

Daily Newswatch

Market Review

The FBMKLCI closed lower last Friday as geopolitical tensions resurfaced, sending shockwaves through regional markets and sharply dampening investor sentiment. Last Friday's trading session bears a striking resemblance to market behaviour on 24 February 2022—the first day of the Russia-Ukraine war—though this time, the escalation involves two major oil-exporting countries, with Israel launching a strike on Iran's nuclear facilities. During the Russia-Ukraine conflict, the FBMKLCI ended the day at 1,573.9, down 1.0%. A similar pattern has emerged, with the index once again posting losses. However, last Friday's decline was slightly more modest, largely because the domestic market has already been under sustained pressure due to ongoing uncertainty surrounding global trade policy. From a tactical standpoint, oil and gas stocks may present short-term trading opportunities, particularly those with upstream exposure or companies increasing their mix of upstream concessions, as they stand to benefit directly from the current rally in oil prices.

Among key index constituents, notable laggards included MISC (-3.6%), SIME (-3.5%), and NESTLE (-3.4%). Sector wise, Technology (-2.3%) led the losses, followed by Healthcare (-1.6%), and Telecommunication & Media (-1.0%). Market breadth turned negative, with 557 losers outpacing 236 gainers.

Asian stocks tumbled on Friday after Israel conducted "pre-emptive" strikes on Iran; targeting several nuclear and military assets. Israel also declared a state of emergency in anticipation of a missile and drone strike by Tehran and said it has begun intercepting Iranian drones. SHANGHAI CI fell 0.8% to 3,377.0 as Israel-Iran tensions intensified and Sino-U.S. trade optimism waned. HSI declined 0.6% to 23,892.6 amid tensions over Tehran's rapidly advancing nuclear program.

The major European markets slumped on Friday as heightened Middle East tensions offset encouraging inflation data from Germany and France. Israel launched strikes against Iran, targeting nuclear facilities and ballistic missile factories as part of efforts "to damage Iran's nuclear infrastructure, its ballistic missile factories and military capabilities." The overnight strikes on the country killed at least three of its senior military leaders. Iran retaliated by launching more than 100 drones toward Israeli territory. As such, the EURO STOXX 50 declined 1.3% to 5,290.5.

After moving modestly higher over the course of the previous session, stocks pulled back sharply during trading on Friday. The DOW plummeted 1.8% to 42,197.8, the NASDAQ plunged 1.3% to 19,406.8 and the S&P 500 tumbled 1.1% to 5,977.0. The sell-off on U.S. came amid geopolitical concerns after Israel launched a series of airstrikes against Iran earlier the morning. The attacks have led the worries about a wider conflict, and the price of crude oil spiked amid concerns about supply disruptions. Responding to the news in a post on Truth Social, President Donald Trump urged Iran to reach a nuclear agreement before an escalation of the attacks. Meanwhile, investors largely shrugged off a report from the University of Michigan showing a substantial improvement by consumer sentiment in the month of June. The University of Michigan said its consumer sentiment index surged to 60.5 in June after holding at 52.2 in May. Economists had expected the index to rise to 53.5.

Macro Snapshots

- EU:** ECB's Lagarde says 2% inflation target in reach
- US:** Consumer sentiment jumps as inflation expectations improve
- US:** Fed expected to keep rates steady as tariff risks outweigh inflation data
- CN:** PBOC plans second cash injection via outright reverse repos in June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,518.1	(0.6)	(7.6)
Dow Jones	42,197.8	(1.8)	(0.8)
Nasdaq CI	19,406.8	(1.3)	0.5
S&P 500	5,977.0	(1.1)	1.6
SX5E	5,290.5	(1.3)	8.1
FTSE 100	8,850.6	(0.4)	8.3
Nikkei 225	37,834.3	(0.9)	(5.2)
Shanghai CI	3,377.0	(0.8)	0.8
HSI	23,892.6	(0.6)	19.1
STI	3,911.4	(0.3)	3.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,884.9	5.6
Value traded (RM m)	2,060.9	(0.3)
Gainers	236	
Losers	557	
Unchanged	684	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	0.955	(1.0)	52.9
TANCO	0.960	0.5	45.6
VELESTO	0.185	2.8	41.0
KANGER	0.035	0.0	40.0
SINARAN	0.030	(14.3)	27.6

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TENAGA	14.300	0.3	123.5
CIMB	6.820	(1.0)	86.3
MAYBANK	9.700	(0.7)	67.9
PBBANK	4.250	(0.9)	60.4
AMBANK	5.330	(1.1)	59.6

Currencies	Last Close	% Chg
USD/MYR	4.246	(0.6)
USD/JPY	144.030	(0.4)
EUR/USD	1.153	(0.5)
USD/CNY	7.183	(0.1)
US Dollar Index	98.184	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.2	7.0
Gold (USD/troy oz)	3,432.3	1.4
CPO (MYR/metric t)	3,925.0	2.1
Bitcoin (USD/BTC)	104,980.8	0.0



- **IND, SG:** Sign deals on power trade, carbon capture
- **MY:** Wholesale and retail trade growth slows in April during Ramadan month, official data show

Corporate Snapshots

- **Kretam:** Sees new second-largest shareholder as consortium acquires 10% stake
- **Axiata:** Completes sale of Myanmar tower assets at revised lower price
- **IOI Corp:** Abdul Wahid Omar to join IOI Corp's board as independent director
- **Sapura Resources:** Shahriman agrees he ignored calls for rights issue fundraising to the tune of RM40m
- **Dialog:** Bags Mutiara Cluster PSC in offshore Sabah from Petronas
- **UUE:** Bags RM83m worth of new contracts, pushing its order book to a record RM416m

Macro News

EU: ECB's Lagarde says 2% inflation target in reach

The European Central Bank's inflation target of 2% is in reach, ECB President Christine Lagarde was quoted as saying in an interview published on Saturday. In the interview with China's *Xinhua* news agency earlier this week which was released on the ECB website, Lagarde said financial stability was a prerequisite for price stability. "We are within reach of the 2% medium-term inflation target that we have defined as price stability," she said. Earlier this month, the ECB lowered its inflation forecasts for this year and next in the 20-nation eurozone, projecting inflation of 2.0% in 2025 and 1.6% in the coming year. Lagarde also noted that the ECB's efforts to create a digital currency were getting to the point where, if lawmakers support the proposal, it should be ready to move forward. (*Reuters*)

US: Consumer sentiment jumps as inflation expectations improve

US consumer sentiment rose by the most since January 2024 as concerns about the economy eased and short-term inflation expectations showed a marked improvement. The preliminary June sentiment index rose 8.3 points from a month earlier to 60.5, according to the University of Michigan. The figure easily topped all expectations in a *Bloomberg* survey of economists. Consumers expect prices to rise at a 5.1% rate over the next year, the data released on Friday showed. That is down from 6.6% in May and marks the steepest monthly drop since October 2001. They saw costs rising at an annual rate of 4.1% over the next five to 10 years, compared with 4.2% in May. The increase in sentiment gauge is the first this year and shows less anxiety surrounding President Trump's protectionist trade policy. The survey showed a sharp improvement in expectations for the economy and the biggest rise in expectations of personal finances in more than three years. At the same time, their views of business conditions, finances and buying conditions are still below levels seen at the end of last year. (*Bloomberg*)

US: Fed expected to keep rates steady as tariff risks outweigh inflation data

The Federal Reserve is widely expected to hold interest rates steady next week, with investors focused on new central bank projections that will show how much weight policymakers are putting on recent soft data and how much risk they attach to unresolved trade and budget issues. The release of a series of inflation readings has eased concern that the tariffs imposed by President Donald Trump would translate quickly into higher prices, while the latest monthly employment report showed slowing job growth - a combination that, all things equal, would put the Fed closer to resuming its rate cuts. Trump has demanded the US central bank lower its benchmark overnight interest rate immediately by a full percentage point, a dramatic step that would amount to an all-in bet by the Fed that inflation will fall to its 2% target and stay there regardless of what the administration does and even with dramatically looser financial conditions. Yet the president's push to rewrite the rules of global trade remains a work in progress. (*Reuters*)

CN: PBOC plans second cash injection via outright reverse repos in June

China's central bank will inject cash via outright reverse repos for the second time this month, it said on Friday, aiming to ease funding pressures during the peak season for bond financing. The People's Bank of China said on Friday that it would inject 400bn yuan (US\$55.7bn or RM236.8bn) into its banking system via outright reverse repos on June 16. The tenor of the repos is six months. The PBOC surprised the market by injecting one trillion yuan such repos in the three-month tenor last week, as banks brace for a record four trillion yuan in interbank negotiable certificate of deposit (NCD) maturities this month. China's central bank has been very carefully managing the liquidity conditions this year to aid the broad economy without replicating a relentless bond rally seen late last year in what policymakers feared could fuel asset bubbles and trigger financial instability. This week, net government bond financing hit a seasonal peak of 410bn yuan. (*Reuters*)



IND; SG: Sign deals on power trade, carbon capture

Indonesia and Singapore signed initial deals on Friday to develop cross-border trade in low carbon electricity and collaborate on carbon capture and storage, ministers from both countries said in Jakarta. The electricity deal reaffirmed an earlier agreement to export solar power from Indonesia to Singapore, with a group of companies planning to build plants and grid infrastructure to generate and transmit the power. The Memorandum of Understanding signed by the two countries says they will aim to draw up policies, regulatory frameworks and business arrangements that will enable Indonesian power to be delivered to Singapore. Indonesia expects to export 3.4 gigawatts of low-carbon power by 2035, according to a presentation slide shown by Indonesia's energy minister Bahlil Lahadalia. In another MOU, the two countries said they would look into drawing up a legally-binding agreement for carbon capture and storage that would allow cross-border projects to go ahead. If successful, it will be the first such project in Asia, said Singapore government minister Tan See Leng. (*Reuters*)

MY: Wholesale and retail trade growth slows in April during Ramadan month, official data show

Malaysian consumers spent at a slower pace in April during the Ramadan month while digital payments rose, official data on Wednesday showed. Wholesale and retail trade, including vehicle sales, was up 4.7% when compared to the same month in 2024 and totalled RM151.7bn in April, according to the Department of Statistics Malaysia (DOSM). That compares to March's 5.7% year-on-year gain. Sales slipped 1.5% month-on-month. Retail sales in non-specialised stores, such as provision stores, mini markets and convenience stores, rose strongly while retail of fuel also climbed, largely driven by heightened intercity travel and open house activities during the Hari Raya Aidilfitri celebrations. On a year-on-year basis, the retail subsector was up 4.7% to RM66.8bn in April in line with consumer spending patterns during the festive month. DOSM also highlighted that digital payment recorded strong year-on-year increase in April with electronic money transactions surging 69% to RM19.7bn, reflecting higher usage in micro and retail payments. Real-time retail payments platform transactions totalled RM277.8bn, the highest value among payment methods, and internet-based payment transactions amounted to RM35.5bn while credit card use remained steady at RM17.7bn and debit card transactions were RM13.3bn. (*Bernama*)

Corporate News

Kretam: Sees new second-largest shareholder as consortium acquires 10% stake

Sabah-based palm oil company Kretam Holdings Bhd has seen the emergence of its new second-largest shareholder in the form of a consortium. According to Companies Commission of Malaysia (SSM) data, the consortium — led by DCAH Holdings Sdn Bhd, along with individuals Chiong Kiau and Chiong Hang Leong — acquired 233.0m shares, representing 10% of Kretam's equity, through direct business transactions. DCAH Holdings is jointly owned by Teo Soh Ling and Chiong Sin Yee. The 10% stake is valued at around RM162m based on Kretam's closing share price of 69.5 sen. The acquisition comes at a time when food oil prices have re-rated higher in recent years, amid persistent geopolitical tensions and weather disruptions that weighed on supply. Kretam operates nearly 17,000 mature hectares producing over 300,000 tonnes of fresh fruit bunches, with a 135 metric tonne-per hour palm oil mill capacity, 1,500 tonne-per-day crude palm oil processing capacity, and 300 tonne-per-day of palm oil-based biodiesel fuel called PME. (*The Edge*)

Axiata: Completes sale of Myanmar tower assets at revised lower price

Axiata Group Bhd on Friday said it has completed the sale of its Myanmar tower operations for a revised consideration of US\$90m (RM380.4m), relatively lower than the initially proposed US\$150m (RM713.0m). Axiata said the transaction was carried out via its 63%-owned subsidiary edotco Group Sdn Bhd, which disposed of its entire 87.5% stake in edotco Investments Singapore Pte Ltd — an investment holding company for edotco Group's investments in Myanmar — to Hong-Kong based Zillion Tower Holdings Ltd. Malaysia's largest wireless carrier by revenue said the decision took into account the deteriorating political and economic environment in Myanmar, along with increasing exposure to potential sanctions risk. These challenges, it said, have rendered continued operations in the country untenable. The US\$90m consideration has been fully settled in cash and is not subject to any post-completion adjustments, Axiata noted. The shares were transferred free of encumbrances, inclusive of all attached rights and entitlements. (*The Edge*)

IOI Corp: Abdul Wahid Omar to join IOI Corp's board as independent director

IOI Corp Bhd said former Bursa Malaysia Bhd chairman Tan Sri Abdul Wahid Omar will join its board as a senior independent and non-executive director on June 16, 2025. The announcement on Friday comes after Abdul Wahid's appointment to the board of Cypark Resources Bhd last week as its chairman. Wahid stepped down as Bursa's chairman on April 30. He had a long association with the stock exchange, serving initially as an independent director from 2004 to 2011, before returning as its chairman in May 2020. (*The Edge*)

Sapura Resources: Shahrman agrees he ignored calls for rights issue fundraising to the tune of RM40m

Sapura Holdings (SHSB) director Datuk Shahrman Shamsuddin told the High Court here on Friday that in his capacity as director of Sapura Resources Berhad (SRB), he had ignored SHSB's offer for SRB to carry out a rights issue that SHSB claimed would have injected RM40m into the company for the shortfall faced by one of its main projects, the Permata Sapura project — a 52-storey skyscraper in KL known as Project Apex. Shahrman, testifying in the winding-up petition of SHSB which was initiated by him, was subject to cross-examination from Rabindra S Nathan, the lawyer for his brother, SHSB CEO Tan Sri Shahril Shamsuddin. Pressed on whether he had made any effort to



implement the rights issue at board meetings, Shahrman said that he was against the rights issue, and therefore did not say anything in board meetings about getting this done. *(The Edge)*

Dialog: Bags Mutiara Cluster PSC in offshore Sabah from Petronas

Dialog Group Bhd has secured the asset production sharing contract (PSC) for the Mutiara Cluster Small Field located off the coast of Sabah from Petroliaam Nasional Bhd (Petronas). The 14-year contract designates Dialog's wholly-owned Dialog Resources Sdn Bhd as the sole operator with a 100% participating interest in the Mutiara Cluster, which comprises five fields — Nymphe, Nymphe North, Kuda Terbang, Benrinnes and Mutiara Hitam — according to Petronas in a statement on Friday (June 13). The Mutiara Cluster is the first PSC awarded by Petronas, through Malaysia Petroleum Management (MPM), under the Malaysia Bid Round 2025 (MBR 2025), and is expected to achieve first production in 2029. The contract was signed on Friday. The small field asset PSC is envisioned as a catalyst to open up the Sandakan Basin for further exploration and increase local participation in line with Petronas' aspiration to enhance Malaysia's position as an attractive upstream investment destination, said the state-owned oil and gas company. *(The Edge)*

UUE: Bags RM83m worth of new contracts, pushing its order book to a record RM416m

Johor-based underground utilities engineering solutions provider UUE Holdings Bhd has secured three new contracts worth RM83.4m, further expanding its order book. Announcement of the latest wins, secured from Sutera Utama Sdn Bhd, comes three days after UUE said it had bagged RM92.4m worth of deals. With these additions, the company's order book has reached a record high of RM416m, providing earnings visibility for the next two to three years, it said in a bourse filing. Sutera Utama, a general contractor, is jointly owned by Mohamad Zailan Melan and Wan Mohd Azmir Wan Mohd Affandi, based on a brief check with the Companies Commission Malaysia. The new contracts involve the installation and commissioning of 11kV and 33kV underground cables and accessories within Tenaga Nasional Bhd's distribution network in the northern and southern regions, according to UUE. The contracts span two years from the initial work commencement notice, with an option for a one-year extension. *(The Edge)*

Upcoming key economic data releases	Date
Japan – BoJ Interest Rate Decision	Jun 16
US – Core Retail Sales (MoM)	Jun 17
US – Retail Sales (MoM)	Jun 17
UK – CPI (YoY)	Jun 18
EU – CPI (YoY)	Jun 18
US – Initial Jobless Claims	Jun 18
US – Fed Interest Rate Decision	Jun 18
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		
Cuckoo International (Mal) Bhd	Main Market	1.29	143.3	222.1	5 Jun	24 Jun
Pan Merchant Bhd	ACE Market	0.27	232.2	18.0	17 Jun	26 Jun
Arrow Systems Group Berhad	ACE Market	0.17	128.3	53.5	19 Jun	02 Jul
PMCK Group Berhad	ACE Market	0.22	272.6	32.7	25 Jun	09 July

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