

Daily Newswatch

Market Review

The FBMKLCI snapped its two consecutive sessions of gains and closed marginally lower (-0.4%) on Tuesday, as investors opted to take profit with YTL Power (-4.0%) and YTL (-3.1%). Sectors that experienced the most decline include utilities (-0.7%), energy (-0.5%), and financial services (-0.3%). Market breadth was balanced with 524 gainers compared to 521 losers.

Economics

- **US's** Fed to signal delay of interest-rate cuts.
- **EU's** Inflation steady in April, reinforcing ECB rate cut case.
- **Malaysia's** loan growth picked up in March.
- **Malaysia's** civil servant salary to increase over 13%.

Companies

- **MAG (0095)** explores three-year tie-up with Tourism Malaysia.
- **ITMAX (5309)**, JLand in smart cities collaboration.
- **IHH (5225)** to transition to solar energy across its hospitals.
- **Sime Darby Plantation (4197)** plans to change name to SD Guthrie.
- **Duopharma (7148)** secures RM578m supply contracts from Pharmaniaga.
- **KSL (5038)** buying Pulau land from Tropicana Corp for RM211m.
- **GUH (3274)** secures RM69m subcontract job from Gamuda.
- **TM (4863)** to further accelerate AI endeavours this year.
- **Energy** Malaysia seeking cooperation with Saudi on renewable energy.

Upcoming key economic data releases

	<u>Date</u>
US – Jobless Initial Claims	2 May
Malaysia - OPR	8 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
US - FOMC	12 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,576.0	(0.4)	8.5
Dow Jones	37,903.3	0.2	0.5
Nasdaq CI	15,605.5	(0.3)	5.7
S&P 500	5,018.4	(0.3)	5.8
FTSE 100	8,121.2	(0.3)	5.2
Nikkei 225	38,274.1	(0.3)	15.0
Shanghai CI	3,104.8	(0.3)	4.8
HSI	17,763.0	0.1	5.8
STI	3,292.7	0.3	1.9

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,180.5	(1.4)
Value traded (RM m)	3,748.3	7.7
Gainers	524	
Losers	521	
Unchanged	493	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	0.935	2.7	178.9
CLASSITA	0.045	12.5	176.0
ICONIC	0.030	31.3	151.0
MKHOP	0.885	(0.8)	122.9
FITTERS	0.050	0.0	68.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.610	0.0	239.1
YTLPOWR	4.600	(4.0)	201.3
MAYBANK	9.730	(0.2)	177.9
YTL	3.100	(3.1)	168.3
MYEG	0.935	2.7	167.2

Currencies	Last Close	% Chg
USD/MYR	4.7717	(0.0)
USD/JPY	155.18	(2.0)
EUR/USD	1.0716	0.4
USD/CNY	7.2410	0.2
US Dollar Index	105.76	(0.4)

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.44	(5.0)
CPO (RM/metric t)	3,957.0	0.0
Gold (USD/troy oz)	2,321.0	1.5
Bitcoin (USD/BTC)	57,941.4	(4.3)

Economics

US: Fed to signal delay of interest-rate cuts

Federal Reserve officials are anticipated to maintain current interest rates for the sixth consecutive meeting, signalling no immediate plans for rate cuts despite higher-than-expected inflation. The Federal Open Market Committee is expected to keep the target range for its benchmark rate steady at 5.25% to 5.5%, a level reached in July and maintained since, with a potential announcement on the pace of its balance-sheet reduction program scheduled for release at 2 p.m. in Washington following the conclusion of the two-day policy meeting on Wednesday. Policymakers are cautious about lowering borrowing costs until they are confident that inflation is approaching the desired 2% threshold for a healthy economy, although they previously projected three rate cuts for 2024 as of March. Powell is likely to indicate that these plans are now paused and contingent upon an improvement in inflation. *(Bloomberg)*

EU: Inflation steady in April, reinforcing ECB rate cut case

In April, euro zone inflation remained stable as anticipated, but a key measure indicating underlying price pressures decelerated, further strengthening the case for the European Central Bank (ECB) to implement interest rate cuts in June. The ECB has virtually guaranteed a rate cut on June 6, conditional on no adverse developments in wage or price trends, and Tuesday's data align with the trajectory outlined in the bank's previous projections from March. Core inflation, which excludes volatile items like food, energy, alcohol, and tobacco, and is closely monitored by policymakers to assess sustained price pressures, decreased from 2.9% to 2.7%, according to data from Eurostat, the EU's statistical agency. *(Reuters)*

Malaysia: Banks' loan growth picked up in March

In March, Malaysia experienced an uptick in loan growth, driven by increased lending to both consumers and businesses, according to official data released by Bank Negara Malaysia (BNM). Credit to the private non-financial sector rose by 5.2% year-on-year, slightly faster than the 5.1% recorded in February. Outstanding loans increased by 5.7%, while outstanding bonds rose by 3.2%. Business loan growth edged up to 4.9% in March, attributed to higher investment-related loans offsetting moderate growth in working capital loans. Household loan growth also accelerated slightly to 6.2%, driven by stable growth in key areas such as housing and car purchases. Despite these increases, the banking system maintained sound asset quality, with gross impaired loans remaining stable at 1.6%. The loan loss coverage ratio remained prudent at 120.9%, with total provisions accounting for 1.5% of total loans. Banks' capital positions were robust, with excess capital buffers of RM139.5bn, providing support for potential economic shocks and facilitating credit intermediation growth. *(The Edge)*

Malaysia: 13% salary hike for civil servants

Prime Minister Datuk Seri Anwar Ibrahim announced a significant salary increase of over 13% for civil servants, effective from December of this year, marking one of the largest raises in the nation's history. This hike, amounting to an allocation exceeding RM10bn, aims to elevate the minimum income for civil servants to surpass RM2,000 per month, as part of the government's revision to the public service remuneration system (SSPA). Additionally, Anwar disclosed that both the Sabah and Sarawak governments have agreed to amend their respective labour ordinances to align with the Employment Act 1955, applicable in Peninsular Malaysia, with bills for these amendments expected to be presented in the upcoming Parliament session. *(The Edge)*

Companies

MAG (0095): Exploring three-year tie-up with Tourism Malaysia

Malaysia Aviation Group Bhd (MAG) has entered into a memorandum of understanding (MoU) with Tourism Malaysia for a three-year partnership aimed at supporting the country's tourist arrivals targets. Its CEO, Ahmad Luqman Mohd Azmi said the MoU will lead to the development and implementation of a three-year partnership program in key international markets, not just in the leisure passenger segment but also in meetings, incentives, conferences, and exhibitions (MICE) and transit passengers. The partnership will also anchor Malaysia Airlines' Bonus Side Trip (BST) offering, which provides passengers with a complimentary flight to a domestic destination on the Malaysia Airlines network. (*The Star*)

ITMAX (5309): Collaborating with JLand in smart cities

ITMax System Bhd, via its subsidiary Southmax Sdn Bhd, and JLand Group Sdn Bhd (JLG), the real estate arm of Johor Corp, have signed a memorandum of understanding (MoU). The MoU aims to explore business partnership opportunities in developing and deploying smart city and integrated facilities management solutions for township and industrial park developments. (*The Star*)

IHH (5225): Transitioning to solar energy across its hospitals

IHH Healthcare Bhd has partnered with Ditolric Energy Holdings Sdn Bhd to provide a comprehensive solar energy initiative across its network of hospitals. The full rollout of solar power across IHH's hospitals in Malaysia is expected to be completed by 2025. Following a speech at the launch event at Prince Court Medical Centre, IHH chief executive officer Jean-François Naa said eight out of 17 of its hospitals have transitioned to solar power. Naa said the group wants to reduce its reliance on fossil fuels and be more sustainable, which is part of its commitment to meeting its environmental, social, and governance objectives. Moving forward, the group intends to continue transitioning to green energy with offsite solar projects and virtual power purchase agreements. (*The Star*)

Sime Darby Plantation (4197): Plans to change name to SD Guthrie

Sime Darby Plantation Bhd, the world's largest palm oil producer by acreage, said on Tuesday (April 30) that it plans to change its brand name to SD Guthrie Bhd. The company will seek shareholders' approval for the new name at an extraordinary general meeting on a date to be announced later, Sime Darby Plantation said in a statement. The necessary legal and regulatory approvals for the rebranding will be obtained, the statement also said. The decision to rebrand, Sime Darby Plantation said, was made after several months of discussions with experts in the fields of law, intellectual property, and brand identity. In proposing "SD Guthrie" as the new brand, the company aims to present itself as a fully integrated player in the industry, with interests and potential beyond upstream plantations. (*The Edge*)

Duopharma (7148): Secures RM578m supply contracts from Pharmaniaga

Duopharma Biotech Bhd has approved 11 offers from a Pharmaniaga Bhd subsidiary to provide 86 pharmaceutical and/or non-pharmaceutical items totalling RM578.1m to government establishments and facilities operated by Pharmaniaga. In a filing with the stock exchange on Tuesday, Duopharma stated that the offers were issued by Pharmaniaga Logistics Sdn Bhd, with seven sent to its wholly-owned Duopharma (M) Sdn Bhd and four to Duopharma Manufacturing (Bangi) Sdn Bhd. These contracts will remain valid and enforceable until December 31, 2026, or until otherwise instructed by the Malaysian government. (*The Edge*)

KSL (5038): Buying Pulau land from Tropicana Corp for RM211m

KSL Holdings Bhd, a prominent Johor property developer, has proposed the acquisition of 22 land parcels in Pulau, totaling 183.33 acres, for RM211.6m. These parcels are being purchased from three subsidiaries of Tropicana Corp Bhd, with plans to commence the development of 628 residential units starting in 2028. The payment for the acquisition will be made through a combination of internal funds and borrowings. Situated along Jalan Gelang Patah, the land is traversed by the Malaysia-Singapore Second Link. Positioned approximately 25km southeast of CIQ Sultan Iskandar and 17km south of CIQ Sultan Abu Bakar Tanjung Kupang, these lands are earmarked for residential projects, further solidifying KSL's foothold in Johor's property market. (*The Edge*)

GUH (3247): Secures RM69m subcontract job from Gamuda

GUH Holdings Bhd announced on Tuesday that its construction division has secured a contract worth RM69.5m under the Sungai Rasau water supply scheme project from Gamuda Bhd. The contract includes the supply, delivery, installation, testing, commissioning, and maintenance of mechanical and electrical systems for the intake and raw water pumping plant and ponds, including surface aeration, destratification, and algae control systems. According to GUH's exchange filing, the project is scheduled for completion by June 30, 2025. The subcontract involves carrying out the works based on the terms, specifications, and conditions outlined in the main contract between Gamuda and Pengurusan Air Selangor Sdn Bhd. (*The Edge*)

TM (4863): Accelerating AI endeavours this year

Telekom Malaysia Bhd (TM) plans to intensify its efforts in artificial intelligence (AI) throughout the current year, focusing on enhancing customer experiences and streamlining operational processes. In its 2023 Annual Report, chairman Datuk Zainal Abidin Putih expressed TM's commitment to leveraging technology to enhance both individual lives and business operations through intelligent solutions. Looking ahead to 2024, TM aims to expand its business in anticipation of a year marked by significant challenges and opportunities. Zainal highlighted the favourable economic forecast for Malaysia, projecting growth between 4.0% and 5.0% for the year, indicating a conducive environment for innovation and advancement. (*The Star*)

Energy: Malaysia seeking cooperation with Saudi on renewable energy

Prime Minister Datuk Seri Anwar Ibrahim expressed on Tuesday, Malaysia's preparedness to explore new areas of cooperation with Saudi Arabia, in line with the kingdom's Vision 2030, especially in the fields of renewable energy and hydrogen. In addition, Anwar, who is also the finance minister, welcomed Saudi Arabian investors to Malaysia to explore potential investments in high-value projects. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.31	0.21	9.09
Sentral REIT	REIT	0.80	0.07	8.43
British American Tobacco (M)	Consumer	8.36	0.70	8.41
YTL Hospital REIT	REIT	1.20	0.09	7.83
KIP REIT	REIT	0.91	0.07	7.73
UOA REITS	REIT	1.11	0.08	7.48
RHB Bank	Finance	5.50	0.40	7.33
Taliworks Corporation	Utilities	0.81	0.06	7.20
Amway (M)	Consumer	7.22	0.51	7.02
MBM Resources	Consumer	4.92	0.34	6.95
Pavilion REIT	REIT	1.31	0.09	6.95
Sports Toto	Consumer	1.41	0.10	6.88
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.82
MAG Holdings	Consumer	1.15	0.07	6.52
Magnum	Consumer	1.15	0.07	6.52

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		
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
Kawan Renergy	ACE Market	0.30	110.0	34.5	14 May	29 May

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Published & Printed By:

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