

# Daily Newswatch

## Market Review

The FBMKLCI lost the gains from last Friday, declining by 0.2% on Monday due to profit-taking in major stocks like Press Metal (-2.4%), YTL (-1.4%), and Genting (-1.1%). The broader market showed mixed results, with transportation & logistics (+1.8%), energy (+1.4%), and utilities (+1.2%) leading sector gains, while healthcare (-0.7%) was the top losing sector. Overall market sentiment was mixed, with 628 stocks advancing and 531 declining.

## Economics

- **Malaysia's** manufacturing sales value up 5.7% in April – DoSM
- **Malaysia's** IPI accelerates 6.1% in April - DoSM
- **Malaysia's** Bank Negara's international reserves at US\$114bn
- **Malaysia's** jobless rate steady in April, official data shows
- **Japan's** revised 1Q GDP annualized falls 1.8% q-o-q; Est. -2%

## Companies

- **LSH Capital (03047)** to undertake ops management of KL Tower
- **Deleum's (5132)** indirect subsidiary bags RM105m contract
- **Harbour-Link (2062)** allocates RM100m for capex
- **Genting Malaysia (4715)** issues RM400m medium-term notes
- **Scientex (4731)** unit to acquire land in Johor for RM381m
- **PUC (0007)** to acquire fintech vertical for RM200m
- **Tropicana (5401)** redeems third tranche of sukuk worth RM110m
- **DRB-HICOM (1619)** Perodua ink MoU with MRL
- **MPay (0156)** unit to developer super app for KTMB
- **KPJ Healthcare (5878)** agrees to RM18.3m renovation works
- **Eco World (8206)** Malaysia inks sale land for RM402m
- **Cypark (5184)** achieves operation date for 100MW LSS3
- **Yong Tai (7066)** partners with China's STIG to revive Encore Melaka theatre

### Upcoming key economic data releases

	<u>Date</u>
US - FOMC	12 June
US - CPI	12 June
US - PPI	13 June
EU – HICP (Inflation data)	18 June
Malaysia - CPI	25 June
Malaysia - GDP	27 June
US - GDP	27 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,614.4	(0.2)	11.1
Dow Jones	38,868.0	0.2	3.1
Nasdaq CI	17,192.5	0.3	16.4
S&P 500	5,360.8	0.3	13.0
FTSE 100	8,228.5	(0.2)	6.6
Nikkei 225	39,038.2	0.9	17.3
Shanghai CI	3,051.3	0.1	3.0
HSI	18,367.0	(0.6)	9.4
STI	3,322.1	(0.3)	2.9

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,959.8	4.0
Value traded (RM m)	3,299.9	(18.6)
Gainers	628	
Losers	531	
Unchanged	470	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HUBLINE	0.070	75.0	241.1
JAKS	0.175	12.9	214.6
TALAMT	0.015	0.0	183.6
SINKUNG	0.180	24.1	154.6
MTRONIC	0.020	0.0	120.5

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	13.720	(0.3)	143.3
CIMB	6.940	(0.3)	105.4
WCT	0.910	9.6	72.2
PMETAL	5.750	(2.4)	66.0
YTLPOWR	5.060	0.0	63.3

Currencies	Last Close	% Chg
USD/MYR	4.7207	0.7
USD/JPY	157.10	0.2
EUR/USD	1.0764	(0.3)
USD/CNY	7.2477	0.0
US Dollar Index	105.17	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.96	2.5
Gold (USD/troy oz)	2,309.8	0.7
CPO (USD/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	69,524.8	0.5

## Economics

### Malaysia's: Manufacturing sales value up 5.7% to RM153.2bn in April – DoSM

In April 2024, Malaysia's manufacturing sector sales grew by 5.7% year-on-year to RM153.2bn, driven by significant increases in the transport equipment, non-metallic mineral products, and electrical and electronics sub-sectors. However, sales value decreased by 3.3% from the previous month. Export-oriented industries, contributing 69.9% of total sales, saw a 3.4% rise, while domestic-oriented industries experienced an 11.4% growth. For the first four months of 2024, the sector's sales value increased by 2.7% to RM610.6bn, with a slight rise in employment and wages. *(Bernama)*

### Malaysia's: IPI accelerates 6.1% in April on higher output growth in manufacturing - DoSM

In April 2024, Malaysia's Industrial Production Index (IPI) grew by 6.1% year-on-year, driven by higher output in the manufacturing (4.9%), mining (10.0%), and electricity (7.6%) sectors. This marks the highest growth since September 2022. The manufacturing sector's growth was fuelled by export-oriented industries and significant increases in the production of coke, refined petroleum, and chemicals. Additionally, the domestic-oriented industries expanded by 9.5%, with notable growth in motor vehicles production. From January to April 2024, the IPI improved by 3.9% compared to the previous year. *(Bernama)*

### Malaysia's: Bank Negara's international reserves at US\$113.6bn as at May 31

As of May 31, 2024, Bank Negara Malaysia's (BNM) international reserves amounted to US\$114bn, with major components including US\$101.5bn in foreign currency reserves, US\$5.7bn in special drawing rights (SDRs), US\$2.8bn in gold, and US\$1.3bn in IMF reserves. These reserves are sufficient to cover 5.4 months of imports and are equal to the total short-term external debt. Total assets stood at RM632bn, including RM538bn in gold and foreign exchange, and RM52.4bn in other assets. BNM's capital and liabilities included RM195bn in reserves and RM166bn in currency circulation. *(Bernama)*

### Malaysia's: Jobless rate steady in April, official data shows

Malaysia's unemployment rate remained steady at 3.3% in April, unchanged since November 2023, with the number of unemployed individuals slightly decreasing to 566,400. The employed population rose 0.1% to 16.6m, and the labour force expanded to 17.1m. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin highlighted continued economic growth driven by domestic spending, increased tourism, and public sector investment, which is expected to create more jobs. The labour force participation rate was 70.3%, with a slight increase in both employees and own-account workers. *(The Edge)*

### Japan's: Revised 1Q GDP annualised falls 1.8% q-o-q; Est. -2%

The Japan Cabinet Office released revised GDP data showing a 0.5% quarter-on-quarter decline, matching estimates, and a 0.1% year-on-year decrease. Nominal GDP remained unchanged quarter-on-quarter against an expected 0.1% increase, while the GDP deflator rose 3.4% year-on-year, slightly below the 3.6% estimate. Private consumption fell 0.7% quarter-on-quarter as expected, business spending decreased 0.4% against an estimated 0.7% decline, inventory contribution to GDP was 0.3% versus an expected 0.2%, and net exports contributed -0.4% to GDP, slightly worse than the -0.3% forecast. *(Bloomberg)*

## Companies

### **LSH Capital (03047): JV to undertake ops management of KL Tower**

Lim Seong Hai Capital Bhd (LSH Capital) announced that its unit, LSH Best Builders Sdn Bhd, in partnership with Service Master (M) Sdn Bhd, has been selected to manage the operations and maintenance of Kuala Lumpur Tower. The joint venture, with LSH Best Builders holding a 70% stake and Service Master 30%, received a 20-year concession award from the Public Private Partnership Unit, Prime Minister's Department. (*The Star*)

### **Deleum's (5132): Indirect subsidiary bags RM105m PETRONAS contract**

Deleum Bhd's 86.7%-owned subsidiary, Deleum Technology Sdn Bhd (DTS), has secured a contract from PETRONAS Carigali Sdn Bhd for offshore maintenance, construction, and modification services for Peninsular Malaysia assets (gas package) for 2024. The contract, valued at RM105m, will run from May 16, 2024, to December 31, 2024, and will be funded through internally generated funds. (*The Star*)

### **Harbour-Link (2062): Allocates RM100m for capex**

Harbour-Link Group Bhd has allocated RM100m for the acquisition of two new container vessels and material handling equipment as part of its fleet renewal program. The company, operating 13 container vessels with a capacity of 6,150 TEUs, expects these additions to improve sailing schedules and reduce maintenance costs. Despite a recent decline in profits due to fluctuating freight rates, Harbour-Link anticipates stable and favourable conditions in Malaysia's domestic container shipping market. Additionally, the company has secured new contracts in Bintulu and for third-party logistics in the oil and gas industry, prompting further investments in transport vehicles and equipment. (*The Star*)

### **Genting Malaysia (4715): Issues RM400m medium-term notes**

Genting Malaysia Bhd's subsidiary GENM Capital has issued RM400m in medium-term notes. This includes RM300m as tranche one of the fifth issuance under a RM5bn MTN programme, with a five-year tenure and a 4.9% coupon rate, and RM100m as tranche one of the third issuance under a RM3bn MTN programme, with a 14-year tenure and a 5.3% coupon rate. The proceeds will be used for various financial needs, including operating expenses, capital expenditure, and development projects in Genting Highlands. AmInvestment Bank Bhd and Hong Leong Investment Bank Bhd are joint lead managers for the issuance. (*The Star*)

### **Scientex (4731): Unit to acquire land in Johor for RM381m**

Scientex Bhd's subsidiary, Scientex Quatari Sdn Bhd, has agreed to purchase 14 parcels of freehold land in Johor for RM381m from Lee Pineapple Company (Pte) Ltd. The 142-hectare land is near existing developments and Scientex's current projects. The acquisition, funded through internal funds and bank borrowings, aims to expand Scientex's landbank for a mixed-property development and is expected to be completed in the first half of 2025. This expansion aligns with Scientex's goal to build 50,000 affordable homes by 2028 and improve operational efficiencies. (*The Star*)

### **PUC (0007): To acquire fintech vertical for RM200m**

PUC Bhd has agreed to acquire Alevate Capital Sdn Bhd and Alevate Solutions Sdn Bhd for RM200m, payable in cash and shares. The initial RM100m will be settled by issuing 800m PUC shares at 12.5 sen each, with an additional RM7.5m in cash contingent on achieving a RM16m pre-tax profit by mid-2025. The balance is tied to a further profit milestone of RM32m by mid-2026. These acquisitions, adding a fintech vertical, aim to enhance PUC's technology capabilities and market presence, supporting its strategy to offer comprehensive solutions and drive shareholder value. (*The Star*)

**Tropicana (5401): Redeems third tranche of sukuk worth RM110m**

Tropicana Corporation Bhd has redeemed the third tranche of its RM110m Sukuk Wakalah Programme, due June 7, 2024, to reduce gearing and optimise financial management. Previously, it redeemed RM466m in June 2023 and RM179m in October 2023 under the same programme. This has lowered its gross gearing from 0.74 times in FY2023 to 0.7 times as of March 31, 2024, and reduced overall debt from RM3.8bn to RM3.5bn. Supported by RM2.4bn in unbilled sales, Tropicana plans to launch RM4bn worth of residential and commercial developments across Malaysia. (*The Star*)

**DRB-HICOM (1619): Perodua ink MoU with MRL for freight services to deliver cars, spare parts**

Malaysia Rail Link Sdn Bhd (MRL) has signed an MoU with Perodua to utilise the East Coast Rail Link's (ECRL) freight services for transporting Perodua cars and spare parts starting in 2027. The 665-km ECRL, connecting Kelantan, Terengganu, and Pahang with the Klang Valley, aims to provide efficient transportation solutions and reduce logistics costs for Perodua. The rail segment from Kota Bharu to Gombak is expected to be operational by January 2027, with the full network completing by January 2028. The project's cost remains at RM50.3bn. (*The Star*)

**MPay (0156): Unit to developer super app for KTMB**

Managepay Systems Bhd's subsidiary, ManagePay Services Sdn Bhd, has been contracted by Keretapi Tanah Melayu Bhd (KTMB) to develop a mobility-as-a-service super app platform for the rail operator. The project aims to enhance railway services and integrate them with various sectors through a feature-rich SuperApp, providing a comprehensive and innovative solution. The five-year contract is expected to positively impact MPay's revenue from FY25 onwards. (*The Star*)

**KPJ Healthcare (5878): Unit agrees to hospital renovation works for RM18.3m**

KPJ Healthcare Bhd's subsidiary, Bandar Dato Onn Specialist Hospital Sdn Bhd, will undertake RM18.3m renovation works on two floors of the KPJ Bandar Dato Onn Specialist Hospital. The contract has been awarded to Tg Langsat Development Sdn Bhd, a subsidiary of Johor Corp, making it a related party transaction. The renovation is expected to be completed by November 10, 2024. (*The Star*)

**Eco World (8206): Malaysia inks sale of industrial land to Microsoft for RM402m**

Eco World Development Group Bhd's subsidiary has agreed to sell 123 acres of industrial land in Eco Business Park VI, Kulai, Iskandar Malaysia, to Microsoft Payments (Malaysia) Bhd for RM402m in cash. The land was originally acquired at RM12 psf and is being sold at RM75 psf. Proceeds from the sale will be used for land development, associated expenses, loan repayment, and working capital. EcoWorld expects that having Microsoft establish a data center in the park will boost demand for its other industrial products and accelerate cash flow generation. (*The Star*)

**Cypark (5184): Achieves commercial operation date for 100MW LSS3**

Cypark Resources Bhd announced the commercial operation date (COD) of its 100MW LSS3 hybrid solar plant in Merchang, Terengganu, on June 9. The plant includes 35MW of floating solar and 65MW of ground-mounted solar photovoltaics, now contributing renewable energy to the national grid. Executive director Muhammad Ashraf expressed confidence in the timely delivery of the LSS2 floating solar plant in Kelantan by the third quarter of this year. Despite delays in both LSS2 and LSS3 projects, Cypark remains committed to its renewable energy goals, supported by Jakel Capital's RM265m sukuk and banking facilities. (*The Star*)

**Yong Tai (7066): Partners with China's STIG to revive Encore Melaka theatre**

Yong Tai Bhd has signed a collaboration agreement with Sichuan Tourism Investment Group (STIG) to revitalise the operations of Encore Melaka theatre, aiming for a 70% occupancy rate within six months. STIG will manage and operate the theatre, leveraging its extensive experience in tourism and cultural ventures, while resuming shows next month and focusing on improving ticket sales and audience engagement. (*The Edge*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
Bermaz Auto	Consumer	2.55	0.21	8.27
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.24	0.10	7.82
British American Tobacco (M)	Consumer	8.50	0.64	7.58
RHB Bank	Finance	5.52	0.40	7.26
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.92
Amway (M)	Consumer	7.20	0.50	6.90
MAG Holdings	Consumer	1.15	0.07	6.52
Magnum	Consumer	1.15	0.07	6.52
UOA REITS	REIT	1.12	0.07	6.43
Pavilion REIT	REIT	1.42	0.09	6.41
MBM Resources	Consumer	5.46	0.35	6.39
Gas Malaysia	Utilities	3.66	0.23	6.28
Malayan Banking	Finance	9.99	0.62	6.22

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		
<a href="#">KTI Landmark</a>	ACE Market	0.30	160.0	45.0	4 Jun	19 Jun
Agricore CS	ACE Market	0.50	51.7	6.1	7 Jun	21 Jun
<a href="#">UUE Holdings</a>	ACE Market	0.24	124.9	37.5	18 Jun	2 Jul

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