



Daily Newswatch

Market Review

The FBMKLCI extended its decline for a fourth straight session, reflecting a deepening risk-off sentiment across Malaysia's equity market. Foreign investors were remained net sellers on both Monday and Tuesday, amplifying the sell-off as external macroeconomics and geopolitical headwinds continue to shape investor positioning. On Tuesday, President Trump sought to consolidate Republican support around an ambitious tax reform proposal which is a centrepiece of his policy platform. Among the key index constituents, PETCHEM (-8.1%) led the losses, followed by YTL (-2.9%) and PBBANK (-2.0%). Losses were broad-based, with Technology (-3.0%), Property (-0.9%), and Industrial Products & Services (-0.9%) posting the declines. Overall market breadth turned negative, with 342 losers outpacing 657 gainers.

Asian markets closed mostly higher on Wednesday, although Japanese markets underperformed as the yen continued to strengthen on BoJ rate hike bets and data showed Japanese export growth continued to decelerate for the second consecutive month. Chinese shares eked out modest gains as Morgan Stanley raised its Chinese GDP forecast to 4.5% for 2025, citing easing trade tensions. The SHANGHAI CI edged up 0.2% to 3,387.5, while HSI added 0.6% to close at 23,827.8.

European stocks turned in a mixed performance on Wednesday after a cautious session as investors awaited clarity on the trade front. Tech shares led the gains in the session, with Infineon jumping 2.5% after announcing a collaboration with Nvidia to develop new power deliver architecture for data centers. Deutsche Telekom. On the other hand, consumer discretionary companies led the losses amid lingering doubts on discretionary spending in major Asian consumers this year, with Hermes, LVMH, and Kering dropping more than 2%. The impasse in Ukraine peace talks and data showing a bigger than expected increase in UK inflation weighed on sentiment. A downward revision in U.S. federal deficit weighed as well. Investors also awaited the outcome of the G7 finance ministers' meeting for directional clues. The STOXX 50 closed flat.

Following a moderate pullback in the previous session, stocks showed a more substantial move to the downside during trading on Wednesday. The major averages rebounded from an initial decline but once again slumped into negative territory as the day progressed. The DOW plunged 1.9% to 41,860.4, the S&P 500 slumped 1.6% to 5,844.6 and the NASDAQ tumbled 1.4% to 18,872.6. Market weakness came amid lingering uncertainty about the outlook for trade and the global economy following the surge seen over the past several weeks. A continued increase by bond yields also generated selling pressure, with the thirty-year bond yield climbing above 5% due to concerns a new U.S. tax bill could worsen the country's deficit.

Macro Bits

- US:** Mortgage rates rise to three-month high, slowing home demand
- Malaysia:** Putrajaya, Sarawak sign joint declaration on Petronas, Petros
- China:** Says it has completed negotiations on upgraded free trade deal with Asean

Corporate Bits

- Bumi Armada:** Inks second solar power deal with Hicom Automotive secures full operating rights for Indonesia's Kojo block from energy ministry
- Public Bank:** 1Q net profit rises 6% as non-interest income surges, provisions fall
- Aeon Credit:** Issues ninth sukuk wakalah of RM400m
- Eversendai:** Secures RM1.3bn in deals
- Samaiden:** Wins RM45m solar EPCC contracts

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,544.8	(0.3)	(5.9)
Dow Jones	41,860.4	(1.9)	(1.6)
Nasdaq CI	18,872.6	(1.4)	(2.3)
S&P 500	5,844.6	(1.6)	(0.6)
SX5E	5,454.5	(0.0)	11.4
FTSE 100	8,786.5	0.1	7.5
Nikkei 225	37,299.0	(0.6)	(6.5)
Shanghai CI	3,387.6	0.2	1.1
HSI	23,827.8	0.6	18.8
STI	3,882.6	0.0	2.5

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,272.8	25.5
Value traded (RM m)	2,158.9	8.8
Gainers	342	
Losers	657	
Unchanged	462	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HM	0.185	2.8	60.1
SCABLE	0.030	(62.5)	59.1
MYEG	0.900	0.6	37.8
INARI	1.870	(7.4)	36.7
TANCO	0.965	1.0	31.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAYBANK	4.380	(0.5)	130.6
CIMB	13.800	(0.4)	103.4
PBBANK	7.080	(1.0)	77.3
GAMUDA	1.470	(3.3)	72.4
INARI	10.000	0.1	68.7

Currencies	Last Close	% Chg
USD/MYR	4.268	0.1
USD/JPY	143.670	0.0
EUR/USD	1.133	0.0
USD/CNY	7.202	0.2
US Dollar Index	99.613	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	64.9	(0.7)
Gold (USD/troy oz)	3,322.7	0.2
CPO (MYR/metric t)	3,905.0	0.4
Bitcoin (USD/BTC)	109,801.0	1.4



Macro News

US: Mortgage rates rise to three-month high, slowing home demand

US mortgage rates rose to a three-month high, with the 30-year fixed rate increasing to 6.92% and adjustable rates also climbing, leading to a 5% drop in both home purchase and refinancing applications. The rise in rates, driven by higher Treasury yields and fiscal concerns, continues to dampen momentum in the housing market despite a brief recovery in March. Elevated borrowing costs and home prices remain significant barriers for potential buyers, with April housing sales data expected soon. *(Bloomberg)*

US: Fed officials expect tariffs to boost prices; White House downplays risk

Federal Reserve officials are urging patience on interest rate decisions as the effects of U.S. import tariffs, which are expected to raise prices, have yet to fully appear in inflation data. While White House adviser Stephen Miran downplayed the inflationary impact of tariffs so far, Fed officials like Raphael Bostic and Alberto Musalem warned that price increases may become more evident as businesses exhaust pre-tariff strategies like inventory stockpiling. The Fed is concerned about inflation expectations and is cautious not to underestimate the potential for tariffs to create lasting price pressures. *(Reuters)*

US: Trump's Middle East chip deals imperil US security

Key Senate Democrats are urging the Trump administration to revisit recent AI chip deals with Saudi Arabia and the UAE, warning that they may jeopardize U.S. national security by potentially exposing sensitive technology to China and Russia. The deals, announced during Trump's recent trip to the region, come as his administration seeks to roll back Biden-era export controls that restricted chip sales to the Gulf nations. Lawmakers argue that easing these restrictions could deprive U.S. companies of crucial semiconductors and undermine domestic AI infrastructure development. *(Bloomberg)*

US: Sets the stage for duties on battery materials from China

The US Commerce Department has preliminarily determined that Chinese producers of active anode materials for electric vehicle batteries, such as graphite and silicon, have received unfair subsidies, with rates as high as 721%. This move could lead to anti-subsidy duties on imports, adding to the cost of US-made EVs and intensifying trade tensions, especially amid a proposed Republican tax plan that would eliminate EV consumer credits. China, which supplied 56% of US graphite demand in 2024, is also under investigation for alleged unfair pricing, with final decisions expected later this year. *(Bloomberg)*

Malaysia: Putrajaya, Sarawak sign joint declaration on Petronas, Petros

The federal government and Sarawak have signed a joint declaration acknowledging mutual cooperation between Petronas and Petros, recognising both the Petroleum Development Act 1974 and Sarawak's amended Distribution of Gas Ordinance 2016. Prime Minister Anwar Ibrahim stated that while Petronas' role remains unchanged, Petros is now formally recognised as a key player in Sarawak's oil and gas sector. The agreement is seen as a strategic step to develop Sarawak into a regional hub for oil and gas in the ASEAN region, boosting national economic growth. *(Bernama)*

China: Says it has completed negotiations on upgraded free trade deal with Asean

China and ASEAN have concluded negotiations on an upgraded Free Trade Area agreement (Version 3.0) that expands cooperation into the digital economy, green economy, and supply chain integration. ASEAN remains China's largest trading partner, with bilateral trade reaching US\$234 billion in Q1 2025. The new pact, expected to be signed by year-end, is positioned to strengthen regional trade resilience and counter global protectionist trends. *(Reuters)*

UK: Inflation jumps in April, raising prospect of BOE rate cut delay

UK inflation rose sharply to 3.5 percent in April from 2.6 percent in March, driven mainly by increased air fares and higher services prices during the Easter period. The unexpected surge has led investors to doubt the likelihood of the Bank of England cutting interest rates soon, with a reduced chance of a rate cut in August. Although the economy showed early strength in 2025, concerns about persistent price pressures and strong wage growth may delay further monetary easing. *(Reuters)*

EU: Prepares trade proposal for US to steer momentum into talks

The European Union is preparing a revised trade proposal for the U.S. aimed at reducing tariffs on non-sensitive agricultural and industrial goods, and fostering cooperation in areas such as energy, AI, and digital infrastructure. While the EU seeks a balanced deal, it remains skeptical of the Trump administration's intent and has prepared €95bn in retaliatory tariffs should negotiations fail. The proposal also addresses broader strategic issues like investment screening, global competition in key industries, and mutual recognition agreements, with both sides expected to continue discussions ahead of a political meeting next month. *(Bloomberg)*



Corporate News

Bumi Armada: Inks second solar power deal with Hicom Automotive secures full operating rights for Indonesia's Kojo block from energy ministry

Bumi Armada Bhd, via its subsidiary Armada Kojo BV, has signed a production sharing contract with Indonesia's Ministry of Energy for the Kojo block in the Makassar Strait, where it will hold full operational control. Covering 8,473 square kilometres, the block is estimated to contain 90.2 million barrels of oil and 2.1tn cubic feet of gas, with plans for new seismic surveys to evaluate development potential. This marks Bumi Armada's second operated PSC in Indonesia and aligns with its strategy to expand offshore oil and gas operations using floating production and liquefied natural gas systems. (*The Edge*)

Public Bank: 1Q net profit rises 6% as non-interest income surges, provisions fall

Public Bank Bhd reported a 6% year-on-year rise in 1QFY2025 net profit to RM1.75bn, driven by growth in both interest and non-interest income, including contributions from a newly acquired insurance business. The bank's performance was supported by continued loan growth and lower impairment provisions, though partially offset by higher operating expenses. Despite cautioning on downside risks from global demand and geopolitical tensions, Public Bank remains focused on resilience, with a strong capital position and a gross impaired loans ratio of 0.5%. (*The Edge*)

Aeon Credit: Issues ninth sukuk wakalah of RM400m

AEON Credit Service (M) Bhd has completed its ninth senior sukuk issuance under its RM5bn sukuk wakalah programme, raising RM400m with a seven-year tenure. The proceeds will be used for shariah-compliant purposes, including financing disbursements to customers and refinancing existing obligations. This issuance aligns with AEON Credit's ongoing strategy to support its consumer financing operations through Islamic capital markets. (*The Edge*)

MHB: Secures injunction against arbitration notice over Bokor Phase 3 project dispute

Malaysia Marine and Heavy Engineering Holdings Bhd (MHB) secured a court injunction to block subcontractor Haumea Offshore Sdn Bhd from initiating arbitration over a RM57.3m dispute related to the Bokor Phase 3 redevelopment project in Sarawak. The injunction, granted by the Johor Bahru High Court, follows Haumea's claims regarding issues in executing its hook-up and commissioning scope under a subcontract with MHB's unit, MMHE. MHB stated it will pursue all legal avenues to challenge the arbitration notice and safeguard its interests. (*The Edge*)

BHIC: Exploring partnership with Airbus's helicopter arm

Boustead Heavy Industries Corp Bhd (BHIC) has signed a memorandum of understanding with Airbus Helicopters to explore a potential industrial partnership in Malaysia, aiming to expand their business relationship. The proposed collaboration is still subject to due diligence and final agreement terms. Separately, BHIC also entered into a framework agreement with IPTN North America to trade aerospace parts and components in support of PT Dirgantara Indonesia's manufacturing and MRO activities. (*The Edge*)

Eversendai: Secures RM1.3bn in deals

Eversendai Corp Bhd has secured three new contracts in the UAE, India, and Singapore worth a total of RM1.3bn, boosting its outstanding order book to a record RM6.6bn. The UAE project involves fabricating structural steel for offshore converter blocks in Germany, awarded by Spain's Dragados Offshore. In India, the group will participate in the Chennai International Airport Phase II modernisation, while in Singapore, it will construct the New Science Centre featuring composite structural elements. (*The Star*)

Samaiden: Wins RM45m solar EPCC contract

Samaiden Group Bhd's unit, Samaiden Sdn Bhd, has secured a RM45m EPCC contract from PAXS Renewables Sdn Bhd for a 9.99MWac large-scale solar power plant in Kulim, Kedah. The contract involves the full design, engineering, procurement, construction, testing, and commissioning of the facility, which falls under the Energy Commission's Large-Scale Solar 5 programme. Work will begin immediately following the signing of the letter of award on May 19, 2025, with on-site activities to start upon issuance of a formal notice to proceed. (*Bernama*)

PetChem: Dragged by O&D segment amid challenges

Petronas Chemicals Group Bhd (PetChem) reported a net loss of RM18m in 1Q25 despite maintaining a strong plant utilisation rate of 94%, mainly due to challenges in its olefins and derivatives (O&D) segment caused by supply disruptions and lower production at its Pengerang facility. While the O&D segment reported a loss, the fertilisers and methanol (F&M) segment saw improved earnings driven by higher urea and methanol prices, and the specialties segment recorded growth in revenue and EBITDA due to increased sales volumes and margins. PetChem remains focused on operational efficiency and is monitoring the impact of US tariffs on market dynamics. (*The Star*)



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
<i>Source: Bloomberg</i>	

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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