



# Daily Newswatch

## Market Review

The FBMKLCI ended lower (-0.2%) on Wednesday, reversing early gains despite the positive overnight lead from Wall Street. The local benchmark remained under pressure from persistent foreign selling, reflecting sustained investor caution ahead of key US macroeconomic releases later this week, namely the CPI and retail sales data which are expected to offer further visibility on the direction of global growth and the Federal Reserve's policy stance. The continued net outflows by foreign investors underscore elevated risk aversion amid lingering uncertainty around US monetary policy and concerns over stretched regional market valuations. Among the key index constituents, the top 3 laggards were SIME (-4.8%), IOICORP (-2.7%) and RHBBANK (-2.6%). Sector wise, Plantation (-1.2%) led the declines and followed by Financial Services (-0.5%) and Industrial Products & Services (-0.5%). The overall market breadth remained negative with the 401 laggards outnumbered the 392 gainers.

Asian equities closed on a muted note Wednesday, as investors adopted a cautious stance despite a strong overnight rally on Wall Street, spurred by improved U.S. consumer confidence and a broad-based rally in global bonds. Shanghai CI closed flat while the HSI closed broadly lower (-0.5%) to 23,258.3.

European markets reversed early gains to end broadly lower on Wednesday, as investor sentiment turned cautious amid lingering uncertainty over U.S. President Donald Trump's tariff trajectory and broader policy outlook. The absence of key macroeconomic data from the region further reinforced the subdued tone. Market participants also adopted a wait-and-see approach ahead of Nvidia's earnings release and the release of the Federal Reserve's latest FOMC meeting minutes. As a result, EURO 50 ended in negative note and closed lower (-0.7%).

US equities reversed earlier gains to close lower on Wednesday, as investor sentiment turned cautious ahead of Nvidia's highly anticipated earnings release and amid lingering uncertainties over US trade policy. The cautious investor mood is further reinforced by the May FOMC meeting minutes reaffirmed a cautious Fed stance, with policymakers unanimously voting to hold rates steady amid elevated uncertainty surrounding U.S. trade policy, fiscal direction, and broader economic outlook. Consequently, the Dow fell 244.95 points (-0.6%) to 42,098.70, the Nasdaq declined 98.23 points (-0.5%) to 19,100.94, while the S&P 500 slipped 32.99 points (-0.6%) to 5,888.55.

## Macro Snapshots

- Malaysia:** Producer price index down 3.4% in April, led by mining sector decline
- Malaysia:** Diesel price down three sen till June 4
- Malaysia:** Sarawak plans to implement free trade zone, using UAE's Jebel Ali as success model
- Malaysia:** China trade hit RM162.0bn in January to April, says Matrade
- Korea:** Bank of Korea to cut rate on May 29, more easing ahead
- UK:** Envoy urges transatlantic tech alliance, cites China threat
- US:** Trump says Fannie Mae to keep US guarantee as public firm

## Corporate Snapshots

- Kossan:** Founders buys into condom maker Care Latex
- IHH:** MOH delays fixed-rate DRG system for private hospitals but hasn't ruled it out

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,523.5	(0.2)	(7.2)
Dow Jones	42,098.7	(0.6)	(1.0)
Nasdaq CI	19,100.9	(0.5)	(1.1)
S&P 500	5,888.6	(0.6)	0.1
SX5E	5,378.4	(0.7)	9.9
FTSE 100	8,726.0	(0.6)	6.8
Nikkei 225	37,722.4	(0.0)	(5.4)
Shanghai CI	3,339.9	(0.0)	(0.4)
HSI	23,258.3	(0.5)	15.9
STI	3,911.9	0.4	3.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,506.9	(5.7)
Value traded (RM m)	2,038.7	10.1
Gainers	392	
Losers	401	
Unchanged	615	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VELESTO	0.175	6.1	80.2
PERMAJU	0.015	(25.0)	69.1
SAPNRG	0.040	0.0	42.5
OHM	0.285	1.8	37.7
NATGATE	1.580	(0.6)	31.3

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	6.900	(0.9)	135.1
TENAGA	9.850	(0.7)	108.1
MAYBANK	6.850	(0.4)	68.1
PBBANK	4.380	(0.7)	58.2
RHBBANK	6.670	(2.6)	66.9

Currencies	Last Close	% Chg
USD/MYR	4.2245	0.3
USD/JPY	144.78	0.0
EUR/USD	1.1295	0.0
USD/CNY	7.1958	(0.0)
US Dollar Index	99.88	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	64.9	1.3
Gold (USD/troy oz)	3,288	0.0
CPO (MYR/metric t)	3,889	(0.3)
Bitcoin (USD/BTC)	107,429.5	0.1



- **RHB Bank:** 1Q net profit grows 2.7% as interest income, lower provisions offset non-interest income decline
- **Hong Leong Bank:** Records improved 9M net profit of RM3.2bn
- **Kerjaya Prospek:** 1Q net profit jumps 37% on stronger construction progress
- **Yong Tai:** Challenge adjudication decision to pay RM75m to Kerjaya Prospek
- **Pestech:** Bags RM270m Klang Valley rail job from its major shareholder

## Macro News

### Malaysia: Producer price index down 3.4% in April, led by mining sector decline

Malaysia's producer price index (PPI), which measures price changes at the producer level, continued to decline by 3.4% in April 2025, with the mining sector being the main contributor, said the Department of Statistics Malaysia (DOSM). In a statement on Wednesday, chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the mining sector recorded a drop of 17.8% (March: -15.0%), due to decreases in the extraction of crude petroleum (-19.8%) and natural gas (-11.6%). He noted that the manufacturing sector also posted a decline of 2.6%, compared with -1.8% in March, driven by a contraction in the manufacture of coke and refined petroleum products (-15.7%). (Bloomberg)

### Malaysia: Diesel price down three sen till June 4

The government has decided to reduce the retail price for diesel in Peninsular Malaysia by three sen to RM2.77 a litre for the period of May 29 to June 4, in line with changes in global oil prices. The Finance Ministry also announced in a statement on Wednesday that the retail price of diesel in Sabah, Sarawak and Labuan remain at RM2.15 per litre. Also, the retail price of RON97 and RON95 petrol remain at RM3.10 a litre and RM2.05 a litre. The determination of weekly retail price of petroleum products is based on the Automatic Pricing Mechanism. "The government will continue to monitor market developments and adjust the retail price of diesel by taking into consideration oil market price movements and to support price stability," the ministry said. (*The Edge*)

### Malaysia: Sarawak plans to implement free trade zone, using UAE's Jebel Ali as success model

Sarawak has strong potential to become a regional trade hub through a more intensive implementation of the free trade zone model, said Deputy Premier Datuk Amar Douglas Uggah Embas. Uggah, who is also the minister for infrastructure and port development, said Sarawak can draw lessons from the success of Jebel Ali in the United Arab Emirates (UAE), where the integration of a modern port with a FTZ attracted over 11,000 companies worldwide and now contributes to 36% of Dubai's gross domestic product. He said that in a bid to emulate this success, the Sarawak government is now rolling out the Sarawak Ports Master Plan, a visionary initiative that seeks to transform the state's ports into engines of economic growth, making Sarawak the gateway to Borneo, the wider region and the global market. (*The Edge*)

### Malaysia: China trade hit RM162.0bn in January to April, says Matrade

China has remained as Malaysia's largest trading partner for 16 consecutive years, with trade reaching US\$36.5bn (RM162.0bn) in January to April 2025, driven by electrical and electronics (E&E) exports. In a statement, the Malaysia External Trade Development Corporation (Matrade) said that the country's trade ties with China had gained renewed momentum following Chinese President Xi Jinping's recent visit, which reaffirmed strategic alignment in green development, the digital economy, and regional infrastructure through initiatives such as the Belt and Road Initiative. It said that in 2024, bilateral trade between Malaysia and China grew by 7.5%, accounting for 16.8% of Malaysia's total trade. (*The Edge*)

### Korea: Bank of Korea to cut rate on May 29, more easing ahead

The Bank of Korea (BOK) will lower its key policy rate by 25 basis points on Thursday as economic activity contracted in the last quarter and benign inflation supports the case for easing, a *Reuters* poll of economists found. BOK Governor Rhee Chang-yong signalled the possibility of a rate cut at the April meeting, days before official data showed South Korea's economy contracted 0.2% in the first quarter from the previous three months. With inflation at 2.1% in April — close to the BOK's 2.0% target — and the Korean won rebounding around 9% from last month's low, the central bank has more space to resume its easing cycle. (Bloomberg)

### UK: Envoy urges transatlantic tech alliance, cites China threat

The US and its allies across the Atlantic must forge a technology partnership and win the artificial intelligence (AI) race even as China makes steady advances, the UK's envoy in Washington said. Ambassador Peter Mandelson warned of the consequences if China continues to get ahead in AI and other key technologies. "They will be able to do things which cascade down not just to their own country but everyone else's across the world," Mandelson said at an event hosted by the Atlantic Council in Washington on Tuesday. "There is nothing I fear more in this world than China winning the race for technological dominance." (Bloomberg)



### **US: Trump says Fannie Mae to keep US guarantee as public firm**

President Donald Trump said that the US government would retain guarantees and an oversight role over Fannie Mae and Freddie Mac even as he pursues a public offering for the mortgage giants. "I am working on TAKING THESE AMAZING COMPANIES PUBLIC, but I want to be clear, the US Government will keep its implicit GUARANTEES, and I will stay strong in my position on overseeing them as President," Trump wrote Tuesday night in a post on his Truth Social platform. The companies, which play a crucial role in the market for mortgage-backed securities, have been under government conservatorship since the 2008 financial crisis. Fannie and Freddie have both returned to steady profitability, with earnings being retained. Shares of both surged last week when Trump said he was considering a public offering. (Bloomberg)

## **Corporate News**

### **Kossan: Founders buys into condom maker Care Latex**

Condom manufacturer Care Latex Sdn Bhd said on Wednesday it has secured an investment from a private vehicle of the founders of Kossan Rubber Industries Bhd. The transaction details were not disclosed, though Kossan Holdings (M) Sdn Bhd would be its third-largest investor ahead of its planned initial public offering, Care Latex said in a statement. The investments from Kossan Holdings would help to support its long-term growth ambition, it noted. The investment would enhance Care Latex's "ecosystem by accelerating product innovation, improving inventory management, expanding research and development capabilities, and broadening market reach through new distribution channels," the company said. (*The Edge*)

### **IHH: MOH delays fixed-rate DRG system for private hospitals but hasn't ruled it out**

IHH Healthcare Bhd group CEO Dr Prem Kumar Nair said the fixed-rate diagnostics-related group (DRG) system has been delayed due to challenges in applying it to private hospitals but the Health Ministry (MOH) has not ruled it out. After the group's annual general meeting, Prem said that due to challenges, DRG will be tested first in selected government hospitals, based on talks with insurers, healthcare stakeholders and the MOH. This confirms *The Edge* report from earlier this month that DRG will not be implemented at private hospitals for now but will start in public hospitals. Health Minister Dr Dzulkefly Ahmad had said that DRG implementation would be by year-end, focusing first on simple illnesses. (*The Edge*)

### **RHB Bank: 1Q net profit grows 2.7% as interest income, lower provisions offset non-interest income decline**

RHB Bank Bhd said its net profit grew 2.7% in the first quarter from a year earlier as higher net interest income and lower provisions for potential bad debts offset a decline in non-interest income. Net profit for the three months ended March 31, 2025 was RM750.0m, or 17.20 sen per share, according to an exchange filing. YoY, net interest income rose 7.3% on loans growth while non-interest income declined 20%, dragged by its treasury and insurance businesses. Allowance for credit losses on financial assets, meanwhile, was down 51%. Still, RHB Bank said it is staying cautious as macroeconomic uncertainties, especially interest rate and global trade, continue to unfold. (*The Edge*)

### **Hong Leong Bank: Records improved 9M net profit of RM3.2bn**

Hong Leong Bank Bhd maintained a growth trajectory in the nine months ended March 31, 2025 (9MFY25) with double-digit expansion in non-interest income, while the bank's gross loans and financing crossed a RM200bn milestone, said group managing director and CEO Kevin Lam. "We are pleased to announce that our business performance thus far has been commendable underpinned by solid loans/financing growth, strong non-interest income contribution and healthy asset quality." In 9MFY25, Hong Leong posted a net profit of RM3.18bn, up from RM3.16bn in the year-ago period. The bank reported revenue of RM4.8bn, an increase from RM4.3bn in the comparative period, while earnings per share rose to 155.36 sen from 154.3 sen previously. (*The Edge*)

### **Kerjaya Prospek: 1Q net profit jumps 37% on stronger construction progress**

Kerjaya Prospek Group Bhd posted a 37% rise in net profit for the first quarter (1Q), supported by higher revenue from improved progress in construction activities. Net profit for the three months ended March 31, 2025, rose to RM46.1m or 3.65 sen per share, compared with RM33.6m or 2.66 sen per share a year earlier, the construction firm said in a bourse filing on Wednesday. Revenue surged 40% year-on-year to nearly RM472m from RM337.1m. Kerjaya Prospek declared a first interim dividend of three sen per share, amounting to RM37.8m, payable on June 30. On a quarter-on-quarter basis, net profit edged up 6.1% from RM43.4m, despite revenue falling over 21% from RM598.1m. The revenue decline was mainly due to slower progress in ongoing construction projects. (*The Edge*)

### **Yong Tai: Challenge adjudication decision to pay RM75m to Kerjaya Prospek**

Property developer Yong Tai Bhd is seeking to overturn the RM75.5m adjudication ruling in favour of Kerjaya Prospek Group Bhd's unit, as it claims that the case falls outside the scope of the Construction Act. In a bourse filing on Wednesday, Yong Tai said its wholly owned subsidiary, Apple 99 Development Sdn Bhd, has filed a notice to stay and set aside the adjudication decision to the Shah Alam High Court. Kerjaya Prospek's wholly owned unit Kerjaya Prospek (M) Sdn Bhd (KPM) in November last year filed the adjudication against Apple 99 for



an alleged unpaid contract for a mixed development project in Melaka, known as "The Apple". The contract worth RM213.8m was awarded to KPM in 2016. *(The Edge)*

#### **Pestech: Bags RM270m Klang Valley rail job from its major shareholder**

Pestech International Bhd has secured a RM270.4m contract from its controlling shareholder Dhaya Maju Infrastructure (Asia) Sdn Bhd for Phase 2 of the Klang Valley electric double track railway project. The award was accepted on Wednesday by Pestech's wholly owned subsidiary Pestech Technology Sdn Bhd for the construction and maintenance of the infrastructure works. The project includes a 24-month defects liability period following the issuance of the certificate of practical completion and is scheduled for completion by Jan 16, 2029, Pestech said in a filing with Bursa Malaysia. *(The Edge)*

Upcoming key economic data releases	Date
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		
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
<a href="#">Hartanah Kenyalang Berhad</a>	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