



# Daily Newswatch

## Market Review

The FBM KLCI extended its downtrend yesterday, closing at 1,625.5 (-0.2%), driven by heightened profit-taking from foreign funds, particularly in Petronas-linked constituents following their recent strong rallies. Key laggards within the index included PETDAG (-3.1%), MRDIY (-2.7%), and PETCHEM (-2.0%). Sector-wise, Consumer Products & Services (-0.6%) emerged as the weakest performer, weighed down by declines in heavyweights such as F&N (-2.0%), NESTLE (-1.8%), and QL (-1.1%). Therefore, the broader market also reflected bearish sentiment, with 577 decliners outpacing 503 advancers.

## Economics

- US:** Trump's team mulls narrowing universal tariffs, Washington Post reports
- EU:** ECB sees labour market normalising after puzzling post-Covid boom
- German:** Inflation up more than expected, backing ECB caution
- Japan:** BOJ's Ueda sends fresh reminder to bankers on raising rates
- UK:** One in four UK firms cut jobs after Reeves budget, PMI shows
- China:** Services gauge rises to highest since May on stimulus

## Companies

- Toyo Ventures:** Issues dispute notice to Vietnamese govt over power plant termination
- T7 Global:** Secures maintenance, construction and modification services contract
- Aizo:** Selected by EC to develop 99.99MW solar plant in Perak
- XoX:** Proposes share capital reduction to eliminate losses
- Keyfield:** Acquires platform supply vessel for US\$17.6m
- Citaglobal:** Acquires 55% stake in waste-to-energy partner LAWI Germany for undisclosed value
- D&O:** Signs MOU with China-listed Beijing Jingwei Hirain Technologies for automotive module business in Malaysia
- Kumpulan Kitacon:** Bags RM66m residential project in Sungai Buloh
- Kerjaya Prospek:** Wins first job in 2025 — RM256m contract in Shah Alam for E&O's unit

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,625.5	(0.2)	(1.0)
Dow Jones	42,706.6	(0.1)	0.4
Nasdaq CI	19,865.0	1.2	2.9
S&P 500	5,975.4	0.6	1.6
FTSE 100	8,249.7	0.3	0.9
Nikkei 225	39,307.1	(1.5)	(1.5)
Shanghai CI	3,206.9	(0.1)	(4.3)
HSI	19,688.3	(0.4)	(1.9)
STI	3,821.8	0.5	0.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,477.8	(5.9)
Value traded (RM m)	2,660.5	(7.2)
Gainers	503	
Losers	577	
Unchanged	497	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VELOCITY	0.080	14.3	150.2
TOPGLOV	1.360	2.3	70.2
VELESTO	0.155	(6.1)	45.6
MYEG	0.975	(1.0)	44.3
TAWIN	0.025	25.0	41.6

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	4.860	3.4	121.2
MAYBANK	10.100	(0.4)	104.7
TOPGLOV	1.360	2.3	97.1
TENAGA	14.580	(0.1)	72.6
NATGATE	2.760	9.5	66.4

Currencies	Last Close	% Chg
USD/MYR	4.5113	(0.2)
USD/JPY	157.75	(0.1)
EUR/USD	1.0383	(0.1)
USD/CNY	7.3281	(0.1)
US Dollar Index	108.26	(0.6)

Commodities	Last Close	% Chg
Brent (USD/barrel)	76.3	(0.3)
Gold (USD/troy oz)	2,635	(0.1)
CPO (MYR/metric t)	4,690	(0.7)
Bitcoin (USD/BTC)	102,279	0.6

### Upcoming key economic data releases

### Date

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



## Economics

### **US: Trump's team mulls narrowing universal tariffs, Washington Post reports**

Aides to US President-elect Donald Trump are reportedly exploring a tariff plan targeting specific critical import, a narrower approach compared to the universal tariffs proposed during his campaign. The plan could focus on sectors vital for economic and national security, including defense materials, medical supplies, and energy resources, while broader tariffs on China, Mexico, and Canada remain uncertain. The report has already unsettled global markets, with the US dollar declining and investors betting on Fed rate cuts due to potential inflationary impacts. Companies, anticipating disruptions, have begun front-loading orders and renegotiating contracts, intensifying global trade uncertainty. *(Bloomberg)*

### **EU: ECB sees labour market normalising after puzzling post-Covid boom**

The European Central Bank (ECB) expects the eurozone labour market to normalise as the post-pandemic boom subsides, driven by factors like stabilising profits, weakening demand, and reduced incentives for labour hoarding. While inflationary pressures from rising wages remain a focus, the ECB foresees a relatively stable job market ahead, though it is unlikely to return fully to pre-pandemic norms due to structural changes. These include shifts toward green and digital transitions, sociodemographic changes, and reduced working hours, which are expected to shape long-term labour market dynamics. *(Bloomberg)*

### **German: Inflation up more than expected, backing ECB caution**

German inflation rose to 2.9% in December, exceeding expectations and driven by energy and food costs, while short-term yields climbed and traders adjusted ECB rate-cut expectations. Despite the recent uptick, inflation is expected to gradually ease, with the Bundesbank forecasting a decline to 2.4% in 2025 and a return to the ECB's 2% target by 2026. Underlying price pressures, particularly in services, remain elevated at 4.1%, but the ECB anticipates further gradual rate cuts in 2025 to reach a neutral policy stance. *(Bloomberg)*

### **Japan: BOJ's Ueda sends fresh reminder to bankers on raising rates**

Bank of Japan Governor Kazuo Ueda reiterated that the central bank may raise its benchmark rate if economic and price conditions continue to improve, leaving the timing of the hike dependent on data. While Ueda's recent dovish comments reduced expectations for a January hike, market speculation remains as rising bond yields and a weak yen signal anticipation of tightening in the near future. The BOJ's next policy meeting on January 23-24, along with a January 14 speech by Deputy Governor Ryozi Himino, will be closely watched for further rate hike signals. *(Bloomberg)*

### **UK: One in four UK firms cut jobs after Reeves budget, PMI shows**

Nearly 25% of UK businesses cut jobs in December, with S&P Global's PMI revealing the fastest job-shedding in over 15 years (excluding the pandemic) due to Labour's £26 bn payroll tax hike in October. Business confidence has slumped to post-Truss-era lows, as rising costs, stagnant economic growth, and inflationary pressures weigh heavily on employers' outlook for 2025. Despite Labour's promises of rapid economic growth, the economy has stalled, with firms citing higher wages, raw material costs, and concerns over new labour policies as additional challenges. *(Bloomberg)*

### **China: Services gauge rises to highest since May on stimulus**

China's services activity expanded in December, with the Caixin Services PMI rising to 52.2, its fastest pace since May, driven by Beijing's recent stimulus measures. While domestic demand showed improvement, new export business declined, and the employment gauge contracted for the first time in four months, reflecting cautious hiring and global trade uncertainties. Economists highlighted ongoing pressures from weak domestic demand, squeezed profit margins, and external challenges. Chinese leaders, prioritizing consumption and domestic demand for 2025, have outlined goals like aiding low-income groups and enhancing the social safety net, though detailed plans remain pending. *(Bloomberg)*

## Companies

### **Toyo Ventures: Issues dispute notice to Vietnamese govt over power plant termination**

Toyo Ventures Holdings Bhd, through its subsidiary SH2P, issued a notice of dispute to Vietnam's Ministry of Industry and Trade (MOIT) following the termination of the Song Hau 2 thermal power plant project, citing unresolved financial arrangements. Despite announcing a US\$980m financing facility in June 2024, the Vietnamese government terminated the BOT contract in July due to failure to meet financial requirements within the stipulated timeframe. Toyo Ventures plans to engage in discussions for 45 days as per the contract terms and pursue legal remedies if no resolution is reached. *(The Edge)*

### **T7 Global: Secures maintenance, construction and modification services contract**

T7 Global Bhd announced that its subsidiary, Tanjung Offshore Services Sdn Bhd, has secured a contract from Carigali Hess Operating Company Sdn Bhd for maintenance, construction, and modification (MCM) services. The contract, commencing on Jan 15, 2025, has a three-year initial term with an option for a two-year extension and is expected to positively impact the company's earnings from FY2025 onwards. *(The Edge)*

### **Aizo: Selected by EC to develop 99.99MW solar plant in Perak**

Aizo Group Bhd, through its subsidiary Wawasan Demi Sdn Bhd, has been selected to develop a 99.99MW large-scale solar photovoltaic plant in Kampar, Perak, under Malaysia's Large Scale Solar 5 (LSS5) programme. The project, expected to commence commercial operations by October 2027 under a 21-year solar power purchase agreement, reflects Aizo's focus on renewable energy despite its consecutive annual losses since 2022. *(The Edge)*

### **XOX: Proposes share capital reduction to eliminate losses**

XOX Networks Bhd has proposed a share capital reduction to eliminate up to RM55m of its accumulated losses, leaving it with retained net earnings of RM7.82m. The company, which has been operating at a loss for nine consecutive years, plans to reduce its issued share capital of RM87.76m to offset these losses. This proposal is subject to shareholder approval at an extraordinary general meeting, with completion expected in the second quarter of 2025. *(The Edge)*

### **Keyfield: Acquires platform supply vessel for US\$17.6m**

Keyfield International Bhd is acquiring a five-year-old platform supply vessel, Keyfield Gratitude, for US\$17.6m (RM79.2m) to expand its fleet and enhance its vessel chartering business. The acquisition will be funded through proceeds from a sukuk issuance and an additional US\$2m from internal funds for capital expenditure. The vessel will be used to transport materials and equipment between shore and offshore platforms, supporting Keyfield's participation in chartering contracts. *(The Edge)*

### **Citaglobal: Acquires 55% stake in waste-to-energy partner LAWI Germany for undisclosed value**

Citaglobal Bhd acquired a 55% stake in Germany's LAWI Engineering GmbH (LAWI Germany) for an undisclosed value, with the aim of providing advanced waste-to-energy (WTE) technology and solutions for global waste management projects. The acquisition, made through its subsidiary Citaglobal Environment Management Sdn Bhd (CGEM), enables Citaglobal to offer end-to-end WTE solutions without relying on foreign technology imports. This investment is linked to Citaglobal's collaboration with Shanghai SUS Environment Co Ltd on developing WTE projects in Pahang, Malaysia. *(The Edge)*

**D&O: Signs MOU with China-listed Beijing Jingwei Hirain Technologies for automotive module business**

D&O Green Technologies Bhd's subsidiary, Dominant Electronics Sdn Bhd (DESB), signed an MOU with Jing Wei Hirain Automotive Electronics Malaysia Sdn Bhd to establish a new company in Malaysia focused on engineering services and automotive module production. The joint venture will leverage DESB's local production and R&D capabilities, while Hirain will contribute technical expertise and sales channels. The collaboration, which aims to target global markets, is expected to be finalised within 90 days, though it is not anticipated to have an immediate impact on D&O's financials. *(The Edge)*

**Kumpulan Kitacon: Bags RM66m residential project in Sungai Buloh**

Kumpulan Kitacon Bhd has secured an RM65.68m residential construction contract in Sungai Buloh, Selangor, to build bungalows for KL-Kepong Country Homes Sdn Bhd. The project, set to begin on February 3, 2025, is expected to be completed within 20 months. This marks Kitacon's first contract win for 2025 and is anticipated to positively impact its earnings and net assets per share from the financial year ending December 31, 2025. *(The Edge)*

**Kerjaya Prospek: Wins first job in 2025 — RM256m contract in Shah Alam for E&O's unit**

Kerjaya Prospek Group has secured an RM256.4m contract from Eastern & Oriental Express Sdn Bhd to build 360 terrace houses, a clubhouse, landscaping, and related infrastructure in Elmina West, Shah Alam. The project, to be completed in 26 months, will contribute to Kerjaya's total outstanding order book of RM4.2bn. This deal, classified as a related party transaction, highlights the company's ongoing growth and strong position in the construction sector. *(The Edge)*



## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.57	0.17	11.02
MBM Resources	Consumer	6.26	0.52	8.39
British American Tobacco (M)	Consumer	7.39	0.60	8.06
Amway (M)	Consumer	6.74	0.53	7.82
Sentral REIT	REIT	0.80	0.06	7.67
KIP REIT	REIT	0.88	0.07	7.66
Ta Ann Holdings	Plantation	4.22	0.30	7.13
YTL Hospital REIT	REIT	1.18	0.08	7.03
Paramount Corporation	Property	1.07	0.08	7.01
Genting Malaysia	Consumer	2.25	0.16	6.98
Datasonic Group	Technology	0.43	0.03	6.82
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.67
Sports Toto	Consumer	1.51	0.10	6.62
UOA REITS	REIT	0.94	0.06	6.49
RHB Bank	Finance	6.43	0.40	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		
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
Oriental Kopi Holdings Bhd	ACE Market	0.44	418.1	-	10 Jan	23 Jan
Northern Solar Holdings Bhd	ACE Market	0.63	67.3	35.6	20 Jan	06 Feb

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