



# Daily Newswatch

## Market Review

FBMKLCI closed lower on Monday, extending its intraday losses as global risk sentiment turned more defensive. The sell-off was triggered by Moody's decision to downgrade the US long term sovereign credit rating from AAA to AA1, citing structural fiscal pressures such as chronic budget deficits and rising debt servicing costs. With this move, all three credit rating agencies have now downgraded US debt, signalling a potential shift in long-term market confidence of US creditworthiness. Among key index constituents, AXIATA (-5.9%) led the losses, followed by PPB (-5.5%) and PCHEM (-3.3%). Losses were broad-based, with Telecommunication & Media (-2.1%), Energy (-1.1%), and Utilities (-1.0%) posting the largest declines. Overall market breadth was remained negative, with 679 decliners outpacing 239 gainers.

Across Asia, market also ended lower on Monday as Moody's downgrade of the U.S. credit rating reinforced Wall Street's growing worries over the U.S. sovereign bond market. Chinese markets ended little changed as mixed economic readings highlighted a fragile recovery. Industrial output held up in April, but retail sales and investment disappointed as firms and households turn more cautious due to the trade war. The SHANGHAI CI finished marginally higher at 3,367.6, while HSI ended with a negative bias at 23,332.7.

European markets closed mixed, recovering from earlier declines as selective buying emerged late in the session. Sentiment remained cautious amid fresh tariffs, global economic uncertainties, and lingering geopolitical risks. Moody's downgrade of U.S. debt also weighed on investor mood. However, a landmark UK-EU agreement provided some support, spurring a late-session rebound. As a result, the STOXX 50 ended at 5,427.2.

U.S. equities opened weaker but recovered throughout the day, ending modestly higher. The DOW rose 0.3% to 42,792.1, the S&P 500 edged up 0.1% to 5,963.6, while the NASDAQ added less than 0.1% to close at 19,215.5. Last Monday's news of a U.S.-China trade deal temporarily slashing steep tariffs on each other's goods generated considerable buying interest that carried over throughout much of the week. However, negative sentiment was also generated in reaction to news that Moody's has downgraded the U.S. debt rating by a notch to AA1 from AAA.

## Macro News

- US:** Fed Officials signal possible hold until at least September
- Malaysia:** Saudi Arabia together with Malaysia to strengthen bilateral cooperation in trade, investment, said Zafrul
- China:** Consumption miss overshadows factory strength amid tariffs

## Corporate News

- TCS Group:** Wins RM217m contract to build apartments in Subang Jaya
- KAB:** KAB-Sinohydro JV secures RM646.3m EPCC contract to build 120MW power plant in Labuan
- Sarawak Cable:** Rejects 'Abu Bekir unaware of lawsuit' claim
- Euro Holdings:** Auditor resigns on suspension by Securities Commission
- MCE:** Signs joint-venture deal with China-based NCT to develop driver assistance radar
- Betamek:** Partners SiGenex for genomics diagnostics development

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,556.1	(1.0)	(5.2)
Dow Jones	42,792.1	0.3	0.6
Nasdaq CI	19,215.5	0.0	(0.5)
S&P 500	5,963.6	0.1	1.4
SX5E	5,427.2	(0.0)	10.9
FTSE 100	8,699.3	0.2	6.4
Nikkei 225	37,498.6	(0.7)	(6.0)
Shanghai CI	3,367.6	0.0	0.5
HSI	23,332.7	(0.1)	16.3
STI	3,876.2	(0.6)	2.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,714.3	27.7
Value traded (RM m)	2,272.1	5.4
Gainers	239	
Losers	679	
Unchanged	571	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
NEXG	0.375	0.0	49.8
SFPTECH	0.230	(9.8)	47.4
HM	0.180	0.0	44.8
NATGATE	1.610	(4.7)	38.9
TANCO	0.940	(0.5)	28.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	4.570	(0.4)	109.3
TENAGA	14.100	(0.7)	94.3
CIMB	7.100	(1.1)	91.5
MAYBANK	10.140	0.0	73.9
NATGATE	1.610	(4.7)	63.1

Currencies	Last Close	% Chg
USD/MYR	4.291	0.1
USD/JPY	144.930	(0.0)
EUR/USD	1.124	(0.0)
USD/CNY	7.214	(0.0)
US Dollar Index	100.426	(0.7)

Commodities	Last Close	% Chg
Brent (USD/barrel)	65.5	0.2
Gold (USD/troy oz)	3,226.7	(0.1)
CPO (MYR/metric t)	3,918.0	0.7
Bitcoin (USD/BTC)	105,334	(0.1)



## Macro News

### US: Fed Officials signal possible hold until at least September

Federal Reserve officials, including New York Fed President John Williams and Atlanta Fed President Raphael Bostic, signaled that interest rate cuts are unlikely before September due to lingering economic uncertainty, particularly around U.S. trade policy. They emphasized a cautious, data-dependent approach, citing concerns over inflation expectations and the delayed effects of recent tariff changes. Fed Vice Chair Philip Jefferson and Minneapolis Fed President Neel Kashkari echoed similar sentiments, affirming that while inflation has eased, the current policy stance remains appropriately restrictive amid ongoing uncertainty. *(Bloomberg)*

### US: Trump tax bill advances after deal for faster medicaid cuts

A key U.S. House committee advanced President Trump's massive tax and spending bill after Republican hardliners agreed to support it in exchange for accelerating Medicaid work requirements and phasing out clean energy tax incentives. Despite this progress, internal GOP divisions remain, with some lawmakers seeking further cuts and others opposing provisions such as Medicaid reductions and green energy rollbacks. The bill now faces further hurdles in the House and Senate, where moderate Republicans and those from high-tax or clean energy-invested states may push for significant amendments. *(Bloomberg)*

### US: 30-year yield hits highest since 2023 after Moody's downgrade

Long-dated US Treasuries declined after Moody's downgraded the US credit rating to Aa1, citing rising deficits and fiscal mismanagement, prompting concerns about the nation's debt sustainability. The downgrade, coupled with ongoing debates over tax cuts and spending, led to higher yields on 10- and 30-year bonds, a weaker dollar, and a drop in US stock futures. While some analysts view the move as a headline risk, others see it reinforcing investor trends away from dollar-denominated assets amid growing doubts over the US economic outlook. *(Bloomberg)*

### Malaysia: Saudi Arabia together with Malaysia to strengthen bilateral cooperation in trade, investment, said Zafrul

Malaysia's Investment, Trade and Industry Minister Tengku Zafrul Abdul Aziz met with Saudi Arabia's Minister of Investment Khalid Al-Falih to strengthen bilateral trade and investment ties, aligning with Saudi Vision 2030. The discussion explored collaboration opportunities in Islamic finance, halal industry, renewable energy, construction, hospitality, and technology. Zafrul also met with the Gulf Cooperation Council's secretary general to discuss the potential GCC-Malaysia Free Trade Agreement and the upcoming ASEAN-GCC Forum in Kuala Lumpur. *(Bernama)*

### Malaysia: Economy Ministry partners with six local and international banks to boost JS-SEZ, securing RM2.35bn so far

Six major local and international banks, including Maybank, CIMB, and HSBC, have signed letters of intent with the Ministry of Economy to facilitate investments into the Johor-Singapore Special Economic Zone (JS-SEZ), securing RM2.35bn in initial investment interest. These banks will support financing, promotion, and investor outreach, with roles strategically aligned by region to attract global capital. The JS-SEZ aims to generate RM100bn in investments and 100,000 jobs over ten years, backed by special incentives and direct policy access for participating financial institutions. *(The Edge)*

### Malaysia: To decide on RON95 subsidy rationalisation, says Rafizi

Economy Minister Rafizi Ramli announced that the responsibility for the RON95 fuel subsidy rationalisation has been fully transferred to the Ministry of Finance (MOF), following multiple Cabinet discussions. The move aligns with the government's broader Madani Economy framework for targeted subsidy reforms, with implementation expected in phases later this year. The initiative aims to reduce fiscal leakage and will involve operational rollout at petrol stations and income-based eligibility assessments for subsidy recipients. *(The Edge)*

### China: Consumption miss overshadows factory strength amid tariffs

China's industrial output grew 6.1% year-on-year in April, surpassing expectations despite a slowdown from March, while retail sales disappointed with 5.1% growth, reflecting weak consumer sentiment. The mixed data highlights continued challenges such as a prolonged property slump, deflationary pressure, and unemployment concerns, even as a 90-day US-China tariff truce offers temporary relief. Analysts expect stronger momentum in the coming months with further policy support likely needed to meet China's 5% growth target for 2025, particularly through boosting domestic consumption and restoring consumer confidence. *(Bloomberg)*

### EU: ECB Must Be Cautious on Further Interest-Rate Cuts, Muller Says

European Central Bank (ECB) Governing Council member Madis Muller stated that while further interest rate cuts cannot be ruled out, current rates are already low enough not to hinder economic recovery. He emphasized caution, noting that significant rate reductions would require clear justification, especially as inflation trends near 2% and uncertainty looms from U.S. trade policy. Diverging views within the ECB persist, with some officials advocating for more easing in June while others, like Isabel Schnabel, urge maintaining current rates due to potential inflation risks. *(Bloomberg)*

## Corporate News



**TCS Group: Wins RM217m contract to build apartments in Subang Jaya**

TCS Group Holdings Bhd has secured a RM216.9m contract from Bandar Raya Developments Bhd to build two 48-storey serviced apartment blocks in Subang Jaya, with construction expected to take 35 months. The award was given to its subsidiary, TCS Construction Sdn Bhd, and marks another project in its ongoing partnership with BRDB. (*The Edge*)

**KAB: KAB-Sinohydro JV secures RM646.3m EPCC contract to build 120MW power plant in Labuan**

Kinergy Advancement Bhd (KAB), through its joint venture with Sinohydro Corporation, has secured a RM646.3m EPCC contract to build a 120MW power plant in Labuan, awarded by Ranche Power Sdn Bhd. The project is expected to begin on May 20 and will enhance KAB's earnings and technical expertise in large-scale sustainable energy infrastructure. KAB said the win, achieved through competitive bidding, reinforces its growing position in the sustainable energy sector. (*The Edge*)

**Sarawak Cable: Rejects 'Abu Bekir unaware of lawsuit' claim**

Sarawak Cable Bhd has denied claims by major shareholder Datuk Seri Mahmud Abu Bekir Taib that he was unaware of the board's decision to sue the liquidators of its subsidiary for alleged negligence, stating the matter was properly deliberated and recorded. Abu Bekir, who is also a board member, is seeking to intervene in the company's judicial management process and has accused the board of being influenced by parties linked to Serendib Capital Ltd, now suing the company and several directors. Sarawak Cable, under PN17 status since 2022, is in the process of formulating a regularisation plan but has yet to submit it to Bursa Malaysia. (*The Edge*)

**Euro Holdings: Auditor resigns on suspension by Securities Commission**

Chengco PLT has resigned as Euro Holdings Bhd's auditor following its suspension by the Audit Oversight Board, which prohibits it from auditing public interest entities. Euro received the resignation notice on May 15 and plans to appoint a new auditor to fill the vacancy. (*The Edge*)

**MCE: Signs joint-venture deal with China-based NCT to develop driver assistance radar**

MCE Holdings Bhd has entered into a joint venture with China's Nanjing Chuhan Technology Co Ltd to develop, manufacture, and market automotive millimetre wave radars, crucial for advanced driver assistance systems and automated driving. MCE will hold a 51 percent stake in the JV, which aims to serve local and global markets excluding China. The partnership combines NCT's radar technology with MCE's manufacturing capabilities to support global expansion and meet rising demand for smart mobility solutions. (*The Edge*)

**MRCB: Unit to build RM2.9bn Shah Alam sports complex, paid in land and cash**

Malaysian Resources Corp Bhd's subsidiary Lembaran Prospek Sdn Bhd (LPSB) will build a new RM2.9bn sports complex in Shah Alam, Selangor to be paid with a combination of land and cash. In a filing with Bursa Malaysia, MRCB said LPSB received a letter of acceptance from Menteri Besar Selangor (Incorporated), also known as MBI Selangor, on Friday. MRCB said MBI Selangor will pay for the sports complex project, which includes RM35m to demolish Stadium Shah Alam as commissioned in February 2024, with land worth up to RM200m and the rest in cash. Demolition works are to be completed by this month. (*The Edge*)

**Betamek: Partners SiGenex for genomics diagnostics development**

Betamek Bhd, through its subsidiary Betamek Research, has signed a memorandum of collaboration with Singapore-based SiGenex Global Holdings to develop a next-generation, AI-integrated genomics diagnostic and sequencing solution. Betamek will support the design-for-manufacturing and assembly of SiGenex's proprietary Benchtop NGS platform, which uses advanced Digital Microfluidics (DMF) technology. This partnership marks Betamek's strategic diversification into the biotech sector and positions the company as a potential regional hub for precision manufacturing and smart diagnostics. (*The Star*)

Upcoming key economic data releases	Date
US – Leading Index (APR)	May 19
EU – CPI (APR)	May 19
GBP – CPI (APR)	May 21
US – S&P Global Manufacturing PMI	May 22
MY – Inflation Rate (APR)	May 22
US – Initial Jobless Claims	May 22
Source: Bloomberg	



## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.11	0.15	13.78
Amway (M)	Consumer	5.07	0.47	9.27
British American Tobacco (M)	Consumer	6.21	0.54	8.70
Sentral REIT	REIT	0.78	0.06	8.26
YTL Hospital REIT	REIT	1.04	0.08	7.98
REXIT	Technology	0.63	0.05	7.94
KIP REIT	REIT	0.87	0.07	7.75
Hektar REITS	REIT	0.49	0.04	7.63
CapitaLand Malaysia Trust	REIT	0.64	0.05	7.56
Paramount Corporation	Property	1.03	0.07	7.28
MBM Resources	Consumer	5.43	0.39	7.24
Taliworks Corporation	Utilities	0.70	0.05	7.14
MAG Holdings	Consumer	1.23	0.08	6.67
Magnum	Consumer	1.23	0.08	6.67
Ta Ann Holdings	Plantation	3.92	0.26	6.58

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="#">Peoplelogy Berhad</a>	ACE Market	0.25	105.0	0.0	6 May	20 May
Eco-Shop Marketing Berhad	Main Market	1.21	347.0	515.1	7 May	23 May
<a href="#">Oasis Home Holding Berhad</a>	ACE Market	0.28	100.0	50.0	9 May	28 May
ICT Zone Asia Berhad	ACE Market	0.20	133.0	21.0	20 May	3 Jun
Signature Alliance Group Berhad	ACE Market	0.62	260.0	0.0	21 May	5 Jun
Hartanah Kenyalang Berhad	ACE Market	0.16	120.9	77.5	27 May	09 Jun
Paradigm REIT	Main Market	1.00	865.3	0.0	23 May	10 Jun
<a href="#">Cuckoo International (Mal) Bhd</a>	Main Market	1.29	143.3	222.1	5 Jun	24 Jun

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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](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my