

Daily Newswatch

Market Review

The FBMKLCI rebounded and closed slightly higher (+0.4%) on Friday, buoyed by a rally in US tech stocks following positive earnings reports. Sectors that experienced the most gain include utilities (+1.8%), transportation (+0.7%), and technology (+0.7%). Market breadth turned positive with 621 gainers compared to 466 losers. Key gainers among index constituents are YTL (+9.3%), YTL Power (+7.3%), and CDB (+2.0%).

Economics

- **Malaysia's** PPI up by 1.6% YoY in March 2024.
- **US's** monthly inflation up, suggesting Fed may hold higher rates.
- **EU's** lending and consumer data cements case for ECB rate cuts.
- **Japan** kept interest rates near zero, as it expects inflation to reach its 2% target.

Companies

- **KPJ Healthcare (5878)** and Trusx Malaysia collaborate for AI-driven healthcare solutions.
- **Gadang Holdings (9261)** secured a RM280m contract to design and develop Klang Valley Data Centre.
- **Microlink (0126)** has secured a contract worth RM57m to implement and maintain a new core banking system.
- **D&O (7204)** optimistic of revenue growth, plans new RM200m facility.
- **Majuperak (8141)**, Shizen International to explore solar PV development in Perak.
- **YNH (3158)** says it has remedied 'technical default' involving sukuk programme.
- **Technology** Selangor signs MOU with tech firms in Germany.

<u>Upcoming key economic data releases</u>	<u>Date</u>
US - FOMC meeting	30 Apr
EU – GDP (flash)	30 Apr
US – Jobless Initial Claims	2 May
US - CPI	15 May
Malaysia - CPI	16 May
EU - CPI	17 May
Malaysia – External Trade	20 May
Malaysia – PPI	28 May
US - GDP	30 May

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,575.2	0.4	8.4
Dow Jones	38,239.7	0.4	1.4
Nasdaq CI	15,927.9	2.0	7.9
S&P 500	5,100.0	1.0	7.5
FTSE 100	8,139.8	0.8	5.4
Nikkei 225	37,934.8	0.8	14.0
Shanghai CI	3,088.6	1.2	4.3
HSI	17,651.2	2.1	5.1
STI	3,280.1	(0.2)	1.6

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,098.1	3.4
Value traded (RM m)	3,242.7	14.6
Gainers	621	
Losers	466	
Unchanged	470	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	0.915	13.0	409.9
BSLCORP	0.030	0.0	205.2
CAPITALA	0.735	5.0	66.8
YTL	3.030	9.4	59.6
HONGSENG	0.010	0.0	54.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MYEG	0.915	13.0	375.1
YTLPOWR	4.420	7.3	237.0
MAYBANK	9.790	0.1	213.9
YTL	3.030	9.4	180.5
CIMB	6.610	(1.0)	142.3

Currencies	Last Close	% Chg
USD/MYR	4.7680	(0.2)
USD/JPY	158.33	1.7
EUR/USD	1.0693	(0.3)
USD/CNY	7.2464	0.1
US Dollar Index	105.94	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	89.50	0.6
CPO (RM/metric t)	3,956.5	(2.6)
Gold (USD/troy oz)	2,338.0	0.2
Bitcoin (USD/BTC)	63,832.1	(1.3)

Economics

Malaysia: Producer price index up 1.6% in March

In March 2024, Malaysia's Producer Price Index (PPI) rose by 1.6% year-on-year, a significant increase from February's 0.3% rise, as reported by the Department of Statistics Malaysia. All sectors experienced growth, with the mining sector up 8.3%, agriculture, forestry, and fishing sector up 5.5%, and manufacturing sector up 0.6%. Notable growth was observed in the manufacturing of computer, electronic, and optical products (6.8%), and chemicals and chemical products (1.4%). Month-on-month, the PPI for local production increased by 1.6%, compared to 0.7% in February, with contributions from all sectors. *(Bernama)*

US: Inflation increases moderately; consumer spending boosts Q2 outlook

The latest report from the Commerce Department, released on Friday, provided relief to financial markets anxious about stagflation. Following Thursday's data indicating both surging inflation and slowing economic growth in the first quarter, the report from the Commerce Department's Bureau of Economic Analysis revealed a 0.3% increase in the Personal Consumption Expenditures (PCE) price index last month, consistent with February's figures. Goods prices saw a slight uptick of 0.1%, buoyed by higher costs for gasoline, clothing, and footwear, partially offset by declines in motor vehicle and parts prices. Meanwhile, services prices accelerated to a 0.4% increase, driven by a 0.5% rise in housing and utilities costs, including rents, which remained resilient despite increased apartment supply and indications of declining rent demands from independent measures. *(Reuters)*

EU: Lending and consumer data cements case for ECB rate cuts

Euro zone lending remained stagnant in March, with consumers adjusting their inflation expectations downward due to record-high borrowing costs, as reported by the European Central Bank (ECB) on Friday. This data further solidifies the ECB's plan to begin cutting interest rates in June, prompted by inflation hovering just above its 2% target and economic growth stagnation. Bank credit figures underscored how high rates were dissuading both borrowers and lenders, reflecting the ECB's efforts to combat inflation. Specifically, loans to companies increased by a marginal 0.4% in March, up from 0.3% the previous month, while lending to households hit a new decade-low of 0.2%, down from 0.3% in February. Additionally, an ECB survey revealed that consumers lowered their inflation expectations for the next 12 months to 3.0%, the lowest level since December 2021, suggesting the effectiveness of the ECB's measures. *(Reuters)*

Japan: BOJ keeps low rates, hints of future rate hikes

The Bank of Japan maintained near-zero interest rates on Friday, expressing confidence in reaching its 2% inflation target in the coming years and signalling readiness to increase borrowing costs later in 2024. BOJ Governor Kazuo Ueda mentioned the possibility of rate hikes if new data supports inflation forecasts or if inflation exceeds projections but offered little clarity on the timing of such moves. Additionally, he ruled out a complete reduction in the BOJ's bond purchases, prioritizing low borrowing costs despite the yen's depreciation. The lack of clear guidance triggered a yen decline, reaching a fresh 34-year low against the dollar, raising concerns about potential currency intervention. *(Reuters)*

Companies

KPJ Healthcare (5878): Initiate AI-driven healthcare solutions

KPJ Healthcare Bhd, along with its leading educational institution KPJ Healthcare University (KPJU), has signed a memorandum of understanding (MOU) on Friday with Trusx Malaysia Sdn Bhd (Trustr), a prominent global digital health entity, aimed at transforming healthcare. According to a statement by KPJ Healthcare, the partnership will centre on harnessing Trustr's advanced artificial intelligence (AI)-powered digital health suite, encompassing its health wallet and non-invasive vital signs and biomarkers measurement tool. This tool utilises facial scanning technology to extract crucial health data without invasive methods or blood samples. *(Bernama)*

Gadang Holdings (9261): Wins RM280m Klang Valley data centre jobs

Gadang Holdings Bhd has secured a RM280m contract to plan and construct the Klang Valley Data Centre Block 2 in Cyberjaya from TM Technology Services Sdn Bhd, a subsidiary of Telekom Malaysia Bhd. According to a disclosure made on Friday, the construction and property development company stated that the contract was granted to its wholly owned subsidiary, Gadang Engineering (M) Sdn Bhd, for a duration of two years, spanning from April 2024 to April 2026. *(The Edge)*

Microlink (0126): Wins RM56.5m contract from Bank Islam Brunei

Software firm Microlink Solutions Bhd announced on Friday that it has secured a contract valued at RM56.5m to deploy and manage a new core banking system for Bank Islam Brunei Darussalam Bhd. According to a statement filed with the exchange, Microlink's subsidiary, Microlink System Sdn Bhd, inked three agreements for software provision, service, and maintenance for the project. The implementation of the project is slated to span one year, commencing in April 2024, as indicated by Microlink. *(The Edge)*

D&O (7204): Plans new RM200m facility

D&O Green Technologies Bhd, primarily focused on manufacturing automotive light-emitting diodes (LEDs), is confident of achieving a minimum revenue growth of 10% this year and intends to construct an additional facility in anticipation of substantial expansion over the next decade. The company disclosed in its annual report, released on Friday, that the new plant, covering one million square feet, is projected to yield annual revenue of RM2.0bn once fully operational. Construction is scheduled to commence in 2024 and is expected to be completed within two years, with an estimated cost of RM200m. D&O emphasised the positive outlook for the automotive LED sector, attributing it to the increasing global car sales and the growing integration of LEDs in new car designs for enhanced safety features, aesthetic appeal, and comfort. The company expressed optimism about achieving double-digit revenue growth in 2024. *(The Edge)*

Majuperak (8141): Exploring solar PV development in Perak

Majuperak Holdings Bhd (MHB) is set to team up with Shizen International Inc to investigate the possibility of launching a solar photovoltaic (PV) project aimed at expanding the utilization of clean energy technology in Perak. According to Menteri Besar Datuk Seri Saarani Mohamad, the project is expected to encompass both land and water areas. Saarani stated, "This partnership has two primary aims: to evaluate the potential for developing solar PV projects on land and to assess suitable water locations for floating PV projects in Perak. Furthermore, this collaboration aligns with Perak's commitment to fostering green technology and attracting investment, particularly through the Flagship Programme 12: Water Resources and Renewable Energy Resources." *(Bernama)*

YNH (3158): "Technical default" issue concerning its sukuk program has been remedied

YNH Property Bhd (YNH) has resolved the "technical default" concerning its sukuk program, which recently led to a downgrade in the company's rating by MARC Ratings. YNH has confirmed that it will uphold compliance measures to prevent further technical defaults. In a statement, YNH clarified that the outstanding balance for the second monthly payment, due April 26, 2024, has been settled by replenishing funds in the SPA account related to its Islamic Medium-Term Notes (Sukuk Wakalah) program. The company has also provided clarification to bondholders through Malaysian Trustee Bhd, addressing concerns related to mall sale proceeds, bond collateral, and the appointment of a new auditor. According to MARC, YNH has an outstanding RM323m under the rated program, with the first tranche of RM153m set to mature on Feb 28, 2025. (*The Edge*)

Technology: Selangor signs MOU with tech firms in Germany

The Selangor government, represented by subsidiaries including Selangor Menteri Besar (Incorporation) or MBI, has entered into memoranda of understanding (MOUs) with various technology firms in Germany, such as Siemens, KNX, and Mendix, during a recent visit to the Hannover Messe technology forum and trade fair. Menteri Besar Datuk Seri Amirudin Shari highlighted that these agreements aim to enhance the state's development by attracting high-value investments and increasing human resources, thereby creating job opportunities for Selangor residents. (*Bernama*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.32	0.21	9.22
British American Tobacco (M)	Consumer	8.20	0.70	8.57
Sentral REIT	REIT	0.80	0.07	8.38
YTL Hospital REIT	REIT	1.19	0.09	7.90
KIP REIT	REIT	0.91	0.07	7.73
UOA REITS	REIT	1.12	0.08	7.41
RHB Bank	Finance	5.50	0.40	7.33
Taliworks Corporation	Utilities	0.81	0.06	7.16
MBM Resources	Consumer	4.84	0.34	7.05
Amway (M)	Consumer	7.22	0.51	7.02
Sports Toto	Consumer	1.40	0.10	6.93
Pavilion REIT	REIT	1.32	0.09	6.89
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.62
MAG Holdings	Consumer	1.14	0.07	6.58
Magnum	Consumer	1.14	0.07	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		
MKH Oil Palm (East Kalimantan)	Main Market	0.62	220.0	30.7	16 Apr	30 Apr
Farm Price	ACE Market	0.26	102.0	33.0	30 Apr	14 May
Sin-Kung Logistics	ACE Market	0.13	200.0	103.5	2 May	15 May

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