



Daily Newswatch

Market Review

Bolstered by continued strong window-dressing activities on selected blue-chips stocks, the FBM KLCI surged to 1628.1 (+0.9%). Among the top-performing constituents, TENAGA (+4.0%) rallied due to the more favourable new tariff setting under Regulatory Period 4 (2025-2027), while PCHEM (+2.5%) and SDG (+1.9%) also contributed to the market's positive performance. Sector-wise, Health Care (+2.0%) was the top gainer, driven by strong gains among rubber gloves counters such as KOSSAN (+4.1%), SUPERMX (+4.1%) and TOPGLOV (+3.8%). In brief, the overall broader market breadth was positive, with 617 gainers outpacing 420 losers.

Economics

- US:** Yellen says treasury to hit new debt limit in mid-January
- EU:** Next ECB rate cut could be longer in coming, Holzmann says
- UK:** Starmer asks regulators to prioritise economic growth
- China:** To cut import tariffs on some recycled copper and aluminium raw materials
- Malaysia:** Gig economy expands in 2024 amid push for increased worker protection
- Japan:** BOJ signals January rate hike still on table with lively debate

Companies

- Asia Poly:** Sees emergence of new substantial shareholder
- PUC:** Changes substantial shareholders
- JcbNext:** Resumes paring stake in Taiwan-listed 104 Corp
- OCB:** To offload debt-laden building materials business
- Paragon Globe:** Shareholders greenlight deals on land, development rights with Tropicana unit
- Nova MSC:** Shelves subscription deal with Singapore firms, in talks with new potential investor
- SCGM:** Formalises injection of agriculture business, proposes 25 sen special dividend

<u>Upcoming key economic data releases</u>	<u>Date</u>
US – Dec 2024 Manufacturing PMI	Jan 03
US – Dec 2024 Unemployment Rate	Jan 10
Malaysia – Nov 2024 Unemployment Rate	Jan 10
US – Jan 2025 PPI	Jan 14
US – Jan 2025 CPI	Jan 15
Malaysia – GDP Growth Rate	Jan 20
Malaysia – Dec 2024 Inflation Rate	Jan 22
Malaysia – Interest Rate Decision	Jan 22
Malaysia – Dec 2024 PPI	Jan 28
US – Jan 2025 FOMC	Jan 30
US – Jan 2025 PCE	Jan 31

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,628.1	0.9	11.9
Dow Jones	42,992.2	(0.8)	14.1
Nasdaq CI	19,722.0	(1.5)	31.4
S&P 500	5,970.8	(1.1)	25.2
FTSE 100	8,149.8	0.2	5.4
Nikkei 225	40,281.2	1.8	20.4
Shanghai CI	3,400.1	0.1	14.3
HSI	20,090.5	(0.0)	17.9
STI	3,771.6	0.3	16.4

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,869.9	16.3
Value traded (RM m)	2,077.3	11.4
Gainers	617	
Losers	420	
Unchanged	540	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TWL	0.025	0.0	76.6
VANZO	0.200	(2.4)	55.8
MYEG	0.965	1.6	52.3
SNS	0.670	0.0	37.9
JCY	0.570	1.8	31.2

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TENAGA	14.740	3.9	252.8
GAMUDA	4.690	1.5	92.1
CIMB	8.150	1.4	62.7
MYEG	0.965	1.6	50.2
YTL	2.620	(0.4)	42.4

Currencies	Last Close	% Chg
USD/MYR	4.4715	(0.1)
USD/JPY	157.87	0.1
EUR/USD	1.0426	0.0
USD/CNY	7.296	0.0
US Dollar Index	108.00	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.2	1.2
Gold (USD/troy oz)	2,621	(0.5)
CPO (MYR/metric t)	4,975	1.5
Bitcoin (USD/BTC)	95,053	0.1

Economics

US: Yellen says treasury to hit new debt limit in mid-January

Treasury Secretary Janet Yellen warned that the US is likely to hit its debt ceiling by mid-January 2025, requiring special accounting maneuvers to prevent default, and urged Congress to act swiftly to protect the nation's credit. Despite these measures, analysts estimate the final deadline for resolving the debt limit could extend to mid-2025, though prolonged political standoffs may strain financial markets and raise borrowing costs. Historically, debt ceiling battles have been contentious, with recent trends showing heightened challenges under divided government leadership. (*Bloomberg*)

EU: Next ECB rate cut could be longer in coming, Holzmann says

The next interest rate cut by the European Central Bank could be longer in coming after a recent uptick in inflation, ECB Governing Council member Robert Holzmann was quoted as saying on Saturday. "I don't see any interest rate hikes at the moment. What could happen, though, is that one takes more time until the next interest rate cut, there are signs of an upward trend in some energy prices. But there are also other scenarios as to how inflation could return, like via a stronger devaluation of the euro," Holzmann told Austrian newspaper Kurier. Eurozone annual inflation accelerated in November to 2.2% from 2.0% a month earlier and above the ECB's 2% target rate. (*Reuters*)

UK: Starmer asks regulators to prioritise economic growth

British Prime Minister Keir Starmer has asked the country's regulators, including the financial and competition watchdogs, to remove barriers to growth to revive a sluggish economy, Sky News reported on Saturday. Starmer wrote to more than ten regulators — including the Financial Conduct Authority, the Competition and Markets Authority and energy and water regulators Ofgem and Ofwat — on Tuesday, asking them to present pro-growth initiatives to Downing Street by mid-January, Sky said. It cited one recipient of the letter, which was also signed by finance minister Rachel Reeves, as saying it was unambiguous in its direction to prioritise economic growth and investment. (*Bloomberg*)

China: China to cut import tariffs on some recycled copper and aluminium raw materials

China will reduce import tariffs on ethane and certain recycled copper and aluminium raw materials from next year, the government said on Saturday. The Ministry of Finance announced adjustments to various import tariff categories, effective Jan 1, aimed at increasing imports of high-quality products, expanding domestic demand and promoting high-level opening-up, it said in a statement. Provisional import tariffs below the most-favoured-nation rates will be applied to 935 items, the ministry said. Import tariffs will be reduced on ethane and certain recycled copper and aluminium raw materials to advance green and low-carbon development. (*Bloomberg*)

Malaysia: Gig economy expands in 2024 amid push for increased worker protection

Malaysia's gig economy has continued its upward trajectory in 2024, with the number of own-account workers, including gig workers, surpassing 3m as of September. The growth reflects the increasing acceptance and reliance of gig work as a viable source of income, the flexibility it offers and the expanding digital economy. It has also brought increased calls for better protection, as many remain outside the coverage of labour laws. (*The Edge*)

Japan: BOJ signals January rate hike still on table with lively debate

The Bank of Japan (BOJ) signalled that a rate hike next month remains on the table, even as cautious views among the majority swayed the stand-pat decision in a policy meeting last week. During a lively discussion over the timing of the next move, board members gave views both in favour of a rate increase, and for waiting longer to monitor wage trends and the trajectory of the US economy under President-elect Donald Trump, according to a summary of the Dec 18-19 meeting released on Friday. (*Bloomberg*)

Companies

Asia Poly: Sees emergence of new substantial shareholder

Huang YongKang has become the second-largest shareholder in Asia Poly Holdings Bhd by acquiring 95.85m shares (9.09% stake) via a private placement, following the largest shareholder and executive chairman, Yeo Boon Leong, who holds an 18.01% stake. Huang is also a shareholder of Zhen Xing Plastic Sdn Bhd, in which Asia Poly owns a 35% stake, and the funds raised through the placement (RM6.71m) will primarily go towards bank overdraft repayments and working capital. *(The Edge)*

PUC: Changes substantial shareholders

Cocoaland co-founder Lau Pak Lam reduced his stake in PUC Bhd to 4.26%, while businessman Datuk Seri Ting Teck Sheng became a new substantial shareholder with a 5.04% stake. PUC announced its acquisition of Alevate Solutions for RM100m in shares, making Tham Lih Chung its largest shareholder with a 22.35% stake, while Pictureworks International, an associated company, filed for a proposed Nasdaq listing. *(The Edge)*

JcbNext: Resumes paring stake in Taiwan-listed 104 Corp

JcbNext Bhd trimmed a 1.8% stake in Taiwan-listed company 104 Corp for T\$133.9m (RM18.1m) as the digital marketing and advertising services firm continues to pursue its strategy to diversify its investment portfolio and reduce concentration risk. JcbNext disposed of an aggregate 599.5 shares or a 1.8% stake in 104 Corp between Aug 22 and Dec 27, according to the company's bourse filing on Friday. The open market disposals pared JcbNext's stake in 104 Corp to 13.5%. "Based on the disposal consideration, the expected net gain arising from the disposals is RM9.4m," the company said. *(The Edge)*

OCB: To offload debt-laden building materials business

Loss-making OCB Bhd is to sell its loss-making and indebted wholly-owned subsidiary Agrow Malaysia Sdn Bhd for RM3m cash. The purchaser, Tan Sim Lam, will also take over OCB's role as the building materials unit's guarantor of RM20.32m debt as part of the deal, according to the consumer food and bedding maker's bourse filing on Friday. Tan is the project director of property development and construction company Mawar Abadi (M) Sdn Bhd. "The proposed disposal forms a key component of OCB's strategic restructuring initiative aimed to fortify its financial position while enabling a sharper focus on expanding its consumer foods, bedding products and property development divisions moving forward," said OCB. The disposal of Agrow marks OCB's exit from the building materials sector. *(The Edge)*

Paragon Globe: Shareholders greenlight deals on land, development rights with Tropicana unit

Paragon Globe Bhd's shareholders have approved the Johor-based property developer's various land deals as well as its joint development with a unit of Tropicana Corp Bhd. In its extraordinary general meeting on Friday, the company's shareholders approved its disposal of a 47.86-acre land in Johor for RM238.3m and another 19.76-acre parcel for RM98.98m to Bridge Data Centres Malaysia VI Sdn Bhd. Shareholders also supported the group's land acquisition of 14.85 acres of land in Plentong, Johor for RM28.6m, and another two parcels measuring an aggregate 19.33 acres for RM34.96m, according to its bourse filing. *(The Edge)*

Nova MSC: Shelves subscription deal with Singapore firms, in talks with new potential investor

Software services provider Nova MSC Bhd has decided not to proceed with subscription deals with two Singapore-based investment firms. The ACE Market-listed company said its 60%-owned unit Dex-Lab Pte Ltd and 42%-owned EyRIS Pte Ltd have pulled out from their share subscription agreements with Jostar Investment VCC and Mark Investment Group VCC (MIG) due to "extended timeframes required to complete internal and regulatory processes". "As part of this reassessment, the company is pleased to advise that it is currently in advanced discussions with another investor for an investment in EyRIS." Nova MSC said in a bourse filing on Friday. While the identity of the new investor was not disclosed, Nova MSC said the potential partnership would provide the company access to the Chinese market as well as product expansion opportunities. (*The Edge*)

SCGM: Formalises injection of agriculture business, proposes 25 sen special dividend

SCGM Bhd's substantial shareholders are to inject their agriculture-related business into the cash company in return for RM207.94m worth of shares as part of the company's regularisation plan. SCGM entered into a conditional share sale agreement with several vendors to acquire the entire equity interest in Eramas Global Group Sdn Bhd for the issuance of 569.7 million SCGM shares at an issue price of 36.5 sen, according to the company's bourse filing on Friday. Meanwhile, prior to the acquisition of Eramas, SCGM intends to distribute RM48.14m, cash, in the form of a 25 sen per share special dividend to its shareholders. The vendors comprise Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian. The deal is deemed a related-party transaction as Chin and Yan collectively control a 16.13% stake in SCGM. (*The Edge*)



Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.61	0.18	10.99
MBM Resources	Consumer	6.00	0.53	8.75
British American Tobacco (M)	Consumer	7.60	0.60	7.84
Amway (M)	Consumer	6.83	0.53	7.72
KIP REIT	REIT	0.87	0.07	7.70
Sentral REIT	REIT	0.80	0.06	7.67
Paramount Corporation	Property	1.04	0.07	7.21
Ta Ann Holdings	Plantation	4.22	0.30	7.13
YTL Hospital REIT	REIT	1.18	0.08	7.03
Genting Malaysia	Consumer	2.24	0.16	7.01
Datasonic Group	Technology	0.42	0.03	6.99
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.72
Sports Toto	Consumer	1.51	0.10	6.62
UOA REITS	REIT	0.93	0.06	6.59
Hektar REITS	REIT	0.54	0.03	6.48

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		
Swift Energy Technology Bhd	ACE Market	0.28	28.0	14.0	23 Dec	08 Jan
CBH Engineering Holding Bhd	ACE Market	0.28	298.0	188.1	02 Jan	16 Jan
Northern Solar Holdings Bhd	ACE Market	0.63	67.3	35.6	20 Jan	06 Feb

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