

Daily Newswatch

Market Review

The FBMKLCI kicked off the trading week on a positive note, closing higher by 0.5% and reaching an intraday high of 1,597.4, its highest level since April 2022. Among the index constituents, key gainers included YTL (+2.5%), MRDIY (+1.2%), Public Bank (+1.9%), CIMB (+1.5%), and YTL Power (+2.5%). Sector-wise, utilities (+1.9%), property (+1.4%), and transportation & logistics (+1.3%) were among the sectors that experienced notable gains on Monday. Market breadth remained positive, with 657 gainers against 447 losers.

Economics

- **Indonesia** 1Q growth beats estimates as risks loom
- **EU** ECB's chief economist says more certain that inflation is returning to goal
- **Australia's** housing rent hits record high in headache for central bank
- **Commodities** Robusta coffee hit 45-year high amidst supply crunch

Companies

- **Favelle Favco (7229)** secures RM39m contracts for offshore, tower cranes
- **Sunzen (0148)** to buy 70% stake in Eye Nation Medical
- **KKB (9466)** gets Petronas LPG contract worth RM38m
- **Niche Capital (7139)** aims to raise RM19m via private placement to fund mining business
- **Shell** in talks to sell Malaysian fuel stations to Saudi Aramco
- **NCT (0056)** inks deal to integrate 4G and 5G networks at NCT Smart Industrial Park
- **Ho Hup (5169)** disposes of Bukit Jalil land for RM110m
- **DRB Hicom (1619)** Proton sales rise 17.1% in April

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	1,597.4	0.5	2.8
Dow Jones	38,852.3	0.5	3.0
Nasdaq CI	16,349.3	1.2	10.7
S&P 500	5,180.7	1.0	9.2
FTSE 100	8,213.5	0.5	6.4
Nikkei 225	38,236.1	(0.1)	14.9
Shanghai CI	3,140.7	1.2	6.0
HSI	18,578.3	0.6	10.7
STI	3,303.2	0.3	2.3

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,477.7	14.5
Value traded (RM m)	3,118.2	(1.1)
Gainers	657	
Losers	447	
Unchanged	499	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SNS	0.470	19.0	206.7
INGENIEU	0.110	(4.3)	126.0
FINTEC	0.005	0.0	119.4
SENDAI	0.070	17.9	96.6
DNEX	0.415	3.7	87.8

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.750	1.5	145.6
TENAGA	12.380	0.5	128.7
YTLPOWR	4.910	2.5	100.8
SNS	0.470	19.0	97.2
YTL	3.340	2.5	96.7

Currencies	Last Close	% Chg
USD/MYR	4.7393	0.0
USD/JPY	154.23	0.6
EUR/USD	1.0767	0.1
USD/CNY	7.2088	(0.4)
US Dollar Index	105.05	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.33	0.4
Gold (USD/troy oz)	2,323.36	1.0
CPO (USD/metric t)	3,859.50	(2.5)
Bitcoin (USD/BTC)	63,283.9	0.6

Economics

Indonesia: 1Q growth beats estimates as risks loom

Indonesia's economy expanded by 5.1% in the first quarter, exceeding economists' expectations and driven by robust private consumption spurred by holiday festivities and government cash handouts. The momentum in the economy provides room for Indonesia's central bank to tighten monetary policy further to support the rupiah, which has depreciated against the dollar. However, challenges remain, including a higher interest rate environment that could dampen global and domestic demand, along with sluggish export growth due to a sluggish global economy affecting key Indonesian commodities. *(Bloomberg)*

EU: ECB's chief economist says more certain that inflation is returning to goal

European Central Bank Chief Economist Philip Lane suggests that recent euro-area data, including a report on consumer prices and first-quarter GDP numbers, have increased his confidence that inflation will return to the 2% target, potentially leading to an interest rate cut in June. While inflation remained at 2.4% last month, underlying measures excluding volatile items continued to decline. However, Lane emphasizes that the ECB's decisions will be driven by the European outlook rather than events in the US, although uncertainties such as geopolitical tensions in the Middle East require careful monitoring. *(Bloomberg)*

Australia's: Housing rent hits record high in headache for central bank

Australia's housing rental market reached a new record high in April, with median weekly rents rising by 8.5% from a year ago, led by cities like Sydney, Canberra, and Perth. This surge in rents is adding pressure on the Reserve Bank of Australia (RBA) to maintain its borrowing costs at a 12-year high to curb inflationary pressures. Supply and demand imbalances persist in the rental market, with rental vacancies near all-time lows and a significant gap between household formation and new dwelling completions. These challenges underscore the broader issues within Australia's housing market, characterized by rapid price growth, insufficient supply, and increasing homelessness. *(Bloomberg)*

Commodities: Robusta coffee hit 45-year high amidst supply crunch

Robusta coffee prices have surged to their highest level in 45 years, as reported by the International Coffee Organisation (ICO), amid a supply shortage of the variety commonly used in espresso blends and instant drinks. The ICO's wholesale price index rose by 17% in April, reaching its strongest level since 1979, with Vietnam, the world's largest producer of robusta coffee, facing ongoing supply challenges due to poor harvests and adverse weather conditions. However, there are expectations of a potential recovery in Vietnam's coffee belt from drought this month, and hedge funds are reducing their bets on further price increases. Despite the robusta price surge, the availability of Arabica beans in larger quantities is helping to mitigate the overall price rise. *(Bloomberg)*

Companies

Favelle Favco (7229): Secures RM39.2m contracts for offshore, tower cranes

Favelle Favco Bhd's subsidiaries secured contracts worth RM39.2m for the supply of offshore and tower cranes. Favelle Favco Cranes received contracts from Hilong Petroleum Offshore Engineering Ltd and CUEL Ltd for offshore cranes, scheduled for delivery by 2024 and 2025 respectively. (*The Star*)

Sunzen (0148): To buy 70% stake in Eye Nation Medical

Sunzen Biotech Bhd has proposed to acquire a 70% stake in Eye Nation Medical Sdn Bhd for RM6.4m. This acquisition is in the negotiation phase, as stated in a filing with Bursa Malaysia. The agreement is subject to finalization of terms and conditions, including a share sale agreement and completion of due diligence on Eye Nation. (*The Star*)

KKB (9466): Gets PETRONAS LPG contract worth RM37.9mil

KKB Engineering Bhd has been awarded a contract by Petronas Dagangan Bhd for liquefied petroleum gas cylinder fabrication and maintenance, valued at RM37.9m. Additionally, they received a purchase order from Perbena Emas Sdn Bhd for the supply of mild steel concrete line, pipes, and fittings. Formal agreements for both contracts will be finalized soon. The Petronas contract is effective from March 2024 with an option to extend until 2026, while the purchase order is expected to be completed by the second quarter of 2025. (*The Star*)

Niche Capital (7139): Aims to raise RM18.7m via private placement to fund mining business

Niche Capital Emas Holdings Bhd, a loss-making company, plans a private placement to raise RM18.7m for its mining business and working capital. The placement of 135.74m shares, priced at 13.78 sen per share, will fund a gold processing plant, equipment acquisition, and exploration activities, aiming to capitalize on rising gold prices and positive market forecasts. (*The Edge*)

Shell: In talks to sell Malaysian fuel stations to Saudi Aramco

Shell is reportedly in discussions with Saudi Aramco to sell its gas station business in Malaysia, which could be valued at up to US\$1bn (RM4.74bn). With around 950 fuel stations in Malaysia, Shell's network is second only to Petronas. Talks began in late 2023, and if successful, the sale would align with Shell's strategy of focusing on its most profitable ventures, similar to its recent divestment efforts in Singapore. (*Reuters*)

NCT (0056): Inks deal to integrate 4G and 5G networks at NCT Smart Industrial Park

NCT Group of Companies has signed memorandums of understanding (MOUs) with SMARTSEL Sdn Bhd and Mikro Sdn Bhd to enhance the capabilities of the NCT Smart Industrial Park (NSIP) and introduce advanced sustainability practices to reduce its carbon footprint. The MOU with SMARTSEL will focus on integrating 4G and 5G networks to drive telecommunications and digital operations at NSIP, while the collaboration with Mikro will optimize energy management and operational safety through superior quality components in electrical distribution systems. These partnerships aim to catalyze rapid digitalization and contribute to state and nation-building initiatives, establishing NSIP as a key player in Selangor's innovation and sustainability efforts. (*The Edge*)

Ho Hup (5169): Disposes of Bukit Jalil land for RM110m

Ho Hup Construction Co Bhd is selling a 12,492 sq meter parcel of freehold commercial development land in Kuala Lumpur to EXSIM Persiaran Jalil Sdn Bhd for RM110m. This move aligns with Ho Hup's previous restructuring efforts aimed at enhancing business operations and optimizing asset allocation. The sale, situated within Bukit Jalil, offers an opportunity to strengthen the company's financial position by improving liquidity and reducing debt. (*The Edge*)

DRB Hicom (1619): Proton sales rise 17.1% in April

Proton reported a 17.1% year-on-year increase in sales in April, reaching 11,025 units, driven by heightened domestic demand. With a total of 50,175 units sold in the first four months of the year, surpassing last year's figures, Proton maintained its position as the second-largest automotive seller in Malaysia. Notably, the Proton S70 and X50 led sales in their respective segments, contributing to Proton's market share of 18.7% in April and an estimated 19.2% year-to-date. Additionally, Proton's export sales surged by 38.5% year-on-year, underscoring its commitment to long-term growth. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco Malay	Consumer	8.47	0.70	8.3
SHL Consolidated Bhd	Property	2.18	0.18	8.3
YTL Hospitality REIT	REIT	1.19	0.09	7.9
UOA REIT	REIT	1.10	0.08	7.0
Pavilion REIT	REIT	1.31	0.09	6.9
AmFirst REIT	REIT	0.34	0.02	6.9
Capitaland Malaysia Trust	REIT	0.65	0.04	6.8
Magnum Bhd	Consumer	1.14	0.07	6.6
Sunway REIT	REIT	1.58	0.10	6.3
Malayan Banking Bhd	Finance	9.83	0.62	6.3
Uchi Technologies Bhd	Industrial	4.09	0.24	5.9
IGB REIT	REIT	1.84	0.11	5.8
Matrix Concepts Holdings Bhd	Property	1.80	0.10	5.8
Heineken Malaysia Bhd	Consumer	23.32	1.32	5.7
KLCCP Stapled Group	Property	7.54	0.41	5.5

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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