



Daily Newswatch

Market Review

The FBMKLCI ended a six-day losing streak to 1,535.4 (+0.5%), staging a broad-based recovery that began in the morning session and was sustained throughout the day. Improved risk sentiment, coupled with a pullback from U.S. Adding to the constructive tone was the release of the U.S. Flash PMIs for May, which indicated improved business confidence and signalled reduced anxiety around U.S. tariff escalation. These data points help stabilise global sentiment and supported a rotation back in risk assets. Among the key index constituents, MRDIY (+3.2%) led the gains, followed by SIME (+2.4%) and PBBANK (+2.3%). Sector wise, most segments posted gains, led by Construction (+1.3%), Financial Services (+0.9%), and Telecommunication & Media (+0.9%). Overall market breadth turned positive, with 417 gainers outpacing 391 losers.

Asian stocks ended mixed on Friday despite a retreat in U.S. Treasury yields and comments from a Federal Reserve official that the U.S. central bank might lower interest rates in 2025 if tariff issues are resolved. SHANGHAI CI slid 0.9% to 3,348.4 despite efforts by the country's central bank to boost spending. HSI finished 0.2% higher at 23,601.3 after a volatile session.

European stocks closed on a weak note on Friday despite staging a fairly strong recovery past mid-afternoon. After staying modestly higher till noon, the major European markets tumbled after U.S. President Donald Trump threatened to impose 50% tariffs on imports from the European Union from June 1st. "The European Union, which was formed for the primary purpose of taking advantage of the United States on TRADE, has been very difficult to deal with," Trump wrote on his social media platform, Truth Social. Encouraging German GDP data and UK retail sales report and consumer confidence data helped limit markets' downside to some extent. The European STOXX 50 ended down 1.8%.

Stocks moved sharply lower in early trading on Friday but regained some ground over the course of the session. While the major averages climbed well off their worst levels of the day, they still closed firmly in negative territory. NASDAQ tumbled as much as 1.7% early in the session before ending the day down 1.0% at 18,737.2. The S&P 500 also slid 0.7% to 5,802.8 and the DOW fell 0.6% at 41,603.1. The initial slump on Wall Street came after President Donald Trump threatened to impose 50 percent tariffs on imports from the European Union beginning June 1st. Trump claimed in a post on Truth Social that the EU has "been very difficult to deal with" and said trade talks with the bloc are "going nowhere!" In a separate Truth Social, Trump also threatened to impose a 25 percent tariff on Apple (AAPL) iPhones that are not manufactured in the U.S. Shares of Apple tumbled by 3.0% following the news. Trump's threats led to renewed trade concerns, which had waned considerably in recent weeks after the U.S. reached trade deals with the U.K. and China.

Macro Snapshots

- US:** Trump threatens 50% tariff on EU goods starting in June
- US:** Bessent sees deals announced before 90-day tariff pause ends
- Japan:** CPI pickup, rice price surge raise pressure on Ishiba
- EU:** Wage growth sinks, supporting further rate cut by ECB

Corporate Snapshots

- Petronas Dagangan:** Net profit jumps to RM293.5m in 1Q
- Lotte Chemical:** Inks 3-year naphtha supply deal with Aramco Trading Singapore
- Velesto:** Secures new drilling contract in Indonesia
- Advancecon:** Accepts RM68.51m construction job in Gombak

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,535.4	0.5	(6.5)
Dow Jones	41,603.1	(0.6)	(2.2)
Nasdaq CI	18,737.2	(1.0)	(3.0)
S&P 500	5,802.8	(0.7)	(1.3)
SX5E	5,326.3	(1.8)	8.8
FTSE 100	8,718.0	(0.2)	6.7
Nikkei 225	37,160.5	0.5	(6.9)
Shanghai CI	3,348.4	(0.9)	(0.1)
HSI	23,601.3	0.2	17.7
STI	3,882.4	0.1	2.5

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,719.6	(2.2)
Value traded (RM m)	2,171.9	1.0
Gainers	417	
Losers	391	
Unchanged	613	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ECOSHOP	1.200	6.2	209.2
BARAKAH	0.005	(83.3)	76.8
YTL	1.880	(5.5)	50.5
MYEG	0.920	2.8	38.5
TANCO	0.975	2.6	37.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
ECOSHOP	1.200	6.2	253.9
MAYBANK	9.880	0.6	139.0
TENAGA	14.000	0.0	107.2
YTL	1.880	(5.5)	94.7
TM	6.860	(1.4)	85.1

Currencies	Last Close	% Chg
USD/MYR	4.2315	1.0
USD/JPY	142.56	1.0
EUR/USD	1.1362	0.7
USD/CNY	7.1810	0.3
US Dollar Index	99.11	(0.8)

Commodities	Last Close	% Chg
Brent (USD/barrel)	64.8	0.5
Gold (USD/troy oz)	3,358	1.9
CPO (MYR/metric t)	3,824	0.1
Bitcoin (USD/BTC)	107,990.4	(0.8)



Macro News

US: Trump threatens 50% tariff on EU goods starting in June

President Donald Trump has threatened to impose a 50% tariff on European Union goods starting June 1, citing stalled trade negotiations and accusing the EU of exploiting the U.S. through unfair trade practices. The move rattled markets, with S&P 500 and Nasdaq 100 futures falling over 1%, and came alongside Trump's warning of a 25% tariff on Apple products if not manufactured in the U.S. The EU had recently proposed a new trade framework aimed at reducing tariffs and enhancing cooperation, but with U.S. officials expressing dissatisfaction, the bloc is preparing countermeasures targeting €95 billion in U.S. exports. *(Bloomberg)*

US: Bessent sees deals announced before 90-day tariff pause ends

Treasury Secretary Scott Bessent said trade agreements with several nations are expected before the 90-day pause on Trump's "reciprocal" tariffs ends, with many Asian countries offering strong deals. He noted that most partners are negotiating in good faith, except for the European Union, which Trump criticized and threatened with a 50% tariff starting June 1 due to stalled talks. Bessent, leading talks with Asian partners, said the U.S. is making significant progress with India and emphasized that the high tariff rates are ceilings unless retaliated against. *(Bloomberg)*

US: Trump threatens EU, smartphones as tariff rhetoric escalates

President Donald Trump has escalated trade tensions by threatening a 50 percent tariff on European Union goods and a 25 percent levy on foreign-made smartphones, including those from Apple and Samsung, unless production shifts to the U.S. The move follows stalled negotiations with the EU, which Trump accuses of unfair treatment toward American companies, and has sparked market declines and criticism from EU leaders. While the EU remains open to dialogue, it is preparing countermeasures on \$107 billion of U.S. exports if talks fail, raising fears of a broader trade conflict. *(Bloomberg)*

US: new-home sales jump in April to highest since 2022 as prices fall

U.S. new home sales rose nearly 11 percent in April to their highest level since February 2022, driven by builder incentives and price cuts, especially in the South and Midwest. Despite the jump, downward revisions to prior months and persistent affordability issues such as high mortgage rates near 7 percent cast doubt on sustained growth. While builders are offloading inventory through incentives, a large supply of unsold homes and weak existing home sales suggest ongoing pressure on the housing market. *(Bloomberg)*

Japan: Signals intent to reach US tariff deal by G7 in June

Japan's chief trade negotiator Ryosei Akazawa aims to resolve tariff disputes with the U.S. ahead of a planned June meeting between President Trump and Prime Minister Ishiba, following Trump's approval of a Nippon Steel-US Steel partnership. Akazawa emphasized Japan's significant investment in the U.S. and firmly requested a tariff reconsideration, while trade talks focused on tariffs, non-tariff issues, and economic security. With auto tariffs threatening a key sector of Japan's economy and domestic political pressures mounting, Akazawa stressed the need for a comprehensive deal rather than a rushed agreement. *(Bloomberg)*

Malaysia: Asean economic ministers convene with 11 key agendas, call for deeper cooperation, said Zafrul

The 25th ASEAN Economic Community Council (AECC) meeting, held alongside the 46th ASEAN Summit, focused on enhancing intra-ASEAN trade and deepening regional cooperation amid global economic shifts. Malaysian Minister Tengku Zafrul emphasised the importance of collaboration over retaliation in response to changes in U.S. economic policy, highlighting ASEAN's commitment to dialogue and stability. The summit, under Malaysia's 2025 chairmanship theme of "Inclusivity and Sustainability," also addresses key regional issues like the Myanmar crisis and strengthens ties with strategic partners through the ASEAN-GCC and ASEAN-GCC-China Summits. *(The Edge)*

Japan: CPI pickup, rice price surge raise pressure on Ishiba

Japan's core inflation surged to 3.5 percent in April, the fastest in over two years, driven by a nearly 98.4 percent jump in rice prices and rising energy costs following subsidy cuts, adding pressure on Prime Minister Shigeru Ishiba ahead of key elections. Public discontent has intensified, leading to the resignation of the agriculture minister and prompting Ishiba to draft a stimulus plan, though he resists calls for consumption tax cuts. The data strengthens the case for a Bank of Japan rate hike, possibly in July or October, despite global trade uncertainties and ongoing weakness in real wages and consumer spending. *(Bloomberg)*

EU: Wage growth sinks, supporting further rate cut by ECB

Euro-area negotiated wage growth dropped sharply to 2.4% in Q1 2025 from 4.1% in the previous quarter, bolstering the European Central Bank's (ECB) case for easing interest rates as inflation nears its 2% target. This deceleration suggests weakening wage pressures, which could help tame persistent service-sector inflation and enable the ECB to cut rates at its June meeting and potentially again later in the year. Despite recent strong pay hikes, new deals show moderating worker demands, while analysts caution that wage data may remain volatile due to one-off payments, particularly in Germany. *(Bloomberg)*



Corporate News

Petronas Dagangan: Net profit jumps to RM293.5m in 1Q

Petronas Dagangan Bhd reported a higher net profit of RM293.5m in 1QFY25, up from RM226.04m a year earlier, despite a slight decline in revenue to RM9.09bn. The improved profitability was driven by lower expenses, better gross margins, and favourable pricing in the commercial segment, which offset weaker retail sales during the festive period. The company remains cautiously optimistic amid global uncertainties and declared a 20 sen interim dividend, payable on June 21, 2025. *(The Star)*

Lotte Chemical: Inks 3-year naphtha supply deal with Aramco Trading Singapore

Lotte Chemical Titan (M) Sdn Bhd has signed a three-year agreement with Aramco Trading Singapore to purchase 300,000 to 400,000 tonnes of naphtha annually from July 2025 to June 2028. Aramco, a long-term feedstock supplier, will price the supply based on market rates. The deal will not impact LCTH's share capital or shareholding structure. *(Bernama)*

Velesto: Secures new drilling contract in Indonesia

Velesto Energy Bhd has secured a four-year drilling contract in Indonesia for its NAGA 8 jack-up rig from PC Ketapang II Ltd, PC North Madura II Ltd, and PETRONAS North Ketapang Sdn Bhd, covering 12 firm wells and three optional wells. The contract, commencing in July 2025, includes a suspension period from February to July 2026, during which Velesto can seek other opportunities for the rig. This marks Velesto's second contract in Southeast Asia, reinforcing its strategic regional expansion and strengthening its long-term earnings visibility. *(The Star)*

Advancecon: Accepts RM68.51m construction job in Gombak

Advancecon Holdings Bhd, through its subsidiary Advancecon Infra Sdn Bhd, has secured a RM68.51m contract from Sime Darby Property (Lagong) Sdn Bhd for earthworks and ancillary works at Lagong Mas in Gombak, Selangor. The contract will run from June 4, 2025, to December 3, 2026. *(The Star)*

Eco World International: Inks first local deal after shift to Malaysian market

Eco World International Bhd (EWI) has partnered with JLand Group (JLG) to explore real estate opportunities in Malaysia and Australia, marking EWI's first foray into the Malaysian market. The collaboration may involve EWI in JLG's 300-acre industrial development at IBTEC in Johor and JLG's interest in EWI's residential site in Macquarie Park, Australia. This strategic move follows EWI's exit from its exclusive overseas focus and aligns with both parties' plans to tap into rising property demand amid improving global market conditions. *(The Edge)*

FGV: To take greater control of eight subsidiaries in deals worth RM229.8m

FGV Holdings Bhd plans to acquire greater control of eight subsidiaries from Koperasi Permodalan Felda Malaysia Bhd in deals worth RM229.75m, aiming to streamline operations in palm oil manufacturing, logistics, security, and R&D. The acquisitions, expected to be completed by September 2025, will enhance operational efficiency and strategic alignment, with funding from RM140m in new bank borrowings and internal cash reserves. *(The Edge)*

IJM Corp: Gets nod to build previously scrapped New Pantai Highway extension

IJM Corp Bhd has received government approval to proceed with a RM1.4bn, fully elevated 15km extension of the New Pantai Expressway (NPE), scheduled to begin construction in Q3 2025 and complete by 2029. The project, fully funded by IJM without government expenditure, is expected to ease traffic congestion, integrate smart infrastructure, and stimulate RM5.6bn in economic activity. *(The Edge)*

Mitrajaya: Bags RM70m building job in Langkawi

Mitrajaya Holdings Bhd, through its subsidiary Pembinaan Mitrajaya Sdn Bhd, has secured a RM70m contract to build an eight-storey serviced apartment in Langkawi, which will serve as a training centre and staff recreational facility. The 24-month project is expected to begin by the end of June and positively contribute to the group's earnings for FY2025 and FY2026. *(The Edge)*

InNature: Seeks to acquire The Body Shop in Singapore

InNature Bhd has signed a memorandum of understanding to potentially acquire The Body Shop business in Singapore from The Body Shop International Ltd, marking a strategic move to expand its geographical footprint. The MOU is a non-binding agreement and is not expected to impact InNature's financials or shareholder structure immediately. *(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

This Section is left blank intentionally

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

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
Email: mercurykl@mersec.com.my