

# Daily Newswatch

## Market Review

The FBMKLCI saw a slight decline (-0.2%) on Thursday, with market sentiment generally staying cautious. Among the index constituents, key decliners included Axiata (-2.1%), Maxis (-1.9%), and PETDAG (-1.6%). Sectors that experienced the most decline include transportation & logistics (-0.7%), plantations (-0.5%), and telecommunications & media (-0.3%). Market breadth turned positive, with 601 gainers against 458 losers.

## Economics

- Malaysia** BNM keeps overnight policy rate unchanged.
- US** Fed's Collins says reaching 2% inflation goal may take longer.
- US** weekly jobless claims increase more than expected.
- China** exports and imports return to growth, signalling demand recovery.

## Companies

- Ni Hsin (7215)** unveils two high-powered electric motorcycles.
- LBS Bina (5789)** launches RM457m SkyRia residential project.
- Mah Sing (8583)** launches M Zenya serviced apartment in Kepong.
- UEM Sunrise (5148)** tops out KAIA Heights Phase 1.
- Solarvest (0215)** bags RM40.4m contract from Scientex.
- Kerjaya Prospek Property (7077)** to jointly develop Batu Kawan land.
- Salcon (8567)** unit clinches RM9.7m sewerage treatment plant job.
- Automotive** Volkswagen to make Malaysia as export hub.
- Agriculture** Malaysia, Saudi Arabia hold talks to boost sector.
- Construction** RM180bn available for construction sector jobs.

### Upcoming key economic data releases

	<u>Date</u>
US - CPI	15 May
Malaysia - CPI	16 May
EU - CPI	17 May
Malaysia – External Trade	20 May
US – Initial Jobless Claims	23 May
Malaysia – PPI	28 May
US - GDP	30 May
Malaysia - IPI	10 June
US - FOMC	12 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,601.2	(0.2)	10.2
Dow Jones	39,387.8	0.8	4.4
Nasdaq CI	16,346.3	0.3	10.7
S&P 500	5,214.1	0.5	9.9
FTSE 100	8,381.4	0.3	8.5
Nikkei 225	38,074.0	(0.3)	14.4
Shanghai CI	3,154.3	0.8	6.5
HSI	18,537.8	1.2	10.4
STI	3,266.0	0.0	1.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,648.7	(13.8)
Value traded (RM m)	3,135.3	(12.2)
Gainers	601	
Losers	458	
Unchanged	532	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HM	0.010	(8.7)	508.3
MYEG	0.985	0.0	153.5
PMHLDG	0.295	34.1	116.0
SNS	0.530	9.3	102.8
VELESTO	0.290	5.5	89.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MYEG	0.985	7.1	151.2
CIMB	6.750	1.0	132.6
YTLPOWR	4.970	0.4	86.6
PBBANK	4.170	(0.7)	71.6
TENAGA	12.440	0.3	62.5

Currencies	Last Close	% Chg
USD/MYR	4.7410	(0.0)
USD/JPY	155.36	(0.0)
EUR/USD	1.0785	0.3
USD/CNY	7.2199	(0.1)
US Dollar Index	105.24	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.88	0.4
Gold (USD/troy oz)	2,347.59	1.6
CPO (USD/metric t)	3,942.0	(0.2)
Bitcoin (USD/BTC)	62,622.4	1.7

## Economics

### Malaysia: BNM keeps overnight policy rate unchanged

Malaysia's central bank, Bank Negara Malaysia (BNM), opted to keep the benchmark interest rate steady at 3% during its Monetary Policy Committee meeting, in line with market expectations. This decision maintains the rate unchanged for a year since its last increment in May 2023, diverging from recent adjustments made by other central banks. BNM highlighted improving economic activity, driven by resilient domestic spending and a positive upswing in exports, as key factors supporting its decision. (*The Edge*)

### US: Fed's Collins says reaching 2% inflation goal may take longer

Federal Reserve Bank of Boston President Susan Collins suggested that interest rates are likely to remain at a two-decade high for a longer duration than previously anticipated, aiming to moderate demand and alleviate inflationary pressures. Collins highlighted the lack of progress in achieving disinflation in 2024 and emphasized the necessity for slower economic growth to ensure inflation stays on a sustainable path toward the Fed's 2% target. However, she refrained from providing a specific timeline for potential rate cuts. Speaking at the Massachusetts Institute of Technology, Collins stated, "The recent upward surprises to activity and inflation suggest the likely need to keep policy at its current level until we have greater confidence that inflation is moving sustainably toward 2%." She underscored that achieving this objective might take longer than initially anticipated. Collins' remarks align with those of Fed Chair Jerome Powell, who recently emphasized the central bank's ongoing efforts to attain the required confidence in inflation's trajectory before considering rate cuts. (*Bloomberg*)

### US: Weekly jobless claims increase more than expected

More Americans filed new claims for unemployment benefits last week, signalling a gradual easing of the labour market. According to the Labor Department's report on Thursday, initial claims for state unemployment benefits rose by 22,000 to 231,000 for the week ending May 4, surpassing economists' expectations of 215,000 claims. Throughout much of the year, claims had remained within a range of 194,000 to 225,000. The increase last week may have been influenced by seasonal factors, such as the conclusion of school spring breaks. The labour market has been undergoing a rebalancing process following multiple interest rate hikes by the Federal Reserve totalling 525 basis points since March 2022 to moderate overall economic demand. April saw the economy adding the fewest jobs in six months, while job openings dropped to a three-year low in March, as reported by the government last week. The diminishing momentum in the labour market has revived discussions about the possibility of two rate cuts by the Fed this year. Financial markets anticipate the central bank to initiate its easing cycle starting in September. (*Reuters*)

### China: Exports and imports return to growth, signalling demand recovery

China's exports and imports rebounded in April after a decline in the previous month, indicating a positive uptick in both domestic and international demand as China tackles various economic challenges. The data suggests that the numerous policy support measures implemented in recent months may be stabilizing investor and consumer confidence, although analysts remain cautious about the sustainability of this trade recovery. According to customs data released on Thursday, China's exports grew by 1.5% year-on-year in April, aligning with economists' expectations. This comes after a 7.5% decline in March, marking the first contraction since November. Importantly, imports surged by 8.4% in April, surpassing expectations and reversing a 1.9% decrease in March. (*Reuters*)

## Companies

### **Ni Hsin (7215): Unveils two high-powered electric motorcycles**

Ni Hsin Group Bhd's subsidiary, Ni Hsin EV Tech Sdn Bhd, introduced two new electric motorcycles, TC Max and CPx PRO, with the endorsement of MotoGP legend Jorge Lorenzo. These motorcycles are produced by Nanjing Vmoto Manufacturing Co, Ltd and assembled in Malaysia by NH EV Tech. Lorenzo, the official ambassador for VMOTO, will lead early buyers on a tour in Kuala Lumpur. NH EV Tech's managing director, Khoo Chee Kong, expressed enthusiasm for the collaboration with VMOTO and aims to innovate urban mobility while promoting environmental sustainability. *(The Edge)*

### **LBS Bina (5789): Launches RM457m SkyRia residential project.**

LBS Bina Group Bhd has introduced SkyRia, the latest addition to its D'Island Residence project located in Puchong. Nestled within the 175-acre island township, SkyRia comprises two blocks, one accommodating 608 units and the other 391 units. With a total gross development value of RM457m, this residential development offers a variety of layouts, including Type A (600 sq ft) starting from RM250,000, Type B (850 sq ft) priced from RM478,000, and Type C (900 sq ft) with prices beginning at RM507,000. LBS Bina's group executive chairman, Tan Sri Lim Hock San, expressed confidence that SkyRia, like its predecessors, would provide quality homes at competitive prices in strategic locations, surrounded by essential amenities for future growth. *(The Edge)*

### **Mah Sing (8583): Launches M Zenya serviced apartment in Kepong**

Mah Sing Group Bhd, through its subsidiary Star Residence Sdn Bhd, unveiled its newest serviced apartment project called M Zenya in Kepong, Kuala Lumpur, during the inauguration of its sales gallery at Sungai Mas Plaza on Jalan Ipoh on May 9. Spanning a 4.88-acre area, the RM500m M Zenya will feature a 38-storey tower comprising 619 residential units in various configurations ranging from two to four bedrooms, with sizes ranging from 762 to 1,067 square feet. The units are priced from RM420,000 and come with a maintenance fee of approximately 30 sen per square foot. Additionally, the development will include 23 retail units, with further details to be announced later. During the event, Mah Sing Group's CEO and executive director, Datuk Voon Tin Yow, announced that M Zenya had already achieved a 92% take-up rate before its official launch on Thursday. *(The Edge)*

### **UEM Sunrise (5148): Tops out KAIA Heights Phase 1 in Seri Kembangan**

UEM Sunrise Bhd celebrated the topping-out ceremony of KAIA Heights Phase 1 in Taman Equine, Seri Kembangan, Selangor, on Wednesday, with completion scheduled for the third quarter of 2025. According to a statement released on Thursday by UEM Sunrise's chief executive officer, Sufian Abdullah, the company aims to introduce an enhanced lifestyle concept to Seri Kembangan. Emphasizing their commitment to providing sustainable living environments that cater to various lifestyle needs, Abdullah stated that KAIA Heights embodies their vision of quality living. Launched in March 2021, KAIA Heights Phase 1 offers low-density living across two phases, each comprising two blocks spanning around 30 storeys. The first phase accommodates 924 units with built-up areas ranging from 972 to 1,437 square feet, priced from RM567,800 onwards, with 10 units per floor. *(The Edge)*

### **Solarvest (0215): Bags RM40m contract from Scientex**

Solarvest Holdings Bhd announced on Thursday that it has secured a contract valued at RM40.4m to install rooftop solar photovoltaic (PV) systems. The contract involves engineering, procurement, construction, and commissioning (EPCC) work across eight sites in Malaysia owned by Scientex Bhd, with a combined capacity of 21MWp. Solarvest's subsidiary, Solarvest Energy Sdn Bhd, has entered into the EPCC agreement with Scientex. The project is set to commence in May 2024 and is expected to generate enough renewable energy by January 2025 to offset approximately 14,000 tonnes of CO2 equivalent annually for Scientex. *(The Edge)*

**Kerjaya Prospek Property (7077): Jointly developing Batu Kawan land**

Kerjaya Prospek Property Bhd (KPPB) has partnered with Aspen Vision City Sdn Bhd (AVC) through a joint venture agreement to co-develop a parcel of freehold land located in Aspen Vision City, Batu Kawan, Penang. According to a disclosure to Bursa Malaysia, the development will be carried out via a special purpose vehicle (SPV), with KPPB's wholly-owned subsidiary, Kerjaya Property JV Sdn Bhd, holding 70% of the SPV shares and AVC holding the remaining 30%. The joint venture aims to develop the land into a mixed-use development, including hotels, residences, serviced apartments, retail units, and office blocks, subject to development approvals. *(The Star)*

**Salcon (8567): Unit clinches RM9.7m sewerage treatment plant job**

Salcon Bhd announced that its subsidiary, Envitech Sdn Bhd, which holds a 60% stake in Salcon Engineering Bhd, has been awarded a project by Rantau Urusan (M) Sdn Bhd for the development and construction of a sewerage treatment plant in Durian Sebatang, Hilir Perak, Perak. The contract, valued at RM9.7m, spans a duration of 20 months and aims to serve a population of 54,000 upon completion, as stated in a press release on Thursday. Jamiluddin Amini Sulaiman, the Chief Operating Officer of Salcon Engineering, expressed confidence in Envitech Sdn Bhd's capacity to successfully execute this project, marking the company's second contract secured this year. *(The Edge)*

**Automotive: Volkswagen to make Malaysia as export hub.**

Volkswagen Group Malaysia (VGM) intends to establish Malaysia as an export center for the Volkswagen brand, according to Tengku Datuk Seri Zafrul Abdul Aziz, the Minister of Investment, Trade, and Industry (Miti). After discussions with VGM officials, it was revealed that the carmaker plans to produce electric vehicles and traditional models locally. Previously, Volkswagen models were only imported, but now some models are being assembled in Malaysia, including the Touareg model, which is being assembled outside of Europe for the first time. Tengku Datuk Seri Zafrul Abdul Aziz expressed confidence that this partnership would bolster Malaysia's position in the regional automotive industry. *(Bernama)*

**Agriculture: Malaysia, Saudi Arabia hold talks to boost sector**

According to the Ministry of Agriculture and Food Security, Malaysia and Saudi Arabia engaged in bilateral discussions focusing on agriculture, research, and enhancing market access between the two nations. Minister Datuk Seri Mohamad Sabu emphasized the potential for various Malaysian exports to Saudi Arabia, including tropical fruits, processed animal products, animal feed, ready-to-eat items, eggs, dairy products, and frozen catfish. The Malaysian Agricultural Research and Development Institute expressed interest in continuing collaboration with the National Research and Development Centre for Sustainable Agriculture (Estidamah), particularly in the importation process of dragon fruit cuttings and honeycomb. *(Bernama)*

**Construction: RM180bn available for construction sector jobs**

This year, a combined sum of RM180bn in the construction industry, covering both government and private sector projects, will be available. Deputy Works Minister Datuk Seri Ahmad Maslan noted that RM90bn is allocated from the federal government's development expenditure as approved in Budget 2024, with the remainder sourced from the private sector. Maslan highlighted that numerous tenders will be issued in the middle of the year, including open tenders with pre-qualification and selective tenders, along with the issuance of many letters of acceptance, which will contribute to the growth of the construction sector. *(Bernama)*

## 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	8.40
British American Tobacco (M)	Consumer	8.71	0.70	8.01
YTL Hospital REIT	REIT	1.18	0.09	7.97
KIP REIT	REIT	0.89	0.07	7.87
RHB Bank	Finance	5.49	0.40	7.34
Taliworks Corporation	Utilities	0.81	0.06	7.16
Amway (M)	Consumer	7.23	0.51	7.01
Sports Toto	Consumer	1.39	0.10	6.98
Pavilion REIT	REIT	1.33	0.09	6.84
MBM Resources	Consumer	5.00	0.34	6.84
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.77
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

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