

Daily Newswatch

Market Review

Last Friday, the FBMKLCI stayed flat as investors exercised caution due to lack of positive catalysts for buying. Key index constituents saw minimal fluctuations, with Sime Darby rising by +0.3%, MR DIY increasing by +0.6%, and Genting gaining by +0.4%. The most notable sector changes occurred in healthcare (+1.7%), telecommunications & media (+0.7%) and utilities (-0.6%). Market breadth were slightly positive, with 601 gainers compared to 538 losers.

Economics

- **US** lawmakers unveil bill for better restrictive exports of AI models
- **Malaysia** IPI up 2.4% in March 2024 but below forecast
- **Malaysia** palm oil stocks rise 1.85% at the end of April - MPOB
- **Indonesia** first-quarter growth beats estimates
- **Brazil** inflation cools slightly less than expected
- **German** industrial production shrinks for first time this year

Companies

- **CIMB (1023)** Securities aims for higher market share year end.
- **Paramount (1724)** acquires 21.54% stake in Eco World Int
- **LFE (7170)** secures RM8.27m piling work
- **Sarawak Cable (5170)** finds alternative party for resuscitation plan
- **Awantec (5204)** affected issuer status gets waived by Bursa
- **Innature (5295)** buys franchise, eyes expansion into F&B Sector
- **Jiankun (8923)** expects 2bn increase in project's GDV to RM2bn
- **CelcomDigi (6947)** completes 44% in nationwide network modernisation programme
- **Ajiya (7609)** to loan Chin Hin RM250m for acquisition, expansion.

<u>Upcoming key economic data releases</u>	<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	1,600.7	(0.0)	10.2
Dow Jones	39,512.8	0.3	4.8
Nasdaq CI	16,340.9	(0.0)	10.7
S&P 500	5,222.7	0.2	10.1
FTSE 100	8,433.8	0.6	9.2
Nikkei 225	38,229.1	0.4	14.8
Shanghai CI	3,154.5	0.0	6.5
HSI	18,963.7	2.3	13.0
STI	3,290.7	0.8	1.9

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,622.3	(0.6)
Value traded (RM m)	3,269.4	4.3
Gainers	601	
Losers	538	
Unchanged	494	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TOPGLOV	0.950	3.8	134.9
TWL	0.025	(16.7)	121.0
MRCB	0.695	0.7	87.9
ICONIC	0.120	0.0	81.1
PMHLDG	0.290	(1.7)	80.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TOPGLOV	0.950	3.8	128.2
CIMB	6.770	0.3	120.0
MAYBANK	9.870	0.3	98.9
YTLPOWR	4.970	0.0	76.3
MYEG	0.985	0.0	75.7

Currencies	Last Close	% Chg
USD/MYR	4.7397	(0.0)
USD/JPY	155.78	0.2
EUR/USD	1.0771	(0.1)
USD/CNY	7.2269	0.1
US Dollar Index	105.30	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.79	(1.3)
Gold (USD/troy oz)	2,360.50	0.6
CPO (USD/metric t)	3,887.50	(1.4)
Bitcoin (USD/BTC)	61,722.8	(3.4)

Economics

US: Lawmakers unveil bill to make it easier to restrict exports of AI models

A bipartisan group of US lawmakers has proposed a bill to empower the Biden administration to impose export controls on artificial intelligence (AI) models, aiming to safeguard US technology against foreign threats. The legislation grants the Commerce Department authority to restrict collaboration on AI systems deemed to pose national security risks, particularly targeting open-source AI models. This move reflects growing concerns about adversaries potentially exploiting AI for cyberattacks or creating biological weapons, aligning with broader US efforts to protect its AI technology from countries like China and Russia. (Reuters)

Malaysia: IPI up 2.4% in March 2024 but below forecast

In March 2024, Malaysia's industrial production index (IPI) increased by 2.4% year-on-year, slightly below expectations of a 2.5% expansion according to a Reuters poll. Chief statistician Datuk Seri Dr. Mohd Uzir Mahidin attributed the growth to a 1.3% increase in the manufacturing sector, alongside growth in the mining and electricity sectors. Export-oriented industries rebounded, particularly in computer, electronics, optical products, and furniture manufacturing, contributing to a month-on-month growth of 7.5%, contrasting with the negative 6.3% recorded in the previous month. (The Star)

Malaysia: Palm oil stocks rise 1.85% at the end of April - MPOB

In April, Malaysia's palm oil stocks increased by 1.85% to 1.74 million metric tons, marking the first month-on-month rise in six months, according to data from the Malaysian Palm Oil Board (MPOB). Crude palm oil production saw a 7.86% increase to 1.50 million tons, while palm oil exports declined by 6.97% to 1.23 million tons. A Reuters survey had forecasted April inventories at 1.68 million tons, a 2% decrease from the previous month, with output at 1.46 million tons and exports at 1.22 million tons. (Bernama)

Indonesia: First-quarter growth beats estimates

Indonesia's economy expanded faster than expected in the first quarter, with GDP growing by 5.11% year-on-year, driven by robust private consumption and a surge in government spending, including cash handouts and increased civil worker salaries. Investment also contributed to growth, albeit at a slower pace, while exports grew modestly due to sluggish global demand for key commodities. Despite the positive momentum, challenges lie ahead, particularly from a higher interest rate environment and ongoing uncertainties in global demand and geopolitics. (Bloomberg)

Brazil: Inflation cools slightly less than expected

Brazil's annual inflation slightly eased to 3.69% in April, just above analysts' expectations, amid deliberations over the central bank's next moves. Policymakers recently cut the benchmark rate to 10.5%, but the split decision left uncertainty about future actions. Divisions within the central bank have emerged, with some members advocating for slower rate cuts to combat inflation while others seek deeper cuts to stimulate growth. Stubborn services inflation and a tight labor market are key concerns for policymakers, but their plans for the next meeting remain unclear. (Bloomberg)

German: Industrial production shrinks for first time this year

German industrial output experienced its first decline of the year in March, dropping by 0.4%, primarily driven by decreases in consumer goods, intermediate goods, and energy production. Despite this, the figure was slightly better than economists' expectations. Persistent weakness in manufacturing, exacerbated by subdued global demand and higher energy costs, continues to pose challenges to Germany's economy, although recent trade figures showed a positive trend with exports rising by 0.9%. (Bloomberg)

Companies

CIMB (1023): CIMB Securities aims for high single-digit market share by year-end

CIMB Securities Sdn Bhd a subsidiary of CIMB aims for a high single-digit market share in stockbroking by year-end, focusing on the wholesale segment. CEO Ruzi Rani Ajith cites the company's current 4.54% market share and RM6.3 billion in deals. Their five-year plan targets capital market leadership through collaboration with government initiatives and a focus on institutional and corporate clients, supported by positive market outlook and CIMB Group Holdings Bhd's recent acquisition of KAF Equities Sdn Bhd, now rebranded as CIMB Securities. (The Star)

Paramount (1724): Acquires 21.5% stake in Eco World International

Paramount Corp Bhd has acquired a 21.54% stake in Eco World International Bhd (EWI) for RM170.61 million cash, becoming a major shareholder. The acquisition, made through its subsidiary Flexsis Sdn Bhd, reflects Paramount's strategic shift towards diversifying its earnings beyond Malaysia, following the divestment of its education businesses in 2018. Paramount's CEO, Jeffrey Chew, views this move as aligning with the company's broader strategic vision, which includes investments in digital startups, property development ventures in Bangkok, and now a significant stake in a well-established Malaysian listed property developer focused on international markets. (The Star)

LFE (7170): Secures RM8.3m piling work

LFE Corporation Bhd's wholly-owned subsidiary, LFE Engineering Sdn Bhd, has been awarded a contract valued at RM8.3m from Puncakcity Development Sdn Bhd. The contract spans nine months, starting from May 15 and concluding on February 14, 2025. (The Star)

Sarawak Cable (5170): Finds alternative party for resuscitation plan

Sarawak Cable Bhd, a PN17 classified company since September 2022, terminated its resuscitation plan with Serendib Capital Ltd due to failure to agree on an exclusive working relationship governed by a memorandum of agreement. However, the company has identified a new "strong alternative party" interested in leading its resuscitation plan, indicating continued efforts towards financial recovery despite setbacks with previous partners. The termination of the agreement with Serendib is deemed not to impact Sarawak Cable's PN17 regularisation plan, as stated by the company in its filing with Bursa Malaysia. (The Star)

Awantec (5204): Affected issuer status gets waived by Bursa

Awanbiru Technology Bhd received a waiver from Bursa Malaysia Securities regarding compliance with Paragraph 8.04(3)(a) of the Main Market Listing Requirements, which mandates affected listed issuers to submit a regularisation plan. As a result, the tech company will be uplifted from its classification as an affected listed issuer, and the suspension on trading its securities will be lifted, effective from May 13, 2024, according to a filing with Bursa Malaysia. (The Star)

Innature (5295): Buys 'Burger & Lobster' franchise, eyes expansion into F&B Sector

Innature Bhd plans to acquire Blu Restaurant Sdn Bhd for RM21.3m, making it a wholly-owned subsidiary. Blu Restaurant operates a "Burger & Lobster" franchise in Suria KLCC mall and holds exclusive rights for Malaysia, Indonesia, and Vietnam. This acquisition marks InNature's diversification into the food and beverage sector, aiming to expand "Burger & Lobster" outlets across targeted regions to increase revenue, with the F&B segment expected to contribute significantly to net profit and assets in the future. (Bernama)

Jiankun (8923): Expects GDV of its projects to soar to RM2bil under new leadership

Jiankun International Bhd anticipates a significant increase in its projects' gross development value (GDV) to RM2bn following the appointment of its new chairman, Datuk Saiful Nizam Mohd Yusoff. The company is currently engaged in five projects, including the redevelopment of Jalan Tun Razak flats and various residential developments. Prioritizing sustainability and affordability, they incorporate innovations like solar panels, as seen in the successful demand for the Taman Panchor Jaya project in Nibong Tebal. (Bernama)

CelcomDigi (6947): Completes 44% in nationwide network modernisation programme

CelcomDigi Bhd has completed 44% of its nationwide network integration and modernization program, upgrading over 7,200 sites by April-end. This initiative has led to improved download speeds and stronger signal strength in areas post-consolidation. With plans to surpass 50% completion in four states by June, their goal is to establish Malaysia's leading digital network with 18,000 5G-ready sites, emphasizing collaboration to trial 5.5G technologies and enhance digital experiences. (The Edge)

Ajiya (7609): To loan Chin Hin RM250m for acquisition, expansion plans

Ajiya Bhd has entered into a loan agreement with Chin Hin Group Bhd, offering a loan of up to RM250m with an interest rate of 7.5% per annum. Chin Hin will draw down the loan in tranches over 24 months, with the exact amount determined based on its funding needs. The financial assistance aims to support Chin Hin's acquisition plans and expansion of its building material and construction divisions, enabling both companies to participate in more projects and increase revenue. (The Edge)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.38	0.21	8.82
Sentral REIT	REIT	0.81	0.07	8.45
British American Tobacco (M)	Consumer	8.63	0.70	8.09
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.20	0.09	7.83
RHB Bank	Finance	5.50	0.40	7.33
Taliworks Corporation	Utilities	0.81	0.06	7.16
Amway (M)	Consumer	7.20	0.51	7.04
Sports Toto	Consumer	1.39	0.10	6.98
MBM Resources	Consumer	5.00	0.34	6.84
Pavilion REIT	REIT	1.34	0.09	6.79
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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