MERCURY SECURITIES SDN BHD
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Daily Newswatch

Market Review

The FBM KLCI dropped 0.1% on Monday, closing at 1,697 points as oil prices stayed elevated, aggravated by the bombing of Kharg Island in Iran sent investors into a cautious stance. Losses were led by Property (-1.6%), Energy (-1.0%) and Construction (-0.7%) with Apollo Food (-0.3%), PPB Group (-0.3%) and Allianz Malaysia (-0.2%) among the key laggards. Overall, market breadth was bearish, with 619 losers outweighing 402 gainers with 499 counters left unchanged.

Asian markets closed mixed on Monday as lingering Middle East tensions and elevated oil prices weighed on investor sentiment, while investors also braced for the upcoming meeting between Xi Jinping and Donald Trump later this month. The Shanghai Composite shed 0.3% to 4,085 points, with decliners including Huagong Tech (-1.3%), Zijin Mining (-2.9%), Power Construction Corporation of China (-10.0%), Suzhou TFC Optical Communication (-4.3%), and China Energy Engineering (-8.3%). Japan's Nikkei 225 fell 0.1% to 53,751 points, while Taiwan's TAIEX declined 0.2% to 33,343 points. Meanwhile, Hang Seng jumped 1.5% to 25,834 points. South Korea's KOSPI surged 1.1% to 5,550 points as gains in major semiconductor stocks lifted the index after a volatile session, with technology heavyweights Samsung Electronics and SK Hynix rising 2.83% and 7.03% respectively, supported by sustained optimism over demand for artificial intelligence-related memory chips.

European stocks closed higher on Monday, halting the sharp selling from the three previous sessions as markets reassessed the magnitude of the energy supply shock from the Persian Gulf. The Eurozone's STOXX 50 gained 0.4% to 5,739 points and the pan-European STOXX 600 rose 0.5% to 599 points. Financial companies rose to track their country's bond prices, with Allianz and Deutsche Bank gaining 1.5%. Meanwhile, UniCredit added 0.5% after making a EUR35bn offer for Commerzbank (8.5%), which was immediately opposed by the German government, a minority owner of the bank, but paving the way for UniCredit to increase its stake in the German lender from the current 26% ownership.

Wall Street rebounded on Monday, lifting investor sentiment as markets reassessed the risk of a lasting energy shock. This recovery was primarily driven by news that select tankers successfully navigated the Strait of Hormuz over the weekend, which signalled a degree of leniency in energy exports and pared concerns over a prolonged global supply shortage. Technology stocks led the gains, with Nvidia rising 1.6%, Micron Technology jumping 3.7% ahead of its upcoming earnings report, and Meta Platforms climbing 2.3% on reports of potential workforce restructuring.

Macro Snapshots

- **US:** Data centre boom slows due to power grid limits
- **CN:** 30-year yields set for highest close since 2024 on oil
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- **PHARMA:** To exit PN17 on Tuesday
- **ITMAX:** Appointed to operate smart on-street parking in JB for 15 years
- **JAKS:** Wins water treatment plant rehabilitation contract
- **KEYFIELD:** Bags RM162m worth of charter contracts

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,696.6	(0.1)	1.0
Dow Jones	46,946.4	0.8	(2.3)
Nasdaq CI	22,374.2	1.2	(3.7)
S&P 500	6,699.4	1.0	(2.1)
SX5E	5,739.0	0.4	(0.9)
FTSE 100	10,317.7	0.6	3.9
Nikkei 225	53,751.2	(0.1)	6.8
Shanghai CI	4,084.8	(0.3)	2.9
HSI	25,834.0	1.4	0.8
STI	4,868.7	0.0	4.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,382.9	(17.0)
Value traded (RM m)	2,564.2	(25.7)
Gainers	402	
Losers	619	
Unchanged	499	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VSI	0.305	(4.9)	76.1
ZETRIX	0.750	(4.5)	54.0
JIB	0.065	(30.8)	45.3
CAPITALA	0.430	(5.8)	38.4
TANC	1.480	1.4	35.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAY	11.440	(1.0)	351.6
TNB	14.400	(1.4)	204.0
CIMB	7.990	0.1	193.8
PCHEM	4.600	3.3	155.1
PBK	4.810	(0.4)	143.3

Currencies	Last Close	% Chg
USD/MYR	3.929	0.3
USD/JPY	159.100	0.0
EUR/USD	1.150	0.0
USD/CNY	6.892	0.2
US Dollar Index	99.712	(0.6)

Commodities	Last Close	% Chg
Brent (USD/barrel)	100.2	(2.8)
Gold (USD/troy oz)	5,009.5	0.1
CPO (MYR/metric t)	4,575.0	(1.1)
Bitcoin (USD/BTC)	74,833.8	0.8

Source: Bloomberg

Macro News

US: Oil Rises on Lingering Supply Concerns

WTI crude futures rose to around USD95 per barrel on Tuesday after losing more than 5% in the previous session, as investors continued to assess the impact of the Middle East conflict on global supply. On Monday, oil prices retreated sharply as fears of a prolonged Strait of Hormuz closure eased after several tankers safely navigated the chokepoint over the weekend, raising hopes the waterway could soon reopen. India is also negotiating six additional vessels as several countries pursue back-channel talks with Iran to ensure safe passage for their ships. The US is allowing Iran to continue shipping crude through Hormuz, while US President Donald Trump has asked other nations to support efforts to safeguard commercial activity in the strait. A direct communications channel between the US and Iran has also reportedly been activated. Meanwhile, the US is preparing to release the first tranche of emergency crude reserves, while the IEA signaled room to further tap global stockpiles. *(Trading Economics*)

US: Treasury Yields Lower to Kick Off the Week

The yield on the US 10-year Treasury note edged down about 4 bps to 4.24% on Monday, easing after a 15 bps surge to more than four-week highs last week, as traders continue to assess the conflict with Iran and its impact on inflation and the fiscal outlook. Oil prices eased after Treasury Secretary Bessent said the US is allowing Iranian oil tankers to transit the Strait of Hormuz, while President Trump is urging other nations to help ensure the waterway remains open. Still, uncertainty persists over when the conflict could end. The US says it is in talks with Iran, although Tehran has denied claims that it is seeking a truce. Meanwhile, the Fed will announce its monetary policy decision later this week. While no change to the federal funds rate is expected, investors will closely watch policymakers' assessment of the recent spike in energy prices and its impact on inflation and borrowing costs. Markets are currently pricing in only one 25bps rate cut, likely not before December. *(Trading Economics)*

US: Industrial Output Rises More than Expected

Industrial production in the United States increased 0.2% month-over-month in February 2026, more than market expectations of 0.1% and after moving up 0.7% in January. Manufacturing output, which makes up about 78% of total industrial production, rose 0.2% after a 0.8% advance in January and also above forecast of 0.1%. Also, mining output increased 0.8%, following a 0.9% increase. On the other hand, the output of utilities fell 0.6%, reflecting no change in the index for electric utilities and a 4.7% drop in the index for natural gas utilities. Capacity utilization remained unchanged at 76.3%, a rate that is 3.1 percentage points below its long-run (1972–2025) average. *(Federal Reserve)*

US: Data centre boom slows due to power grid limits — WoodMac

US data centre development has slowed because the power grid is reaching its limit to accommodate more large facilities, according to research from energy consultancy Wood Mackenzie. Developers added data centres that would consume about 25GW of electricity to their project pipelines in the fourth quarter of 2025, roughly half as much as they added in the third quarter. Projected capital spending by the biggest developers will decelerate in 2026 compared with the previous year for the first time since 2023, the WoodMac report states. "Both utilities and grid operators are essentially putting the brakes on and making it more challenging to connect data centres," said Ben Hertz-Shargel, WoodMac's head of Grid Edge and the author of the report. The enormous demand for data centres hasn't changed, he said, but "there's only so much power to go around." *(Bloomberg)*

CN: Industrial Output Growth Beats Estimates

China's industrial production rose 6.3% YoY in the combined January–February period of 2026, accelerating from a 5.2% growth in December and exceeding market expectations of 5.1%. Activity strengthened across major sectors, including mining (6.1% vs 5.4% in December), manufacturing (6.6% vs 5.7%), and utilities—electricity, heat, gas, and water—(4.7% vs 0.8%). Within manufacturing, 35 of 41 major industries posted growth, including computers and communications equipment (14.2%), railway and shipbuilding (13.7%), general equipment (8.9%), special equipment (8.8%), electrical machinery (8.7%), chemicals (7.6%), coal mining and washing (7.2%), agriculture, food processing (6.1%), oil and gas (5.8%), textiles (5.3%), electricity and heat production (5.1%), non-ferrous metal smelting and rolling (3.9%), automotive (3.4%), non-metallic mineral products (2.5%), and ferrous metal smelting and rolling (2.2%). Monthly, industrial output increased 0.83%. In 2025, production grew 5.9%. *(National Bureau of Statistics of China*)

CN: 30-year yields set for highest close since 2024 on oil

Yields on China's 30-year bonds were headed for the highest close since September 2024 as rising oil prices fuelled by the war in Iran stoked inflation concern. China's 30-year bond yields rose three basis points to close to 2.4% while those on 10-year notes edged up two basis points to 1.84% on Monday. Futures on 30-year bonds fell to the lowest level since October 2024. A steeper selloff in long-dated debt suggests that rising oil prices may finally counter China's persistent deflationary pressures. Yields also climbed after industrial production and fixed-asset investment data pointed to an unexpected economic rebound at the start of the year. "Elevated oil prices may add to expectations that China's reflation efforts could ultimately bear fruit," said Frances Cheung, head of foreign exchange and rates at Oversea-Chinese Banking Corp. "Domestically, this year's bond supply remains high. We have a mild steepening bias on the Chinese government bond curve." *(Bloomberg*)

CN: Economy surprises with rebound but war risks loom

China's economy rebounded in early 2026 with a surprising uptick in domestic consumption and investment, an acceleration that may prove hard to sustain if the war in Iran stalls exports. Factories revved up production as shipments overseas surged at the start of this year. Industrial output climbed 6.3% in January-February from a year earlier, according to data released by the National Bureau of Statistics on Monday, the fastest growth since September. Other segments of the economy that are more reliant on domestic demand also got off to a stronger start than expected. Retail sales rose 2.8% in the first two months — more than triple their gain in December — while fixed-asset investment unexpectedly expanded 1.8% after contracting for the first time on record in 2025. *(Bloomberg*)

PH: Central bank steps in as peso nears key level of 60

The Philippine peso weakened towards the key psychological level of 60 pesos per dollar, prompting the central bank to intervene to support the currency. The currency fell as much as 0.3% to 59.94 per dollar on Monday to head for a record low. It pared losses after governor Eli Remolona Jr said Bangko Sentral ng Pilipinas (BSP) was intervening in the foreign-exchange market. "Since the dollar is down, I assume some intervention can push the peso back down below 60," Remolona said in response to a *Bloomberg* query. The move underscores the vulnerability of the peso to rising energy costs, a key risk for investors tracking Philippine assets, as the country relies heavily on imported fuel. Brent crude rose more than 1% to about US$104 a barrel, extending gains to a fourth day as the Iran conflict showed few signs of easing. *(Reuters*)

ID: Says budget cuts will be first response to oil price rise, not fiscal deficit spike

Indonesia is preparing budget cuts for some government programmes if the global oil price remains high and would issue the plan soon, its finance minister said on Monday, playing down concerns about an imminent plan to overshoot the fiscal deficit limit. Indonesian officials, including President Prabowo Subianto, have in recent days discussed the possibility of resorting to emergency measures to lift the legal fiscal deficit limit of 3% of gross domestic product if the Middle East conflict lasts longer than expected and oil prices sustain their high levels. Finance Minister Purbaya Yudhi Sadewa told journalists on Monday there was so far no plan to issue an emergency order to raise the fiscal deficit limit. *(Reuters*)

MY: Matta urges govt to consider temporary and targeted fuel subsidies for tourism transport vehicles

The Malaysian Association of Tour and Travel Agents (Matta) has urged the government to consider a temporary and targeted fuel subsidy to support the industry operators financially following the recent hike in fuel prices. In a statement on Monday, Matta noted that transportation costs of tourism vehicles have increased between 35% and 38%, which will lead to increased transportation charges for tourists by at least 30% from current rates for them to remain financially sustainable. Last week, the government announced the retail prices for unsubsidised petrol and diesel. RON97 increased by 60 sen to RM3.85 per litre while unsubsidised RON95 jumped by 60 sen to RM3.27 per litre. Diesel increased by 80 sen to RM3.92 per litre in Peninsular Malaysia. Meanwhile, diesel prices in Sabah, Sarawak and Labuan will be maintained at the current regional ceiling of RM2.15 per litre while subsidised petrol under Budi95 stays at RM1.99 a litre. (*Bernama)*

MY: MOT: New guidelines on use of de-controlled vehicles, pick-up trucks effective April 1

The Ministry of Transport (MOT), through the Road Transport Department (JPJ), on Monday issued the guidelines on the use of de-controlled vehicles and pick-ups for transporting goods. Minister Anthony Loke said the guidelines, which will take effect on April 1, are aimed at avoiding confusion among road users regarding the use of vehicles for transporting goods. He said they would also help ensure more consistent enforcement by the relevant authorities. Through these guidelines, the government clarifies that goods vehicles with a gross vehicle weight (GVW) not exceeding 7,500kg are categorised as de-controlled vehicles and may be used by individuals or companies. *(Bernama*)

MY: Should avoid surprise holidays, says business association

Malaysia should stop declaring surprise or ad-hoc public holidays to avoid disrupting operations and adding avoidable costs on companies, according to an industry group. The recurring short-notice holiday announcements at the federal- or state-level place a significant strain especially on businesses that are already grappling with rising operating costs and a volatile global economy, according to the Small and Medium Enterprises Association of Malaysia (Samenta). "Malaysia already observes one of the highest numbers of public holidays in the region," its national president Datuk William Ng said in a statement. "By adding unscheduled days, we are pushing our economy further down the curve of diminishing returns." *(Bernama*)

MY: Strengthening AI, semiconductor capabilities to safeguard technological sovereignty

Malaysia is continuing to strengthen its domestic technological capabilities through the development of artificial intelligence (AI), semiconductors, digital technology and a stronger innovation ecosystem to ensure strategic control over technologies that will underpin the future economy. Minister of Science, Technology and Innovation Chang Lih Kang said the ongoing conflict in West Asia serves as a reminder that the world is facing an increasingly uncertain global environment. In such circumstances, he said every country must prioritise national resilience, whether in terms of the economy, energy, technology, or supply chain security. "Malaysia is no exception to this reality. One of the key lessons from recurring global crises is the importance of technological sovereignty. A country cannot rely entirely on external technology for critical systems involving data, communications, cybersecurity and digital infrastructure," he said in a statement Monday. *(Bernama*)

MY: Securities Commission to remove exit offer requirement for LEAP Market transfers by 2H2026, says Amir Hamzah

The Securities Commission Malaysia (SC) will streamline transfers from the LEAP Market to the ACE Market by removing the exit offer requirement, providing greater certainty and reducing costs for companies, Finance Minister II Datuk Seri Amir Hamzah Azizan said on Monday. The move aims to strengthen the funding pathway, positioning Equity Crowdfunding (ECF) as a stepping stone for micro, small and medium enterprises (MSMEs) before they progress to a public listing. “The initiative is expected to be implemented in the second half of 2026 (2H2026),” Amir Hamzah said while delivering his keynote address at the Malaysia Co-Investment Fund (MyCIF) Engagement Day here. *(The Edge)*

MY: Penang CM denies delays to work on Mutiara Line LRT project

The Mutiara Line Light Rail Transit (LRT) Project has not experienced any delays as claimed, even though the contract bidding process for Package 2 has not yet been implemented. Chief Minister Chow Kon Yeow said, however, the delay in the tender for Package 2, which involves rail systems, trains, electricity supply and signalling systems, has not affected the progress of work under Package 1. "Works under Package 1 include the construction of basic structures including poles, tracks and stations which need to be completed first before the installation of the rail system and train operations can commence. *(Bernama)*

Corporate News

PHARMA: To exit PN17 on Tuesday

Pharmaniaga Bhd will be lifted from the Practice Note 17 (PN17) category effective Tuesday (March 17), ending its three-year stint as a financially distressed company. The upliftment follows Bursa Malaysia Securities' approval of the group's application for removal from the category, according to Pharmaniaga's bourse filing on Monday. Pharmaniaga first slipped into PN17 status after triggering the criteria when it recognised a massive RM552.3m inventory provision for Sinovac Covid-19 vaccines. The impairment resulted in a record quarterly net loss of RM664.39m for its fourth financial quarter ended Dec 31, 2022, (4QFY2022) and a full-year net loss of RM607.32m. The group's exit from the distressed category follows the successful completion of its regularisation plan, which involved a rights issue, a private placement and a capital reduction exercise. *(The Edge)*

JAKS: Wins water treatment plant rehabilitation contract

JAKS Resources Bhd has secured a contract for the provision of mechanical and electrical works at the Sungai Batu water treatment plant in Selangor. The 15-month contract, valued at RM7.04m, was awarded by Techkem Utilities Sdn Bhd, Jaks Resources said in a bourse filing on Monday. The works include the rehabilitation of flocculation, sedimentation and filtration systems, and the replacement of related mechanical and electrical equipment, for water services provider Pengurusan Air Selangor Sdn Bhd. *(The Edge)*

ITMAX: Appointed to operate smart on-street parking in JB for 15 years

Smart city integrated system and solutions provider ITMAX System Bhd has secured a 15-year contract to operate a smart on-street parking system in Johor Bahru. Its 65%-owned unit, Southmax Sdn Bhd, was appointed by the Johor Bahru City Council (MBJB), with the letter of appointment received on Monday, the group said in a stock exchange filing. The contract will run from May 1, 2026 to April 30, 2041. Under the appointment, Southmax will be responsible for implementing a smart parking system, including the Parkmax payment and booking application, for on-street parking areas within MBJB’s jurisdiction. *(The Edge)*

KEYFIELD: Bags RM162m worth of charter contracts

Secured eight charter contracts for the provision of accommodation work boats (AWBs) and an anchor handling tug supply (AHTS) vessel, with a combined value of RM162m. The contract involves the charter of seven AWBs and one AHTS vessel to various petroleum arrangement contractors (PACs) and oil and gas contractors across Malaysia, Qatar, the United Arab Emirates and Thailand, said the oil and gas services company in a bourse filing on Monday (March 16). A PAC is an oil and gas company that has entered into a formal contract with the national oil company, Petroliam Nasional Bhd, or PETRONAS, to explore, develop and produce oil and gas. While the contracts are valued at RM162m, they carry extension options worth an additional RM84m. *(The Edge)*

SUNWAY: PNB rejects takeover offer for IJM over valuation, small cash component

Permodalan Nasional Bhd (PNB) has decided not to accept the voluntary takeover offer (VTO) by Sunway Bhd for its 13.5% stake in IJM Corp Bhd citing the offer’s valuation, small cash component, as well as IJM’s dividend prospects and long-term growth potential. One of the country’s largest fund managers said on Monday in a statement that its board investment committee considered IJM’s intrinsic value versus the RM3.15 offer price and the potential future gain from the Sunway shares to be issued, which have been underperforming for a long time. It said the decision not to accept the VTO was made after a thorough, comprehensive and independent assessment, in accordance with PNB’s investment process and governance framework. *(The Edge)*

DIALOG: Divests 51% stake in Dialog Diyou PCR

Dialog Group Bhd's wholly-owned subsidiary Dialog Chemicals Sdn Bhd (DCSB) and Diyou PCR Sdn Bhd are disposing of their respective 51% and 49% equity stakes in Dialog Diyou PCR Sdn Bhd (DDPCR) to two companies managed by circular economy investment management firm Circulate Capital. In a filing with Bursa Malaysia on Monday, Dialog said DCSB and Diyou PCR will receive RM1 each from the purchasers, Ocean Fund Holdings Pte Ltd and Circulate Capital Ocean Fund I-B, which will also pay USD8.5m (about RM33m) directly to DDPCR to repay fully the latter's bank loan. *(The Edge)*

Upcoming key economic data releases	Date
US Producer Price Index (MoM)	Mar 18
US Federal Interest Rate Decision	Mar 19
US FOMC Economic Projections	Mar 19
US FOMC Press Conference	Mar 19
US Philadelphia Federal Manufacturing Index	Mar 19
US Initial Job Claims	Mar 19
US New Home Sales	Mar 19
Source: Investing.com	

Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco (M)	Consumer	5.82	0.60	10.31
MBM Resources	Consumer	5.02	0.45	8.92
Paramount Corporation	Property	1.01	0.08	7.62
Ta Ann Holdings	Plantation	5.06	0.37	7.23
MAG Holdings	Consumer	1.25	0.10	7.60
Magnum	Consumer	1.25	0.10	7.60
KIP REIT	REIT	0.91	0.07	7.62
Sentral REIT	REIT	0.78	0.06	7.48
CapitaLand Malaysia Trust	REIT	0.65	0.05	7.54
Sports Toto	Consumer	1.31	0.09	7.02
Wellcall Holdings	Ind. Prod.	1.23	0.07	5.77
TIME dotCom	Telco	6.01	0.39	6.46
Kim Loong Resources	Plantation	2.44	0.15	6.15
UOA Development	Property	1.82	0.11	6.04
Al-Aqar Healthcare REIT	REIT	1.25	0.08	6.16

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.

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IPO Tracker

Company	Listing Sought	Issue Price (RM/Share)	No. Of Shares (m)		Closing Date	Listing Date
			Public Issue	Offer for Sale		
Sunway Healthcare Holdings Berhad	Main Market	1.45	575.0	1,394.0	05 Mar	18 Mar

Source: Bursa Malaysia

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