MERCURY SECURITIES SDN BHD
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Daily Newswatch

Market Review

The FBM KLCI rose 0.2% on Thursday to close at 1,715.2 points, supported by continued buying in heavyweights, particularly banking counters, and sustained foreign participation that helped lift sentiment despite mixed broader market activity. Sectoral gains were led by Technology (+1.9%), Transportation & Logistics (+1.1%), and Financial Services (+1.1%). Among index constituents, YTL Corp, Hong Leong Bank and Sime Darby climbed 2.3%, 2.2%, and 1.9%, respectively. Market breadth turned negative from previous trading session with losers edging past gainers at 582 to 503, while 564 counters closed unchanged.

Major Asian markets closed in the mixed-on Thursday, as investors reacted to renewed geopolitical developments and ongoing sector rotation, with Trump's remarks that eased fears of an imminent U.S.-Iran conflict helping sentiment in some markets, while continued weakness in tech and risk-heavy stocks weighed on others. The Shanghai Composite and the Hang Seng Index both fell 0.3% to close at 4,112.6 and 26,923.6 points, respectively. Taiwan's TAIEX dropped 0.4% to close at 30,810.6 points, while South Korea's KOSPI jumped 1.6% to 4,797.6 points. In China, Communication Services (-2.9%), Health Care (-1.0%), and Financials (-1.0%) were the key laggards, weighed down by Guobo Electronics (-20.0%), Jiangsu Eazytec (-20.0%), and Hangzhou Raycloud Technology (-20.0%). Meanwhile, In South Korea, Non-energy Minerals (+4.8%), Energy Minerals (+4.0%), and Consumer Durables (+3.4%) led gains, driven by DYP Co (+30.0%), Posco DX (+29.9%), and Hyundai Pharmaceutical (+29.9%).

European equities closed at record highs on Thursday, with the STOXX 50 up 0.6% and STOXX 600 up 0.5%, supported by strength in technology and AI-related stocks after TSMC reported a 35% surge in Q4 profit, lifting ASML (+6%), ASM (+11%) and Nokia (+3%), while Swedbank rose 3.5% following the end of a US DOJ probe. Richemont fell 2.4% after earnings, as investors continued to monitor geopolitical tensions after US, Denmark and Greenland officials failed to reach agreement over Greenland's ownership.

U.S. equities closed higher on Thursday, driven by strength in banking and technology stocks, snapping a two-day losing streak across major indices. The Dow rose 0.6%, the S&P 500 gained 0.3% and the Nasdaq Composite added 0.2%. Semiconductor stocks led the advance after TSMC jumped 4.4% on strong Q4 earnings and plans to raise 2026 capital spending, reinforcing optimism around AI demand. Nvidia climbed 2.1%, AMD rose 1.9%, Applied Materials surged 5.6%, Micron added 1.1% and Broadcom gained 0.9%. Financials also rebounded, with Goldman Sachs up 4.6% and Morgan Stanley rising 5.8%, reversing earlier week declines, though sentiment remained cautious amid geopolitical tensions involving Iran and Greenland and lingering concerns over the Federal Reserve's independence.

Macro Snapshots

- **US:** Weekly jobless claims fall, but labour market is still in a holding pattern
- **US:** 10-Year Yields Rebound Toward 4-Month High
- **CN:** PBOC sees easing room, steps up targeted support for economy
- **MY:** BMI expects Bank Negara to keep OPR at 2.75% throughout 2026

Corporate Snapshots

- **NEXG:** Auditor quits, citing major board changes
- **SUNLOGY:** Clinches RM22m electrical works job for Batu Kawan project
- **SKYGATE:** To buy property company for RM75.9m in related-party deal
- **VLB:** Terminates three Selangor affordable housing contracts worth RM550.7m

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,715.2	0.2	2.1
Dow Jones	49,442.4	0.6	2.9
Nasdaq CI	23,530.0	0.2	1.2
S&P 500	6,944.5	0.3	1.4
SX5E	6,041.1	0.6	4.3
FTSE 100	10,238.9	0.5	3.1
Nikkei 225	54,110.5	(0.4)	7.5
Shanghai CI	4,112.6	(0.3)	3.6
HSI	26,923.6	(0.3)	5.0
STI	4,833.3	0.4	4.0

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,254.2	4.4
Value traded (RM m)	3,321.3	3.9
Gainers	503	
Losers	582	
Unchanged	564	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VSI	0.480	(1.0)	79.6
CAPITALA	0.530	(2.8)	79.1
TANC	1.240	0.8	63.2
ZETRIX	0.825	(0.6)	55.9
NE	0.595	(16.2)	55.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAY	11.100	0.5	376.5
PBK	4.750	1.7	165.5
GAM	4.660	(3.1)	142.0
PMAH	7.220	(1.1)	94.6
CIMB	8.450	1.2	107.3

Currencies	Last Close	% Chg
USD/MYR	4.057	(0.2)
USD/JPY	158.620	0.0
EUR/USD	1.161	(0.0)
USD/CNY	6.967	0.1
US Dollar Index	99.357	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	63.9	(3.9)
Gold (USD/troy oz)	4,616.2	(0.2)
CPO (MYR/metric t)	4,018.0	1.4
Bitcoin (USD/BTC)	95,663.8	0.1

Source: Bloomberg

Macro News

US: 10-Year Yields Rebound Toward 4-Month High

The yield on the 10-year US Treasury note rose to the 4.16% mark on Thursday, approaching the four-month highs of 4.2% that were tested earlier in the week as fresh evidence of a stable market limited the urgency for the Federal Reserve to lower interest rates. Initial unemployment claims were sharply below expectations to hold the decrease in average claim counts since December, extending the view that the US labor market has not seen a significant increase in job cuts despite the prolonged period of higher interest rates. The results limited concerns that the Fed must continue to lower interest rates to prop up the labor market, as argued by dovish members of the FOMC. (*Trading Economics*)

US: Weekly jobless claims fall, but labour market is still in a holding pattern

The number of Americans filing new applications for unemployment benefits unexpectedly fell last week, but the drop was likely because of ongoing challenges adjusting the data for seasonal fluctuations around this time of the year. The labour market remains in a holding pattern, with layoffs still low and hiring sluggish. Economists say President Donald Trump's aggressive trade and immigration policies have reduced both demand for and supply of workers. Businesses are also unsure of their staffing needs as they invest heavily in artificial intelligence, curbing hiring. (*Reuters*)

US: Oil drops as Trump changes tone on Iran; tech optimism lifts stocks

Oil prices tumbled from multi-month highs on Thursday and gold fell back from a record peak, as investor demand for safe-haven assets subsided on hopes that President Donald Trump was backing away from threats of US military action against Iran. Tech stocks got a boost from Taiwan's TSMC, the world's biggest producer of advanced AI chips, which posted a forecast-smashing 35% jump in fourth-quarter profit. Shares in Dutch chip equipment maker ASML hit a record high, which in turn helped push Europe's STOXX 600 up 0.4%, back towards record levels. (*Reuters*)

US: Tech tumbles as Wall Street rotation gains speed

A week-long rotation that has seen investors bail from richly priced technology names in favor of more economically sensitive industries picked up speed, sending the Nasdaq 100 to its worst decline in a month while lifting the majority of companies in the S&P 500. While the US equity benchmark saw its first back-to-back losses in 2026 amid a slide in all “Magnificent Seven” shares, over 300 of its firms actually rose. Small caps continued to outperform, with the Russell 2000 beating the S&P 500 for a ninth straight session — matching the longest streak since 1990. (*Bloomberg*)

US: Trump holds off on critical minerals tariffs after trade probe

US President Donald Trump is holding off on new tariffs targeting imports of critical minerals, following a months-long review to determine whether foreign shipments threatened US national security. Trump, in a presidential proclamation released on Wednesday following a US Commerce Department investigation, said instead he would seek to negotiate agreements with foreign nations to “ensure the US has adequate critical mineral supplies and to mitigate the supply chain vulnerabilities as quickly as possible”. (*Bloomberg*)

US: Trump says he has no plan to fire Fed's Powell despite investigation

US President Donald Trump said on Wednesday he has no plans to fire Jerome Powell despite a Justice Department criminal investigation into the Federal Reserve chair, but it was "too early" to say what he would ultimately do. "I don't have any plan to do that," Trump told *Reuters* in an interview when asked if he would attempt to remove Powell from his job. Asked whether the investigation gave him grounds to do so, Trump added: "Right now, we're (in) a little bit of a holding pattern with him, and we're going to determine what to do. But I can't get into it. It’s too soon. Too early.” (*Reuters*)

US: Potential economic slowdown from Trump’s credit card cap

Citigroup Inc chief financial officer Mark Mason said the lender wants to cooperate with US President Donald Trump’s affordability push but doesn’t support his proposed cap on credit card fees. A “cap would likely result in a significant slowdown in the economy”, Mason said on Wednesday on a call with reporters after the bank reported fourth-quarter results. He added that affordability is an important issue that Citi wants to collaborate with the administration on, but “an interest rate cap is not something that we would, or could, support, frankly”. (*Bloomberg*)

CN: PBOC sees easing room, steps up targeted support for economy

China’s central bank signalled it has room to further reduce interest rates and bank reserve requirements, while stepping up targeted support for the economy with a cut to the cost of its structural lending tools. Deputy governor Zou Lan said Thursday that the People’s Bank of China sees “some space” to reduce both the reserve requirement ratio and policy rates this year. The central bank will lower the interest rates on its structural monetary policy tools by 0.25 percentage points, reducing the one-year rate for various relending facilities to 1.25% from 1.5% effective Monday. (*Bloomberg*)

CN: New loans shrink to least in seven years as demand weakens

Chinese banks extended the smallest amount of new loans since 2018 last year while credit expansion slowed in December, in a reflection of sluggish demand from borrowers that's weighing on growth. Financial institutions extended 908bn yuan (US$130bn or RM526.4bn) of new yuan loans in December, according to *Bloomberg* calculations based on data released by the People's Bank of China on Thursday. That was better than economists' expectations of 800bn yuan. (*Bloomberg*)

CN: Bans cybersecurity products from top US, Israeli firms

China has instructed companies in the country not to use cybersecurity products from American and Israeli firms including Palo Alto Networks Inc, Fortinet Inc and Check Point Software Technologies Ltd, according to a government directive seen by *Bloomberg News*. The instructions require organisations to identify whether they use any cybersecurity products from the designated companies and to replace any of those with domestic technologies by the first half of 2026. Chinese companies' use of such products could result in sensitive data being sent overseas or create other vulnerabilities for customers, according to the advisory. (*Bloomberg*)

MY: Malaysia, US to explore modern agricultural technology cooperation — ministry

Malaysia and the United States have the potential to expand strategic cooperation in agricultural technology and agro-food development following a meeting between Agriculture and Food Security Minister Datuk Seri Mohamad Sabu and US Department of Agriculture (USDA) Deputy Under Secretary for Trade and Foreign Agricultural Affairs Luke J Lindberg, along with his delegation, on Wednesday (Jan 14). The Ministry of Agriculture and Food Security (MAFS) said discussions between the two parties focused on the potential expansion of bilateral agricultural trade, as well as strengthening technical cooperation and investment to enhance productivity in the agriculture sector. (*Bernama*)

MY: BMI expects Bank Negara to keep OPR at 2.75% throughout 2026

BMI maintained its view that Bank Negara Malaysia (BNM) will leave the overnight policy rate (OPR) unchanged at 2.75% for the rest of 2026 amid support from resilient domestic demand. In a note on Thursday, the unit of Fitch Solutions said minutes from BNM's November 2025 meeting showed that its assessment of the 2026 growth outlook remains unchanged from the September meeting, noting support from resilient domestic demand. "We are aligned with the bank and expect growth to slow from an estimated 4.6% in 2025 to 4.1% in 2026, the lower end of the BNM's forecast of 4.0%-4.5%," BMI said. (*Bernama*)

MY: Lowers February crude palm oil reference price

Malaysia has lowered its February crude palm oil reference price, a change that cuts the export duty to 9%, a circular on the Malaysian Palm Oil Board website showed on Thursday. The world's second largest palm oil exporter set a reference price of RM3,846.8 per metric tonne for February. The January reference price was RM3,946.2 a tonne, and incurred a duty of 9.5%. The export tax structure starts at 3% when crude palm oil prices are within the RM2,250 to RM2,400-per-tonne range. The maximum tax rate is set at 10%, when prices exceed RM4,050 a tonne. (*Reuters*)

MY: Amir Hamzah says NPLs manageable as govt expands credit guarantees to drive SMEs, investments

The non-performing loan (NPL) rate for the guarantee scheme under Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP) remains low at around 2% in line with the growth of small and medium enterprises (SMEs). It also reflects the manageable level of risk despite the significant increase in financing guarantee allocations under Budget 2026. Finance Minister II Datuk Seri Amir Hamzah Azizan said the expansion of the credit guarantee scheme was implemented cautiously through close collaboration with financial institutions to ensure that fiscal risks remain under control and long-term financial discipline is maintained. (*Bernama*)

MY: Amir Hamzah: 2026 marks implementation of govt reforms, development agenda

The year 2026 marks the implementation of the government's reform and development agenda, with its effects already being felt by households, businesses, and the economy, said Finance Minister II Datuk Seri Amir Hamzah Azizan. He said the momentum is underpinned by the beginning of the 13th Malaysia Plan (13MP), which sets the direction for a more resilient, high-value, and inclusive future. "Last year was a year of design and commitment, where we clarified direction, re-centred policy around rakyat-first outcomes, and anchored 'Ekonomi Madani' as a governing philosophy," he said in his keynote address at the annual property developer conference, "The CEO Series 2026", organised by REHDA Institute here on Thursday. (*Bernama*)

MY: Business groups seek measurable incentives as rising costs erode SME competitiveness

Cost and cash flow pressures remain the biggest risks facing small and medium enterprises (SMEs), as rising input costs, wages and tighter financing conditions continue to weigh on smaller firms, according to the Federation of Malaysian Business Associations (FMBA). Its president Datuk Seri Dr Abdul Malik Abdullah urged the government to provide more measurable incentives as many SMEs are losing competitiveness due to low levels of digitalisation, weak process discipline and limited use of data, which continue to constrain efficiency and scalability. (*The Edge*)

MY: Bill on JB-Singapore RTS Link border control to be tabled next month, says Loke

A bill to facilitate border control arrangements for the Johor Bahru-Singapore Rapid Transit System (RTS) Link will be tabled in Parliament next month, Transport Minister Anthony Loke Siew Fook said. He said the legislation is necessary to enable the co-location of Customs, Immigration and Quarantine (CIQ) facilities for the RTS Link. The bill is expected to be debated in February and completed within the year, he told reporters on Thursday. (*The Edge*)

Corporate News

NEXG: Auditor quits, citing major board changes

NexG Bhd said its external auditor has resigned after noting that the company's board composition had changed significantly since its appointment just four months ago. NexG said Baker Tilly Monteiro Heng PLT tendered its resignation as the auditor on Wednesday, after being appointed at the company's annual general meeting on Sept 24 last year, replacing Crowe Malaysia PLT. The audit firm had found that the board composition had changed substantially from that which existed at the time its initial engagement assessment was conducted, said NexG in a bourse filing. *(The Edge)*

KERJAYA: Wins RM201m job from related property company, sets RM2b order book replenishment target for 2026

Kerjaya Prospek Group Bhd, which targets RM2bn in order book replenishment for 2026, said its subsidiary Kerjaya Prospek (M) Sdn Bhd has secured its first contract for 2026 worth RM201.3m from Greencove Sdn Bhd for a mixed development in Damansara Damai. This marks the group's second contract for the project, following an RM18.5m site clearance and on-site detention pond works job awarded in October 2024.Greencove is a wholly owned subsidiary of Kerjaya Prospek Property Bhd, in which Kerjaya Prospek Group's major shareholder and non-executive chairman, Datuk Seri Tee Eng Ho, together with his wife Datin Seri Toh Siew Chuon and brother Datuk Tee Eng Seng, are shareholders and directors. *(The Edge)*

SUNLOGY: Clinches RM22m electrical works job for Batu Kawan project

ES Sunlogy Bhd said it has clinched a RM22.3m subcontract to undertake electrical works for a high-rise serviced apartment development in Batu Kawan, Penang. In a bourse filing on Thursday, the mechanical and electrical engineering services firm said the job was awarded by the main contractor Kerjaya Prospek (M) Sdn Bhd, a wholly owned unit of Kerjaya Prospek Group Bhd. The project owner is Pixel Valley Sdn Bhd. The subcontract covers the supply, installation, and commissioning of electrical and extra-low voltage (ELV) services for a strata-titled development comprising two serviced apartment towers with a combined 1,406 units, and shop offices, located along Persiaran Cassia Barat 3 in Batu Kawan. (*The Edge*)

SKYGATE: To buy Penang property company for RM75.9m in related-party deal

SkyGate Solutions Bhd is buying a Penang-based property investment company linked to its major shareholder for RM75.9m in cash and shares. Its unit, SkyGate Properties Sdn Bhd, inked a sale and purchase agreement with Dahlia Cemerlang Sdn Bhd's shareholders, Jitu Sempurna Sdn Bhd, Prominent Goldhill Sdn Bhd and Promaddun Sdn Bhd, to acquire the entire equity interest in the company, according to a bourse filing on Thursday. SkyGate is buying Dahlia Cemerlang to add an 8.2-acre industrial property within the Perai Industrial Park in Penang to its property portfolio. Over half of the property is tenanted and brings in rental income of about RM5.3m per year, it noted. (*The Edge*)

SCBUILD: To buy 25% stake in non-operational hotel for RM18.8m from chairman's mother

Construction outfit SC Estate Builder Bhd has formalised an agreement to acquire a 25% equity interest in a non-operational hotel in Alor Setar for RM18.8m from chairman Loh Boon Ginn's mother in its push into property investment. Boon Ginn is also managing director cum chief executive officer of SC Estate Builder. The purchase price will be settled via the issuance of redeemable convertible preference shares (RCPS). In a bourse filing on Thursday, SC Estate Builder said it had entered into a share sale agreement with Koay Seok Chin for the acquisition of 20m shares in Sentosa Club Hotel Sdn Bhd. Koay, the sole shareholder, is also the mother of SC Estate Builder's executive directors Shy Tyug and Shy Ming, as well as the mother-in-law of deputy executive chairman Kuay Jeaneve. Another member of the Loh family, Shy Huey is a director in Sentosa Club. (*The Edge*)

CHGP: Planned commercial vehicle exit falls through on buyer's financing setback

Chin Hin Group Property Bhd has cancelled the RM74m sale of its commercial vehicle and bodyworks businesses after the buyer failed to secure financing, delaying the group's plan to fully focus on property development. In a bourse filing on Thursday, the property developer said it had mutually agreed with the N&K Resources (M) Sdn Bhd to revoke and rescind the share sale agreement dated Aug 14, 2025 after N&K Resources was unsuccessful in obtaining bank financing of at least 70% of the disposal consideration within the extended deadline on Jan 14. N&K Resources is a real estate company owned by All Trade Resources (Malaysia) Sdn Bhd. (*The Edge*)

VLB: Terminates three Selangor affordable housing contracts worth RM550.7m

Vestland Bhd said it will not proceed with three Selangor affordable housing projects worth a total of up to RM550.7m secured in 2022 from Splendid Forte Development Sdn Bhd. According to a filing with Bursa Malaysia, the company said Vestland Resources Sdn Bhd and Splendid Forte agreed to mutually terminate the contracts, which involve the Selangor Cyber Valley Phase 1 and Phase II projects in Dengkil, Sepang, as well as the Sierra Alam project in Bukit Raja, Petaling. The projects were awarded under the Selangor state government's affordable housing scheme and involve residential development, infrastructure works and landscaping. *(The Edge)*

D&O: Shelves expansion plan, to repay borrowings and boost plant efficiency

Automotive light-emitting diode maker D&O Green Technologies Bhd has decided to shelve its plan to set up a new plant and will instead repay borrowings and boost the efficiency of its existing plants. The decision means that RM213.0m of the RM216.4m proceeds raised from its private placement exercise, initially earmarked for a new eight-storey manufacturing plant, will now be used to repay borrowings (RM127m) as well as capital expenditure for machinery and equipment (RM86.0m), the group said in a bourse filing on Thursday. The move comes after enhanced productivity measures at two of its existing plants in Melaka boosted production capacity without expanding its physical footprint, the group said. *(The Edge)*

PESTEC: Appoints former Siemens Malaysia CEO Adam Yee as president

Pestec International Bhd has appointed Datuk Adam Yee Hee Hoon as president of the power grid and rail network engineering group, effective Thursday. Yee, former president and CEO of Siemens Malaysia, will guide Pestec's strategic direction and new business development, the group said in a statement on Thursday. In his new role, Yee will provide strategic oversight on operational performance and report to Pestec's group managing director Datuk Mohamed Razeek Hussain, who retains overall responsibility of the group, it added. "Deputy group CEO Manindar Singh Chawla will continue to oversee project delivery and day-to-day operational matters, also reporting to [Mohamed Razeek]. The board is confident that these refinements to leadership roles will enhance collaboration, governance and continuity in the group's management and strategic direction," the group said. *(The Edge)*

Upcoming key economic data releases	Date
US GDP (QoQ) (Q3)	Jan 22
US Initial Jobless Claims	Jan 22
US Core PCE Price Index (MoM) (Nov)	Jan 22
US Core PCE Price Index (YoY) (Nov)	Jan 22
US S&P Global Services PMI (Jan)	Jan 23
US S&P Global Manufacturing PMI (Jan)	Jan 23
Source: Bloomberg	

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Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bonia Corporation	Consumer	0.82	0.11	13.90
British American Tobacco (M)	Consumer	4.76	0.65	13.66
Taliworks Corporation	Utilities	0.49	0.05	10.20
MBM Resources	Consumer	5.16	0.42	8.16
Ta Ann Holdings	Plantation	4.21	0.33	7.81
Paramount Corporation	Property	1.04	0.08	7.69
Sentral REIT	REIT	0.81	0.06	7.65
KIP REIT	REIT	0.92	0.07	7.50
MAG Holdings	Consumer	1.32	0.10	7.20
Magnum	Consumer	1.32	0.10	7.20
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.77
Kim Loong Resources	Plantation	2.40	0.15	6.38
Sports Toto	Consumer	1.35	0.08	6.15
UOA Development	Property	1.90	0.11	5.79
Malayan Banking	Finance	11.10	0.63	5.67

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		
SBS Nexus Berhad	ACE Market	0.25	122.5	49.0	7 Jan	20 Jan
Guan Huat Seng Holdings Berhad	ACE Market	0.25	120.0	21.0	9 Jan	22 Jan
One Gasmaster Holdings Berhad	ACE Market	0.25	77.5	15.5	16 Jan	27 Jan
ISF Group Berhad	ACE Market	0.33	185.3	90.0	14 Jan	28 Jan

Source: Bursa Malaysia

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