

Daily Newswatch

Market Review

The FBMKLCI experienced a rebound, closing slightly higher (+0.3%) on Thursday, as investor sentiment improved following the receipt of favorable investment news. Sectors that experienced the most gain include REIT (+0.6%), Consumer (+0.6%), and Industrial Products & Services (+0.5%). However, market breadth was negative with 530 gainers compared to 620 losers. Key gainers among index constituents are MRDIY (+6.4%), YTL (+1.9%), and QL (+1.7%).

Economics

- Malaysia** government will keep eye on inflation rate following civil service pay hike.
- US's** Fed leaves rate unchanged, flag's 'lack of further progress' on inflation.
- US's** weekly jobless claims unchanged; layoffs decline in April.
- South Korea** consumer inflation eases to 2.9% in April.

Companies

- Protasco (5070)** gets offer from HK firm to buy its university unit.
- Yinson (7293)** unit secures single largest term loan of US\$1.3bn to finance Agogo FPSO delivery.
- BHIC (8133)** secures RM43m contract for navy submarine in-service support.
- JAKS (4723)** partners CALB to tap into SE Asia's battery energy storage systems market.
- Pasukhas (0177)** secures RM57m contract from US company to build data centre in Selangor.
- Technology** Microsoft to invest US\$2.2bn in Malaysia over next four years on cloud, AI.

Upcoming key economic data releases

	<u>Date</u>
Malaysia - OPR	8 May
US - Initial Jobless Claims	9 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	1,580.3	0.3	8.8
Dow Jones	38,225.7	1.1	1.4
Nasdaq CI	15,841.0	1.2	7.3
S&P 500	5,064.2	0.6	6.8
FTSE 100	8,172.2	0.3	5.8
Nikkei 225	38,236.1	(0.4)	14.9
Shanghai CI	3,104.8	(0.3)	4.8
HSI	18,207.1	2.5	8.4
STI	3,296.9	0.1	2.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	3,811.5	(8.8)
Value traded (RM m)	3,055.4	(18.5)
Gainers	530	
Losers	620	
Unchanged	464	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	0.905	(3.2)	94.4
BPURI	0.075	0.0	58.6
TOPGLOV	0.870	(1.1)	49.4
VELESTO	0.260	(3.7)	46.3
GHLSYS	0.905	23.1	45.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
PBBANK	4.100	(0.5)	144.2
MAYBANK	9.780	0.5	126.2
TENAGA	12.020	0.5	121.7
YTLPOWR	4.610	0.2	104.1
CIMB	6.640	0.5	100.1

Currencies	Last Close	% Chg
USD/MYR	4.7545	(0.3)
USD/JPY	153.52	(1.7)
EUR/USD	1.0729	0.0
USD/CNY	7.2410	0.2
US Dollar Index	105.30	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.67	(5.4)
CPO (RM/metric t)	3,859.5	(2.5)
Gold (USD/troy oz)	2,305.0	(1.4)
Bitcoin (USD/BTC)	59,277.4	(6.7)

Economics

Malaysia: Government will keep eye on inflation rate following civil service pay hike

The government will closely monitor inflation in response to civil servants' salaries increasing by over 13% this December. Prime Minister Datuk Seri Anwar Ibrahim stated that the implementation of the salary raise will be tracked to ensure the country's revenue remains strong. Anwar emphasized that the phased increase aims to control inflation, which he highlighted as the lowest in Asia. He reassured that the government's priority is to prevent the inflation rate from becoming burdensome for the people. Bank Negara Malaysia projects moderate overall inflation, ranging from 2.0% to 3.5% this year, attributing it to improved global supply conditions. *(Bernama)*

US: Fed leaves rate unchanged, flag's 'lack of further progress' on inflation

The U.S. Federal Reserve decided to keep interest rates unchanged, indicating a continued inclination towards potential future reductions in borrowing costs. However, recent disappointing inflation figures have raised concerns, potentially delaying any rate cuts. Fed Chair Jerome Powell acknowledged that despite earlier optimism about inflation dropping towards 2%, recent price increases have persisted longer than anticipated. While Powell stated that rate hikes are improbable, he hinted at an extended period of maintaining the current benchmark policy rate between 5.25% and 5.50%. The Fed believes this rate is exerting sufficient pressure on economic activity to rein in inflation, and they are willing to wait until this becomes evident, even if inflation remains stagnant in the meantime. Although the Fed's preferred inflation measure showed acceleration in March, Powell's confidence in inflation decreasing over the year has waned. The possibility of rate cuts in the near future remains uncertain. *(Bloomberg)*

US: Weekly jobless claims unchanged; layoffs decline in April

The latest data from the Labor Department revealed that the number of Americans filing new claims for unemployment benefits remained steady at a low-level last week, indicating a relatively tight labor market. Initial claims for state unemployment benefits held at 208,000 for the week ended April 27. Despite signs of softening labor demand, layoffs remain minimal as companies retain workers amidst challenges in finding labor during and after the Covid-19 pandemic. The Federal Reserve decided to maintain its benchmark interest rate at the current range of 5.25% to 5.5%, unchanged since July. Since March 2022, the Fed has increased its policy rate by 525 basis points, partly in response to surging labor costs and inflation in the first quarter. Fed Chair Jerome Powell acknowledged that progress in lowering inflation has stalled and described the labor market as relatively tight, noting improved balance in supply and demand conditions. Additionally, the number of people receiving benefits after the initial week of aid, a measure reflecting hiring trends, remained unchanged at 1.8m for the week ending April 20. *(Reuters)*

South Korea: Consumer inflation eases to 2.9% in April

South Korea's consumer inflation moderated in April, marking the first decline in three months, according to official data released on Thursday. The consumer price index rose by 2.9% compared to the previous year, lower than economists' expectations and below March's increase of 3.1%. This slower growth, the smallest since January, suggests a potential trend towards easing inflationary pressures. Agricultural product prices dropped by 3.9% due to government interventions aimed at stabilizing food inflation, while petroleum product prices increased by 1.6%. The core CPI, which excludes volatile food and energy prices, grew by 2.3% year-on-year, a slowdown from March and the slowest pace since December 2021. The majority of the Bank of Korea's board members expressed the view at their recent meeting that monetary policy should remain restrictive to address inflationary challenges and uncertainties in the supply chain. This supports market expectations for potential monetary easing in the latter part of the year. *(Reuters)*

Companies

Protasco (5070): Received an offer from HK firm to buy its university unit

Protasco Bhd announced on Thursday that it has received an offer to purchase its subsidiary, Ikram Education Sdn Bhd, which owns the Infrastructure University Kuala Lumpur (IUKL). The offer comes from Hong Kong-based Star Teenagers International Group Ltd (STI), which has already paid an earnest deposit, the amount of which was not disclosed, according to a filing with the exchange. STI will have a three-month period to conduct due diligence on Ikram Education, as stated by Protasco. Further details about the proposed sale will be disclosed upon the execution of the share sale agreement between the two parties. *(The Edge)*

Yinson (7293): Unit secures single largest term loan of US\$1.3bn to finance Agogo FPSO delivery

Yinson Production, a unit of Yinson Holdings Bhd, has secured a significant term loan of up to US\$1.3bn for financing the Agogo floating, production, storage, and offloading (FPSO) vessel, which will operate in Angola. This marks the largest financing for Yinson to date. The loan, structured with multiple tranches, is the first of its kind in the industry, aiming to enhance financing efficiency and diversify funding sources. The consortium of 13 lenders, led by Standard Chartered Bank (Singapore) Ltd, will provide the financing, which will be utilized during the FPSO's construction. The loan consists of three secured tranches with staggered maturities of up to 10 years post-delivery, becoming non-recourse upon certain conditions. This financing achievement comes shortly after Yinson raised US\$500m through senior secured bonds, demonstrating the company's ability to swiftly secure funding for its projects. *(The Edge)*

BHIC (8133): Secures RM43m contract for navy submarine in-service support

Boustead Heavy Industries Corp Bhd (BHIC), majority indirectly owned by the Armed Forces Fund Board (LTAT), has been awarded a contract valued at RM43.6m by the Ministry of Defence for providing in-service support for the Royal Malaysian Navy's Prime Minister Class submarines. This contract represents an extension of the scope of work from a previous contract awarded in May 2023, valued at RM99.8m, which concluded in mid-February this year. The formal contract between the Government of Malaysia and BHIC will be finalized and executed at a later date. *(The Star)*

JAKS (4723): Partners CALB to tap into SE Asia's battery energy storage systems market

JAKS Resources Bhd's subsidiary has entered into a memorandum of understanding (MOU) with China-based CALB Group Co Ltd to explore opportunities in the battery energy storage system (BESS) market, focusing on Southeast Asia. The MOU, announced in a filing with Bursa Malaysia, involves JAKS Solar Power Holdings Sdn Bhd collaborating with CALB. While non-binding, the MOU sets the stage for potential collaboration, with a definitive agreement expected within six months. The agreement aims to jointly explore the BESS market in Southeast Asia, including countries like Indonesia, Singapore, Thailand, and Vietnam. JAKS Solar will serve as the distributor of CALB products in these regions, with plans also in place to establish a joint venture for producing and integrating battery modules or packs using CALB battery cells. *(The Edge)*

Pasukhas (0177): Secures RM57m contract from US company to build data centre in Selangor

Pasukhas Group Bhd, a provider of mechanical and electrical engineering services, has been awarded a contract worth RM57m to construct a data centre in Selangor. According to a disclosure made to Bursa Malaysia on Thursday, Pasukhas stated that its wholly-owned subsidiary, Pasukhas Sdn Bhd (PSB), received a signed copy of the letter of acceptance (LOA) from an undisclosed company on Tuesday. The project, commissioned by a leading multinational technology corporation based in the US, is set to commence upon acceptance of the LOA and is slated for completion by June 30, 2025. *(The Edge)*



Technology: Microsoft to invest US\$2.2bn in Malaysia over next four years on cloud, AI

Microsoft Corp announced on Thursday its plan to invest US\$2.2bn over the next four years in cloud and artificial intelligence (AI) infrastructure in Malaysia. CEO Satya Nadella unveiled the investment during his visit to Malaysia for the Microsoft Build AI Day event, marking the largest single investment by Microsoft in Malaysia to date. Nadella emphasized Microsoft's commitment to supporting Malaysia's AI transformation and ensuring broad benefits for its people. The investment aims to position Malaysia as a leading digital hub regionally, with a focus on upskilling 200,000 Malaysians and driving economic growth through Microsoft's advanced technology. Initiatives include the establishment of a national AI center in partnership with the Ministry of Digital to promote AI adoption across key industries and ensure regulatory compliance. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.32	0.21	9.05
Sentral REIT	REIT	0.81	0.07	8.32
British American Tobacco (M)	Consumer	8.49	0.70	8.28
YTL Hospital REIT	REIT	1.20	0.09	7.83
KIP REIT	REIT	0.91	0.07	7.73
UOA REITS	REIT	1.12	0.08	7.41
RHB Bank	Finance	5.47	0.40	7.37
Taliworks Corporation	Utilities	0.81	0.06	7.16
Amway (M)	Consumer	7.26	0.51	6.98
Sports Toto	Consumer	1.40	0.10	6.93
MBM Resources	Consumer	4.96	0.34	6.90
Pavilion REIT	REIT	1.33	0.09	6.84
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.67
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64

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
Feytech Holdings	Main Market	0.80	143.3	109.6	8 May	21 May
Smart Asia Chemical	ACE Market	0.40	93.5	-	13 May	28 May
Kawan Renergy	ACE Market	0.30	110.0	34.5	14 May	29 May

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