



Daily Newswatch

Market Review

FBMKLCI closed lower on yesterday, extending its recent losing streak amid persistent selling pressure, despite a modest rebound across regional markets. However, the magnitude of today's decline was more subdued compared to the previous session, with selective buying interest observed in heavyweight sectors such as financial and utilities, potentially signalling the early return of bargain hunting as valuations becomes increasingly attractive. Among key index constituents, MAXIS (-3.3%) led the losses, followed by PETDAG (-2.6%) and MRDIY (-2.5%). Losses were broad-based, with Consumer (-0.6%), Plantation (-0.6%), and Telecommunication & Media (-0.3%) posting the declines. Overall market breadth was turned steady, with 413 gainers outpacing 365 decliners.

Across Asia, market was ended mostly higher on Tuesday after China and Australia cut interest rates as expected. Investors stayed focused on the outcome of U.S. trade negotiations with India and Japan following a 90-day pause on reciprocal tariffs between the U.S. and China. Meanwhile, after the U.S. warned companies against using Huawei's Ascend chips, China accused the Trump administration of undermining recent trade truce talks in Geneva. China demanded the U.S. "correct its mistakes." The SHANGHAI CI rose 0.4% to 3,380.5 after the People's Bank of China cut benchmark lending rates for the first time since October, while HSI rallied 1.5% to 23,681.5.

European stocks closed broadly higher on Tuesday amid easing tariff worries, and expectations that Russia and Ukraine would soon begin ceasefire negotiations. The UK-EU trade agreement on Monday contributed as well to the positive mood in European markets. Investors also continued to react to corporate earnings updates, and looked ahead to upcoming economic data from major European countries and the U.S. The STOXX 50 gained 0.5%, supported by the strong session for heavyweight pharmaceutical companies. Consumer discretionary shares trimmed some of the sharp losses from the previous session with LVM, BMW, and Kering adding between 4% and 1.5%.

For US, stocks have moved moderately lower during trading on Tuesday, giving back ground after recovering from an early slump to end the previous session slightly higher. Currently, the major averages are off their lows of the session but still in the red. The NASDAQ is down 0.5% at 19,129.3, the S&P 500 is down 0.3% at 5,943.8 and the DOW is down 0.3% at 42,684.1. The weakness on Wall Street comes as some traders look to cash in on the strong upward move seen over the past several weeks. However, JPMorgan Chase (JPM) CEO Jamie Dimon has warned stock market values may not properly represent the risks of higher inflation and even stagflation.

Macro News

- US:** Trump plans to rally fractious house Republicans on tax cuts
- Malaysia:** Registers double-digit export growth to RM133.56bn in April
- China:** Banks cut benchmark lending rates after PBOC easing

Corporate News

- Malakoff:** Inks second solar power deal with Hicom Automotive
- Velesto:** Secures NAGA 4 contract in Vietnam beginning 2026
- Sapura Industrial:** Inks deal formalising JV with China's Zhejiang Zhongze to produce battery components in Malaysia
- SunCon:** Bags RM260m contract for final phase of Johor data centre project

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,548.9	(0.5)	(5.7)
Dow Jones	42,677.2	(0.3)	0.3
Nasdaq CI	19,142.7	(0.4)	(0.9)
S&P 500	5,940.5	(0.4)	1.0
SX5E	5,454.7	0.5	11.4
FTSE 100	8,781.1	0.9	7.4
Nikkei 225	37,529.5	0.1	(5.9)
Shanghai CI	3,380.5	0.4	0.9
HSI	23,681.5	1.5	18.1
STI	3,876.2	(0.6)	2.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,607.6	(29.8)
Value traded (RM m)	1,984.0	(12.7)
Gainers	413	
Losers	365	
Unchanged	654	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VELESTO	0.165	0.0	68.5
PEOPLE	0.265	6.0	47.8
TANCO	0.955	1.6	34.2
MYEG	0.895	0.0	28.1
NEXG	0.380	1.3	24.4

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TENAGA	14.140	0.3	98.7
GAMUDA	4.520	(1.1)	93.3
MAYBANK	10.040	(1.0)	83.0
CIMB	7.040	(0.8)	81.5
PBBANK	4.520	0.7	65.5

Currencies	Last Close	% Chg
USD/MYR	4.2980	(0.2)
USD/JPY	144.24	0.2
EUR/USD	1.1286	0.0
USD/CNY	7.2170	(0.0)
US Dollar Index	100.03	(0.4)

Commodities	Last Close	% Chg
Brent (USD/barrel)	65.4	(0.2)
Gold (USD/troy oz)	3,300	0.3
CPO (MYR/metric t)	3,909	(0.3)
Bitcoin (USD/BTC)	106,426	(0.5)



Macro News

US: Tariffs on solar gear from SE Asian countries, including Malaysia, hit up to 3,521% after panel vote

The U.S. International Trade Commission has approved steep anti-dumping and countervailing duties on solar equipment imported from Cambodia, Malaysia, Thailand, and Vietnam, with tariffs reaching up to 3,521% for some Cambodian producers and 34% for Malaysian exporters. The decision follows a yearlong probe by the U.S. Commerce Department, which found that manufacturers in these countries benefited from unfair subsidies and dumped solar gear into the U.S. market at below-cost prices, harming domestic producers. While the move supports U.S. solar manufacturers like First Solar, it is expected to significantly raise costs for U.S. renewable energy developers and complicate future growth in solar capacity expansion. *(Bloomberg)*

US: Trump U-turn on US\$5bn wind farm lifts ailing industry

The Trump administration has reversed its decision to halt Equinor ASA's US\$5bn Empire Wind 1 project off New York's coast, offering a temporary reprieve to the struggling U.S. offshore wind industry. This move eased concerns over the future of US\$28bn in planned offshore wind investments, despite the administration's broader opposition to the sector. Equinor and other European energy stocks rallied on the news, though analysts caution that returns from the project remain modest and the temporary halt may have already cost Equinor around US\$250m. *(Bloomberg)*

US: Trump plans to rally fractious house Republicans on tax cuts

President Donald Trump plans to visit Capitol Hill to urge House Republicans to unite behind his tax-cut legislation, as internal divisions persist over cuts to safety-net programs, green energy incentives, and state tax deductions. Despite general GOP support for the core tax reductions, party leaders are scrambling to meet a self-imposed deadline to pass the bill before the Memorial Day recess, following a temporary setback in committee due to hardliner resistance. While Trump has expressed frustration with party infighting, some conservative members, including House Freedom Caucus Chair Andy Harris, remain firmly opposed to the current version of the bill. *(Bloomberg)*

US: Economic outlook darkens as major forecast records steep drop

The U.S. economy's short-term outlook worsened in April, as the Conference Board's Leading Economic Index (LEI) fell 1.0%, marking its steepest monthly drop since March 2023 and the fifth consecutive decline. The decline reflects persistent economic uncertainty stemming from the ongoing U.S.-China trade tensions, weakened consumer sentiment, and rising inflation expectations, despite a temporary pause in tariffs. While the current Coincident Economic Index (CEI) showed modest growth, analysts and economists warn that the lingering effects of tariffs and policy uncertainty could weigh on GDP growth, which is now projected to slow to 1.6% in 2025. *(Newsweek)*

Malaysia: Registers double-digit export growth to RM133.56bn in April

Malaysia recorded strong trade performance in April 2025, with exports rising 16.4 percent year on year to RM133.56bn, driven by robust demand for electrical and electronic products, machinery, and palm oil-based goods. Imports increased 20 percent to RM128.37bn, contributing to a total trade value of RM261.94bn and sustaining a trade surplus for the sixtieth consecutive month. Key export markets included the United States, China, Asean, and Taiwan, with electrical and electronic exports up 35.4 percent and capital goods imports surging 114.1 percent due to higher non-transport equipment shipments. *(The Star)*

China: Banks cut benchmark lending rates after PBOC easing

Chinese banks have cut their benchmark lending rates for the first time in seven months, with the one-year loan prime rate (LPR) reduced to 3.0% and the five-year rate, used for mortgages, lowered to 3.5%. The rate cuts follow earlier monetary easing by the People's Bank of China (PBOC) to support the economy amid U.S. tariff pressures and broader concerns over weak domestic demand, a troubled property market, and employment uncertainties. While the cuts aim to stimulate borrowing and investment, their effectiveness may be limited due to subdued consumer and business confidence despite a temporary U.S.-China trade truce. *(Bloomberg)*

China: Ran record budget deficit with spending blitz amid tariffs

China's budget deficit reached a record 2.65tn yuan (US\$367bn) for the January–April 2025 period, marking a more than 50% increase year-on-year as Beijing ramped up fiscal stimulus to counter US tariff pressures. The surge was driven by a 7.2% rise in government spending amid stabilising revenues, signalling the government's aggressive use of capital expenditure to support economic resilience. However, with a recent US-China tariff truce and improving economic indicators, analysts believe the urgency for additional fiscal stimulus is easing, potentially leading to a pause in further deficit expansion. *(Bloomberg)*

EU: ECB sees financial stability risks from escalating global trade tensions

The European Central Bank has flagged rising global trade tensions, particularly from U.S. tariff policies, as a major threat to financial stability. In a note ahead of a broader risk report, ECB economists urged policymakers and financial institutions to actively monitor and prepare for the economic fallout from escalating trade conflicts. The warning aligns with recent remarks by ECB Vice-President Luis de Guindos, who cautioned that tariff-related disruptions could destabilise Europe's financial system. *(Bloomberg)*



Corporate News

Malakoff: Inks second solar power deal with Hicom Automotive

Malakoff Corporation Bhd, through its subsidiary Malakoff Radiance Sdn Bhd, has signed a second solar power purchase agreement with Hicom Automotive Manufacturers to deploy a 4.22 MWp solar system, its largest single-site project to date. The new phase will integrate rooftop and building-integrated PV systems to enhance energy efficiency and support Hicom's sustainability goals. This follows the successful first phase, which reduced grid electricity use by seven GWh and avoided 5,489 tonnes of CO₂ emissions since becoming operational in July 2022. *(Bernama)*

Velesto: Secures NAGA 4 contract in Vietnam beginning 2026

Velesto Energy Bhd has secured a significant drilling contract in Vietnam from Phu Quoc Petroleum Operating Company, involving over 40 wells and scheduled to commence in the first half of 2026. The NAGA 4 jack-up rig will be deployed for this project, marking Velesto's entry into the Vietnamese market and supporting its regional expansion strategy. The contract is expected to boost rig utilisation and positively impact the group's financial performance for 2026 and 2027. *(The Edge)*

Sapura Industrial: Inks deal formalising JV with China's Zhejiang Zhongze to produce battery components in Malaysia

Sapura Industrial Bhd has formalised a joint venture with China's Zhejiang Zhongze Precision Technology to establish a battery component manufacturing facility in Malaysia, following an earlier MOU signed in March. The JV company, to be set up within 30 days, will be 51% owned by Sapura's unit SIB Ventures and 49% by Zhejiang Zhongze, with both parties contributing regulatory, technical, and operational support. This strategic move marks Sapura's entry into the energy storage sector, aligning with its export-driven diversification plans and expanding its regional growth prospects. *(The Edge)*

Sin-Kung Logistics: To launch private passenger charter services in Q3, rebrands aviation unit

Sin-Kung Logistics Bhd has renamed its aviation subsidiary to Sin-Kung Airways Sdn Bhd as it expands from cargo into private passenger charter services using Piaggio P180 Avanti II aircraft, with operations set to begin in Q3 2025. The airline aims to integrate air services with its existing logistics infrastructure to provide end-to-end freight solutions, enhancing its competitive edge in the regional logistics market. With new charter routes and aircraft leases planned, the initiative aligns with the group's broader strategy to unify its operations under a single identity and strengthen its presence in air cargo, passenger transport, and aircraft maintenance services. *(The Edge)*

IHH: Raises claim against Daiichi Sankyo to over RM5.7b for blocking Fortis India share offer

IHH Healthcare Bhd's Singapore unit, Northern TK Venture (NTK), has increased its damages claim against Japan's Daiichi Sankyo to over ¥200bn (RM5.7bn), alleging interference in its open offer to acquire shares in India's Fortis Healthcare and its subsidiary. NTK argues that Daiichi's legal actions, stemming from an unrelated dispute with Fortis' former owners, blocked the deal and caused significant financial harm, including a frozen deposit and missed earnings. IHH maintains that its investment in Fortis aligns with its strategic expansion into India, aiming to leverage Fortis' growth potential and integrate it into its broader healthcare network spanning 10 countries. *(The Edge)*

SunCon: Bags RM260m contract for final phase of Johor data centre project

Sunway Construction Group Bhd has secured a RM260m contract for the third and final phase of a data centre development in Johor, awarded by K2 Strategic Infrastructure Malaysia Sdn Bhd. The project, handled by its subsidiary Sunway Construction Sdn Bhd and expected to be completed by March 2026, follows the group's prior involvement in the first two stages of the same development. *(The Edge)*

Axis Reit: To establish RM3bn sukuk programme

Axis Real Estate Investment Trust (Axis REIT) has proposed a sukuk programme of up to RM3bn, comprising senior Islamic medium-term notes and subordinated perpetual Islamic notes. The proceeds will be used for capital expenditures, working capital, refinancing existing or future Islamic financing, and general corporate purposes, with the flexibility to issue sustainability or sustainability-linked sukuk. RAM Ratings assigned AA2(s) and A1(s) ratings with stable outlooks to the senior and perpetual sukuk respectively. *(The Edge)*

Upcoming key economic data releases	Date
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		
Eco-Shop Marketing Berhad	Main Market	1.21	347.0	515.1	7 May	23 May
Oasis Home Holding Berhad	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
Cuckoo International (Mal) Bhd	Main Market	1.29	143.3	222.1	5 Jun	24 Jun

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