4	1.2	12.1
STI	3,318.5	0.1	2.7

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,644.8	0.6
Value traded (RM m)	3,923.9	(14.3)
Gainers	529	
Losers	682	
Unchanged	487	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DNEX	0.470	4.4	210.5
AHB	0.200	5.3	179.4
PHB	0.005	0.0	113.3
JCY	0.515	14.4	97.9
PWRWELL	0.485	4.3	87.4

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	13.220	0.9	154.8
DNEX	0.470	4.4	98.9
GAMUDA	6.100	0.8	98.9
MAYBANK	9.990	0.1	98.5
PBBANK	4.130	(1.0)	92.2

Currencies	Last Close	% Chg
USD/MYR	4.6965	(0.3)
USD/JPY	156.91	(0.1)
EUR/USD	1.0860	0.1
USD/CNY	7.2445	0.0
US Dollar Index	104.60	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.10	1.2
Gold (USD/troy oz)	2,352.18	0.7
CPO (USD/metric t)	3,908.00	0.2
Bitcoin (USD/BTC)	69,370.5	1.1

## Economics

### **German: Business outlook improves on stronger economic momentum**

Germany's business outlook improved for the fourth consecutive month, with the Ifo institute's expectations gauge rising to 90.4, indicating cautious optimism about the country's economic recovery. Despite this, current conditions slightly worsened, and Ifo President Clemens Fuest noted that the economy is improving slowly, supported by better manufacturing and construction performance. Private-sector activity grew at its fastest pace in a year, driven by the services sector, while consumer spending is expected to rise due to cooling inflation and wage gains. However, ongoing wage pressures and cautious monetary policy from the ECB, including potential interest rate cuts, present challenges ahead. (*Bloomberg*)

### **China's: Industrial profits return to growth in April amid policy support**

China's industrial profits rose 4.3% year-on-year from January to April, indicating the effectiveness of policies to bolster the economy, with a 4.0% profit increase in April following a decline in March. The improvement reflects a rebound in market demand and macro policy support, despite uneven recovery evidenced by slower retail sales. Challenges remain, especially in the electric vehicle sector due to slowing demand and intense price competition, highlighting ongoing issues in domestic demand. State-owned firms' profits fell by 2.8%, while foreign and private-sector firms saw gains of 16.7% and 6.4%, respectively. (*Bloomberg*)

### **Malaysia-China: To sign MOUs on high-tech and trade sectors**

Malaysia and China will sign multiple MOUs focused on high-tech and trade sectors to mark the 50th anniversary of their diplomatic relations. Investment, Trade, and Industry Minister Tengku Zafrul Abdul Aziz announced that the agreements, involving several ministries, will be signed at the end of May with Prime Minister Datuk Seri Anwar Ibrahim and Chinese Premier Li Qiang in attendance. China remains Malaysia's largest trading partner and a key source of foreign direct investment, with total trade between the nations rising 5.9% to RM151.1bn in the first four months of this year. (*Bernama*)

### **Global: Trade strains boost cargo rates at pace recalling Covid 'chaos'**

Global goods trade is accelerating, pushing up shipping rates and recalling the pandemic-era supply chain chaos. Concerns about port congestion in Asia, North American labour strikes, and US-China trade tensions are driving importers to bring shipments forward ahead of the peak season. Container spot rates have surged, with costs from Asia to the US West Coast tripling since December. Delays at key ports in China and Southeast Asia, combined with fear of new tariffs and labour disruptions, are prompting companies to stock up early to avoid shortages later in the year. (*Bloomberg*)

## Companies

### **Inta Bina (0192): Gets RM199m apartment job**

Inta Bina Group Bhd has secured an RM198.7m contract from Sime Darby Property for main building works on apartment units in Ara Damansara, Selangor, with a construction period of 34 months starting June 10, 2024. *(The Star)*

### **KIP REIT (5280): To acquire DPulze Shopping Centre for RM320m**

KIP REIT is acquiring the DPulze Shopping Centre in Cyberjaya for RM320m from DPulze Ventures Sdn Bhd, funded by a mix of bank borrowings and a proposed placement of new shares. The acquisition aligns with KIP REIT's strategy to provide stable income and enhance its retail asset portfolio, raising its total retail assets to RM1.3bn, with DPulze representing 25% of the portfolio. The transaction is expected to be completed in the first quarter of 2025, increasing KIP REIT's retail assets by 33% from RM965m as of March 31, 2024. *(The Star)*

### **UEM Sunrise (5148): Proposes landmark development at the Oval Subiaco East in Perth**

UEM Sunrise Bhd has submitted a development application for its first residential project in Subiaco East, Perth, Western Australia, aiming to construct two landmark apartment buildings on a 4,930 sq metre site near Subiaco Oval. The project will feature approximately 340 apartment units with a gross development value of AU\$450m, including up to 12% affordable housing. The development includes two-tiered buildings on Lot 1 with 25 and 35 stories and a 10-storey building on Lot 2, aligning with the Subiaco East Masterplan by DevelopmentWA. *(The Star)*

### **Kimlun (5171): Bags RM143m construction job**

Kimlun Corp Bhd's subsidiary, Kimlun Sdn Bhd, has secured an RM143m construction contract from Melia Spring Sdn Bhd for a serviced apartment project in Johor Baru, expected to be completed by Q4 2026 *(The Edge)*

### **Pesona Metro (8311): Secures RM411m M&E contract**

Pesona Metro Holdings Bhd has obtained an RM410.5m contract from Gaya Kuasa Sdn Bhd for mechanical and electrical works on a high-rise residential project in Bukit Jalil, Kuala Lumpur, featuring two 52-storey blocks. *(The Edge)*

### **MGB (7595): Wins RM189m property development project in related-party deal**

MGB Bhd has won an RM189.4m contract from Anuar Aziz Architect for a five-phase property development project in Kuala Selangor, to be completed by November 2025. The project, awarded by Kemudi Ehsan Sdn Bhd, includes various industrial and factory units and is a related-party transaction due to LBS Bina Group Bhd's major stake in MGB. This contract increases MGB's outstanding order book to RM1.4bn. *(The Edge)*

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.40
Bermaz Auto	Consumer	2.48	0.20	8.27
YTL Hospital REIT	REIT	1.22	0.10	7.95
British American Tobacco (M)	Consumer	8.30	0.65	7.83
KIP REIT	REIT	0.90	0.07	7.82
RHB Bank	Finance	5.51	0.40	7.31
Amway (M)	Consumer	7.42	0.50	6.70
MBM Resources	Consumer	5.05	0.34	6.69
Pavilion REIT	REIT	1.37	0.09	6.64
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.57
UOA REITS	REIT	1.12	0.07	6.43
MAG Holdings	Consumer	1.18	0.07	6.36
Magnum	Consumer	1.18	0.07	6.36
Sunway REIT	REIT	1.55	0.10	6.32
Gas Malaysia	Utilities	3.59	0.23	6.30

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		
Smart Asia Chemical	ACE Market	0.40	93.5	-	13 May	28 May
<a href="#">Kawan Renergy</a>	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

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