



Daily Newswatch

Market Review

The FBMKLCI extended its losing streak to 1,527.0, closing lower amid continued selling pressures. Notably, today's decline was not isolated to the domestic market but mirrored across regional business bourses, signalling broader risk aversion. The sell was triggered by renewed investor anxiety over a proposed US tax-cut bill, which is feared could significantly exacerbate the federal deficit. Among the key index constituents, PBBANK (-2.9%) led the losses, followed by PCHEM (-2.9%) and YTL (-2.5%). Losses were broad-based, with Financial Services (-1.6%), Healthcare (-1.3%), and Energy (-0.9%) posting the declines. Overall market breadth turned negative, with 543 losers outpacing 297 gainers.

Asian stocks followed Wall Street lower on Thursday after longer-dated U.S. Treasury yields hit their highest levels in 18 months on concerns that a new budget proposal could swell the country's federal deficit. U.S. President Donald Trump is championing an extension of his 2017 tax cuts, which analysts warn could add trillions to the federal government's already massive \$36.2tn debt pile. The plan has sparked fears of an even wider deficit, especially as interest payments continue to soar. SHANGHAI CI slipped 0.2% to 3,380.2 and HSI slumped 1.2% to 23,544.3 on U.S. fiscal concerns. Baidu lost 4% after posting a marginal rise in first quarter revenues.

European stocks closed lower on Thursday as rising concerns over U.S. fiscal outlook and a lack of clarity on tariff negotiations rendered the mood cautious, prompting investors to lighten commitments. New data indicated that private sector activity in the Eurozone unexpectedly contracted in May, reflecting a sharper impact of uncertain economic conditions than feared. The U.S. tax cut bill was passed in the House in a largely party-line vote early this morning, but it is feared that the mega-bill pairing tax relief with spending cuts could add trillions to the federal government's already massive debt and further slow U.S. economic growth. The STOXX 50 ended down 0.6%.

Stocks moved mostly higher over the course of the trading day on the Thursday but gave back ground in the latter part of the session to close roughly flat. With the NASDAQ rose 0.3%, the DOW and S&P 500 edged down less than a tenth of a percent. The tax cut bill passed the House in a largely party-line vote yesterday, but analysts warn it could add trillions to the federal government's already massive debt. The plan has sparked fears of an even wider deficit, especially as interest payments continue to soar. On the U.S. economic front, a report released by the Labor Department unexpectedly showed a slight decline by first-time claims for U.S. unemployment benefits in the week ended May 17th. The Labor Department said initial jobless claims edged down to 227,000, a decrease of 2,000 from the previous week's unrevised level of 229,000. The dip surprised economists, who had expected jobless claims to inch up to 230,000.

Macro Snapshots

- US:** Business activity, sentiment improve as tariff anxiety eases
- Malaysia:** April inflation steady as food prices rise at slower pace, official data show
- EU:** Private sector unexpectedly shrinks on services

Corporate Snapshots

- YTL Corp:** 3Q profit down 16%, dragged by weak YTL Power results, offset by Malayan Cement's strong showing
- Sunway:** 1Q net profit rises almost 11% on data centre jobs, higher returns from property investments

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,527.0	(1.2)	(7.0)
Dow Jones	41,859.1	(0.0)	(1.6)
Nasdaq CI	18,925.7	0.3	(2.0)
S&P 500	5,842.0	(0.0)	(0.7)
SX5E	5,424.5	(0.5)	10.8
FTSE 100	8,739.3	(0.5)	6.9
Nikkei 225	36,985.9	(0.8)	(7.3)
Shanghai CI	3,380.2	(0.2)	0.8
HSI	23,544.3	(1.2)	17.4
STI	3,880.1	(0.1)	2.4

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,780.8	(15.0)
Value traded (RM m)	2,149.5	(0.4)
Gainers	297	
Losers	543	
Unchanged	614	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VELESTO	0.170	3.0	45.6
PBBANK	4.300	(2.9)	41.6
TANCO	0.950	(1.6)	34.0
NATGATE	1.590	1.3	32.7
SCABLE	0.020	(33.3)	31.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.300	(2.9)	179.7
MAYBANK	9.820	(1.8)	112.9
CIMB	6.850	(2.1)	98.7
TENAGA	14.000	(0.7)	80.8
TM	6.960	1.5	58.8

Currencies	Last Close	% Chg
USD/MYR	4.2735	(0.1)
USD/JPY	143.85	0.1
EUR/USD	1.1287	0.1
USD/CNY	7.2056	(0.1)
US Dollar Index	99.96	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	64.4	(0.7)
Gold (USD/troy oz)	3,298	0.1
CPO (MYR/metric t)	3,847	0.7
Bitcoin (USD/BTC)	111,269.2	0.2



- **MN Holdings:** Says RM38m waste-to-energy project awarded by Idiqua
- **Symphony Life:** Plans RM23m private placement to fund Lembah Ledang project

Macro News

US: Business activity, sentiment improve as tariff anxiety eases

U.S. business activity rebounded in May, with the S&P Global flash composite index rising to 52.1, reflecting improved confidence amid a pause in new tariff hikes. However, price pressures intensified as companies passed on higher import duties, and manufacturers stockpiled materials due to supply concerns. Despite stronger domestic demand, export orders and employment weakened, highlighting ongoing uncertainty and the impact of elevated costs. *(Bloomberg)*

US: Fed's Waller offers route to rate cuts in second half of year

Federal Reserve Governor Christopher Waller said the Fed could cut interest rates in the second half of 2025 if the Trump administration's tariffs stabilize around 10% by July. He warned that reverting to higher tariffs would fuel inflation and restrict the Fed's ability to lower rates. Waller also noted investor disappointment with the Republicans' tax bill, which lacked expected fiscal restraint and contributed to a Treasury selloff that pushed 30-year yields above 5%. *(Bloomberg)*

US: Bond market warns Trump, Congress on dangers of swelling deficit

Investors in the U.S. bond market are pushing back hard against President Donald Trump's tax-cut proposal, driving 30-year Treasury yields up to 5.1%, near a two-decade high, as concerns grow over rising deficits and weakened demand for U.S. debt. The sell-off, exacerbated by a poor 20-year bond auction and recent credit rating downgrades, highlights fears that the government's fiscal path is unsustainable, with bond vigilantes now pressuring policymakers to show greater discipline. With U.S. public debt nearing \$30tn and interest payments exceeding the defense budget, markets are demanding higher risk premiums, warning that unchecked fiscal expansion could further destabilize financial markets. *(Bloomberg)*

US: Initial jobless claims decline to lowest level in four weeks

US unemployment claims fell to a four-week low of 227,000, signaling a still-strong labor market despite ongoing trade policy uncertainty. Continuing claims rose to 1.9m, and the four-week average climbed to its highest level since October. While some large companies and institutions are announcing layoffs due to federal funding cuts and tariffs, overall jobless claims suggest employers remain cautious but are not broadly downsizing. *(Bloomberg)*

Malaysia: 1Q2025 labour productivity per hour up 1.0%, according to DOSM

In the first quarter of 2025, Malaysia's labour productivity per hour worked grew by 1.0% to RM42.50, supported by a 4.4% expansion in the economy and a 3.3% increase in total hours worked. The construction sector led productivity growth by both hours worked (11.3%) and employment (13.2%), while overall employment rose 3.0% to 16.9 million. Despite some subsectors like utilities and accommodation posting declines, Malaysia's productivity outlook remains positive, driven by a resilient labour market and robust sectoral performance. *(Bernama)*

Malaysia: April inflation steady as food prices rise at slower pace, official data show

Malaysia's inflation held steady at 1.4% year-on-year in April 2025, matching both March's rate and market expectations, as food price increases slowed slightly. The rise in food and beverages eased to 2.3%, while personal care and miscellaneous goods saw a faster climb of 4.1%. Core inflation remained moderate at 2.0%, with Bank Negara Malaysia projecting headline inflation to stay within the 2.0% to 3.5% range for the year. *(The Edge)*

Japan: Ishiba hopes rice Czar to change optics before election

Japanese Prime Minister Shigeru Ishiba has appointed Shinjiro Koizumi as agriculture minister in a bid to address soaring rice prices and revive political support ahead of a summer election. Koizumi, a reform-minded lawmaker and son of former Prime Minister Junichiro Koizumi, vowed to lower rice prices by promoting negotiated contracts and increasing government stockpile releases, following the resignation of his predecessor over controversial comments. The move comes as Japan faces mounting domestic pressure over inflation and international scrutiny from the U.S. regarding high rice tariffs, with trade talks ongoing. *(Bloomberg)*

EU: Private sector unexpectedly shrinks on services

Private sector activity in the euro area unexpectedly contracted in May, with the Composite PMI falling to 49.5 as services recorded their weakest performance in 16 months, driven by sluggish domestic demand. While manufacturing showed relative strength, possibly due to efforts to preempt US tariffs, the overall economy is slowing amid trade uncertainty and restrained consumer spending. With inflation stable and growth lagging, the European Central Bank is expected to cut rates next month, though future easing will depend heavily on global trade developments. *(Bloomberg)*



Corporate News

YTL Corp: 3Q profit down 16%, dragged by weak YTL Power results, offset by Malayan Cement's strong showing

YTL Corp Bhd reported a 15.5% year-on-year drop in 3QFY2025 net profit to RM419.38m, mainly due to weaker results from YTL Power, which faced lower power prices and currency impacts. This was partially offset by a strong 80.6% surge in Malayan Cement's net profit, driven by improved efficiencies and cost reductions. Despite the lower quarterly earnings, YTL Corp expects stable performance ahead from both its cement and utilities segments. *(The Edge)*

Sunway: 1Q net profit rises almost 11% on data centre jobs, higher returns from property investments

Sunway Bhd posted an 11% year-on-year rise in 1QFY2025 net profit to RM190.6m, driven by strong construction and property investment performances, with revenue surging 66% to RM2.4bn. Construction profits soared 170% due to accelerated progress in data centre projects, while gains in trading, manufacturing, and quarrying helped offset weaker contributions from property development and healthcare. With a robust order book and expanding hospital capacity, Sunway expects continued growth across key segments despite external economic headwinds. *(The Edge)*

MN Holdings: Says RM38m waste-to-energy project awarded by Idiqua

MN Holdings Bhd has secured a RM37.91m EPCC contract from Idiqua Holdings for a waste-to-energy interconnection facility in Peninsular Malaysia, scheduled to run from May 14, 2025, to March 31, 2027. The client's identity was disclosed following a Bursa Malaysia query, after being initially withheld due to a non-disclosure agreement. *(The Edge)*

Symphony Life: Plans RM23m private placement to fund Lembah Ledang project

Symphony Life Bhd plans to raise up to RM23.53m through a private placement of up to 107.42m shares to fund its joint Lembah Ledang development project with PNB and JBiz Development, which has a gross development value of RM5.3 billion. The funds will primarily support project costs, with construction expected to start in 3Q2026 following approval from city authorities by 4Q2025. Additionally, executive chairman Chin Jit Pyng has resigned with immediate effect to pursue personal interests. *(The Edge)*

Enra: Inks deal to collaborate with Italian shipbuilder on new naval vessels

Enra Group Bhd's 70%-owned unit, Enra Energy Solutions, has signed a technical collaboration agreement with Italian shipbuilder Fincantieri SpA to jointly supply and support new naval vessels, including multi-role and littoral mission ships. The deal, signed in the presence of Italian and Malaysian officials, aims to strengthen Enra's position in the maritime and defence sectors. *(The Edge)*

Boustead: Its unit in partnerships to support Malaysian military satellite programme

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)*

Uzma: Infrasel seek collaboration in slope monitoring in Selangor

Uzma Bhd, through its subsidiary Geospatial AI Sdn Bhd (GEOAI), has signed an MoU with Infrasel Sdn Bhd to explore the use of satellite-based InSAR technology for slope and ground deformation monitoring in Selangor. The collaboration aims to enhance infrastructure safety by identifying high-risk sites, with GEOAI providing technical services and Infrasel selecting locations. The MoU lasts until May 21, 2026, and Uzma emphasized that associated risks are minimal, with further details to be set in a definitive agreement. *(The Edge)*

Press Metal: Lifts 1Q dividend as profit rises 13%, flags stabilising prices

Press Metal Aluminium Holdings Bhd reported a 13.2% year-on-year rise in 1QFY2025 net profit to RM461.77m, driven by higher aluminium prices and nearly doubled contributions from associate companies. Revenue grew 7.8% to RM3.9bn, and the group declared a higher dividend of two sen per share, payable on June 24. Despite global uncertainties and potential trade disruptions, CEO Tan Sri Paul Koon remains optimistic about demand for low-carbon aluminium and regional production advantages. *(The Edge)*

Mesiniaga: To maintain federal dept's accounting system for RM252m in first contract win in two years

Mesiniaga Bhd has secured a RM251.89m contract from the Ministry of Finance to provide maintenance and infrastructure support for the government's Integrated Government Financial Management Accounting System, effective until April 30, 2030. This marks its first contract win in two years, following a RM38m MYGST system deal in 2023. *(The Edge)*



Upcoming key economic data releases	Date
US – April's Durable Goods Orders	May 27
US – FOMC Minutes	May 29
US – Q2's GDP Growth Rate	May 29
US – April's Core PCE Price Index	May 30
<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		
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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Published & Printed By:

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