

Daily Newswatch

Market Review

The FBMKLCI rose further (+0.5%) on Tuesday, as foreign funds returned, expecting a dovish response from the US central bank to recent economic data. Among the index constituents, key gainers included MRDIY (+4.1%), HLFM (+2.5%), and Axiata (+2.1%). Across sectors, all except construction saw gains, with utilities leading (+1.9%), followed by property (+1.6%), and transportation & logistics (+1.5%). Market breadth remained positive, with 684 gainers against 455 losers.

Economics

- **US** Fed's Barkin says full impact of high interest rates yet to come.
- **Australia** RBA sticks to neutral bias, keeps cash rate at 12-year high.
- **Philippines** inflation still at risk from food supply strain.
- **Thailand's** new finance chief signals rate-cut calls will persist.

Companies

- **Pekat (0233)** unit in negotiations over purchase of stake in electrical power solutions firm.
- **Sime Darby Plantation (5285)** to co-develop Kerian Integrated Green Industrial Park with PNB.
- **Siab (0241)** has announced its plans to raise approximately RM104m through private placement.
- **Bursa (1818)** launches platform for remisiers to showcase portfolio.
- **Sapura Energy (5218)** JVs win US\$1.8bn contracts for subsea engineering.
- **OCK (0172)** marks entry into Laos with a 15-year tower leasing deal with Best Telecom.
- **AmBank (1015)**, CGC allocate additional RM400m for SMEs financing.

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	1,605.7	0.5	10.5
Dow Jones	38,884.3	0.1	3.1
Nasdaq CI	16,332.6	(0.1)	10.6
S&P 500	5,187.7	0.1	9.4
FTSE 100	8,213.5	0.5	6.4
Nikkei 225	38,236.1	(0.1)	14.9
Shanghai CI	3,147.7	0.2	6.3
HSI	18,479.4	(0.5)	10.1
STI	3,300.0	(0.1)	2.2

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,424.3	21.1
Value traded (RM m)	3,793.3	21.7
Gainers	684	
Losers	455	
Unchanged	498	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
INGENIEU	0.085	(22.7)	856.1
TWL	0.025	0.0	126.3
ICONIC	0.130	13.0	126.0
MYEG	0.920	0.5	111.5
CAPITALA	0.900	7.1	90.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.810	0.9	183.5
PBBANK	4.210	0.2	124.1
MAYBANK	9.840	0.1	108.4
MYEG	0.920	0.5	102.6
YTLPOWR	4.880	(0.6)	100.0

Currencies	Last Close	% Chg
USD/MYR	4.7387	(0.0)
USD/JPY	154.71	0.5
EUR/USD	1.0753	(0.1)
USD/CNY	7.2186	0.1
US Dollar Index	105.41	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.16	(0.2)
Gold (USD/troy oz)	2,316.40	(0.4)
CPO (USD/metric t)	3,903.0	0.6
Bitcoin (USD/BTC)	62,982.4	(0.5)

Economics

US: Fed's Barkin says full impact of high interest rates yet to come

Thomas Barkin, the President of the Federal Reserve Bank of Richmond, anticipates that the economy will slow down further, and inflation will moderate to the central bank's target of 2% due to high interest rates. He, being a voter on monetary policy this year, stated on Monday that the robust labor market gives the Fed time to ensure that inflation is consistently decreasing before considering lowering borrowing costs. However, he cautioned about the possibility of persistent housing and services inflation keeping price increases elevated. Barkin expressed more concern about the risk of inflation remaining too high for an extended period than about the economy weakening excessively. He believes that the current interest rates are sufficiently high to eventually bring inflation back to the Fed's desired level. *(Bloomberg)*

Australia: RBA sticks to neutral bias, keeps cash rate at 12-year high

Australia's central bank opted to maintain interest rates at a 12-year high, a decision widely expected by the market. Surprisingly, the Reserve Bank adopted a neutral stance, contrary to market expectations, leading to a decrease in the currency's value. The cash rate remains at 4.35% for the fourth consecutive meeting, while the bank slightly adjusted its near-term inflation forecasts upward and trimmed projections for economic growth and unemployment. Recent data revealed that both headline and core inflation exceeded forecasts in the first quarter and continue to surpass the RBA's target range of 2-3%. However, Australia's economy is showing signs of slowing, with per-person GDP contracting and subdued retail sales reflecting subdued consumer confidence. Despite this, the labor market remains robust, with unemployment at 3.8%, and job advertisements increasing by 2.8% in April, significantly surpassing pre-pandemic levels by 36.5%. Policymakers are cautiously optimistic about achieving a soft landing by curbing inflation while preserving the significant job gains achieved in recent years. *(Bloomberg)*

Philippines: Inflation still at risk from food supply strain

Philippine inflation continued its upward trend for the third consecutive month in April, reaching 3.8% year-over-year, slightly below economists' expectations. Rice inflation slowed for the first time in six months, signaling some relief. The Bangko Sentral ng Pilipinas (BSP) attributed the temporary acceleration in inflation to adverse weather conditions impacting agricultural output but remains confident that average inflation will return to its 2%–4% target range for this year and next. BSP Governor Eli Remolona cautioned about the risk of inflation breaching the target for the third consecutive year in 2024, suggesting a need to maintain the key interest rate at 6.5% and possibly delay any monetary easing until next year. *(Bloomberg)*

Thailand: New finance chief signals rate-cut calls will persist

Thailand's newly appointed Finance Minister, Pichai Chunhavajira, has called upon the central bank to align its actions with government policies, hinting at ongoing pressure on the Bank of Thailand (BOT) to reduce interest rates. Pichai emphasized the importance of coordination between monetary and fiscal policies to address economic challenges. However, tensions between the government and the central bank have resurfaced following comments from the head of Thailand's ruling party criticizing the BOT's autonomy as an impediment to economic recovery. Prime Minister Srettha Thavisin has advocated for rate cuts, which the BOT has resisted, arguing that lower borrowing costs alone won't resolve underlying issues. Despite calls for rate cuts, the BOT has maintained its benchmark rate at 2.5%, citing the need for policy flexibility in addressing currency volatility, geopolitical risks, and uncertainties stemming from the Federal Reserve. Pichai also indicated a review of the BOT law to assess potential amendments regarding central bank independence. *(Bloomberg)*

Companies

Pekat (0233): Unit in negotiations over purchase of stake in electrical power solutions firm

Pekat Group Bhd's wholly owned subsidiary, Pekat Teknology Sdn Bhd, is currently in negotiations with Apex Power Industry Sdn Bhd regarding the potential acquisition of equity in EPE Switchgear (M) Sdn Bhd. According to a statement released by Pekat, both parties have signed a memorandum of understanding (MoU) to exclusively engage in discussions until June 30, 2024, for the proposed acquisition of EPE's equity. The terms of the purchase, including the purchase consideration, are subject to a due diligence review to be conducted by Pekat Teknology on EPE Switchgear. EPE is primarily engaged in manufacturing, engineering, and project activities, offering a diverse range of products and services to the electrical power industry's generation, transmission, and distribution sectors. *(The Star)*

Sime Darby Plantation (5285): To co-develop Kerian Integrated Green Industrial Park with PNB

Sime Darby Plantation Bhd (SDP) is venturing into the development of green industrial parks, starting with the proposed Kerian Integrated Green Industrial Park (KIGIP) in Perak. The project, spanning 1,000 acres and strategically located within SDP's Tali Ayer Estate, is a collaboration between SDP and its largest shareholder, Permodalan Nasional Bhd (PNB). The joint proposal was submitted to the Ministry of Investment, Trade, and Industry (Miti) in February. SDP's group managing director, Datuk Mohamad Helmy Othman Basha, sees this move as a significant milestone, emphasizing the company's commitment to exploring new revenue streams in natural adjacency areas. SDP intends to own and operate solar farms within KIGIP, as renewable energy is identified as a key strategic focus and revenue generator for the group. *(The Edge)*

Siab (0241): Plans to raise approximately RM103.98m through private placement

Siab Holdings Bhd has revealed its strategy to raise approximately RM104.0m through a combination of private placement and rights issue with warrants, with RM12m already completed on December 28, 2023. The purpose of this capital raising is to finance the acquisition of Taghill Projects Sdn Bhd. The rights issue with warrants, valued at RM92.0m, will be underwritten by M&A Securities Sdn Bhd and NewParadigm Securities Sdn Bhd. Siab emphasized that these fundraising efforts are crucial to facilitate the acquisition of Taghill, valued at RM122m, which will be settled with RM96m in cash and the issuance of 200m new Siab shares at 12 sen per share, as outlined in the company's circular dated November 16, 2023. Siab's group managing director, Ng Wai Hoe, highlighted the potential synergies between Siab and Taghill, expressing confidence that integrating Taghill into their operations will enhance the company's overall value and foster collaboration over the long term. *(The Star)*

Bursa (1818): Launches platform for remisiers to showcase portfolio

Bursa Malaysia Bhd introduced the Bursa Remisier Acquisition Hub (Bursa Reach) platform, aimed at strengthening the relationship between dealer representatives and investors. This platform offers investors direct access to licensed dealers and real-time insights into equity portfolio management, enhancing their trading experience and bolstering confidence in the equities market. Bursa Reach serves as a platform for dealer representatives to showcase their profiles and attract new clients, while allowing investors to connect with them for trading insights. This initiative aligns with the growing popularity of mirror trading, enabling investors to replicate successful trades, reflecting modern trends in investing. Nominated remisiers and dealers can leverage the platform by creating comprehensive profiles to showcase their expertise and strategies, attracting a wider investor base. Investors can stay updated on their dealers' activities, explore portfolios, screen for investment ideas, and make informed decisions based on their investment style and risk tolerance. The platform is accessible to participating organizations and the investing public at no cost. *(The Edge)*

Sapura Energy (5218): JVs win US\$1.8bn contracts for subsea engineering and related services in Brazil

Sapura Energy Bhd, through its joint venture companies (JVCos), has secured contracts totaling US\$1.8bn (approximately RM8.53bn) for the provision of engineering services utilizing six pipe-laying support vessels. These contracts, awarded by Petroleo Brasileiro Sa (Petrobras), involve JVCos of Sapura Energy and Paratus Energy Services Ltd. The scope of work entails subsea engineering, installation, and related services in Brazilian waters using the pipe-laying support vessels. Operations will encompass the installation of flexible pipes, electric-hydraulic umbilicals, and power cables. The contracts, spanning three years, are anticipated to have a positive impact on Sapura Energy's earnings for the financial year ending January 31, 2025 (FY2025) and subsequent years. (*The Edge*)

OCK (0172): Marks entry into Laos with a 15-year tower leasing deal with Best Telecom

Telecommunication tower company OCK Group Bhd has forged a 15-year tower leasing agreement with Best Telecom Co Ltd, signaling its entry into Laos, where Best Telecom is poised to roll out its 5G network later this year. The deal, as disclosed in a statement on Tuesday (May 7), marks OCK's official venture into Laos, although the financial terms remain undisclosed. Under this agreement, OCK will construct and lease telecommunication towers to Best Telecom across various clusters of sites in Vientiane and other major cities, ensuring a steady long-term income stream for the group. This strategic partnership with Best Telecom strengthens OCK's position as a key player in the regional telecommunication tower market. OCK Group's managing director, Datuk Wira Sam Ooi Chin Khoon, emphasized the synergy between OCK's regional tower expertise and Best Telecom's local presence and 5G aspirations, poised to unlock substantial opportunities in the Laos market. (*The Edge*)

AmBank (1015): Allocating additional RM400m for SMEs financing

AmBank Group announced on Tuesday its extension of financing facilities under the SME Portfolio Guarantee Scheme valued at RM400m, as part of its ongoing collaboration with Credit Guarantee Corp Malaysia Bhd (CGC). With this latest tranche, AmBank will persist in offering working capital financing up to RM1m to small and medium enterprises (SMEs), with a 70% guarantee from CGC. Additionally, the bank will introduce its innovative AmBank Pay-As-You-Grow Term Loan (PayG) product, providing financing ranging from RM20,000 to RM500,000. The PayG loan, coupled with a merchant facility, uniquely assesses financing based on a merchant's sales performance from previous months. Merchants can conveniently repay the loan through daily deductions from incoming sales before settlement into their deposit account, ensuring easier access to cash flow and the smooth operation of their businesses. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.34	0.21	8.97
Sentral REIT	REIT	0.81	0.07	8.32
British American Tobacco (M)	Consumer	8.54	0.70	8.23
YTL Hospital REIT	REIT	1.18	0.09	7.97
KIP REIT	REIT	0.91	0.07	7.69
RHB Bank	Finance	5.50	0.40	7.33
Taliworks Corporation	Utilities	0.81	0.06	7.16
Amway (M)	Consumer	7.30	0.51	6.95
MBM Resources	Consumer	4.93	0.34	6.94
Sports Toto	Consumer	1.41	0.10	6.88
Pavilion REIT	REIT	1.33	0.09	6.84
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.72
UOA REITS	REIT	1.10	0.07	6.55
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
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

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. ("Mercury Securities") and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my