

Daily Newswatch

Market Review

On Monday, the FBMKLCI stayed in positive territory (+0.1%) attributed to major gains in the gaming sector, and partly offset by losses in the utilities sector. Strong earnings release by its Singaporean unit helped to propel interest in Genting Malaysia (+3.4%) and Genting (+4.6%). Sectors that saw the most gains are transportation and logistics (+1.9%), technology (+1.6%), and property (+1.5%). Market breadth turned positive, with 642 gainers compared to 494 losers.

Economics

- Malaysia-South Korea** Central banks to extend RM15bn bilateral swap agreement
- Malaysia** construction sector expanded 14.2% to RM36.8b in 1Q - DOSM
- Malaysia** tax incentives for Forest City SFZ to be finalized end-May
- India's** inflation stable in April amid economic uncertainty
- US's** Biden to quadruple tariffs on China's electric vehicles

Companies

- MISC (3816)** signs JVA with PETRONAS and Mitsui
- AME Elite (5293)** sells land in Pulau for RM209.8m cash
- PPB Group (4065)** GSC to consolidate selected cinema locations
- CAPITAL A (5099)** Teleport to buy 7 more freighters
- Aurelius (5302)** to invest RM450m in new manufacturing hub
- KUB (6874)** launches mandatory takeover offer for Central Cables
- SSB (0045)** buys 51% stake in SJEE Engineering for RM23m
- PTT (7010)** gets RM169.9m job from Sime Darby Property
- Teo Seng Capital (7252)** acquires land in Johor for RM24m
- Ajiya's (7609)** subsidiary sells Thai property for RM27m.

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	1,602.9	0.1	10.3
Dow Jones	39,431.5	(0.2)	4.6
Nasdaq CI	16,388.2	0.3	11.0
S&P 500	5,221.4	(0.0)	10.1
FTSE 100	8,415.0	(0.2)	9.0
Nikkei 225	38,179.5	(0.1)	14.7
Shanghai CI	3,148.0	(0.2)	6.3
HSI	19,115.1	0.8	13.9
STI	3,303.7	0.4	2.3

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,528.4	(2.0)
Value traded (RM m)	3,008.8	(8.0)
Gainers	642	
Losers	494	
Unchanged	507	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MMAG	0.375	87.5	163.1
MYEG	0.995	1.0	111.3
TWL	0.025	0.0	80.0
TOPGLOV	0.965	1.6	73.8
SENDAI	0.715	16.3	67.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MYEG	0.995	1.0	110.8
GENTING	4.760	4.6	85.2
MI	2.300	17.9	83.5
GENM	2.720	3.4	79.1
TOPGLOV	0.965	1.6	71.2

Currencies	Last Close	% Chg
USD/MYR	4.7295	(0.2)
USD/JPY	156.21	0.3
EUR/USD	1.0792	0.2
USD/CNY	7.2334	0.1
US Dollar Index	105.22	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.36	0.7
Gold (USD/troy oz)	2,337.85	(1.0)
CPO (USD/metric t)	3,854.50	(0.8)
Bitcoin (USD/BTC)	62,924.0	4.3

Economics

Malaysia-South Korea: Central banks to extend RM15bn bilateral swap agreement

Malaysia's central bank, Bank Negara Malaysia (BNM), has renewed a bilateral swap arrangement with its South Korean counterpart for another three years. The arrangement, maintained at RM15bn or five trillion Korean won in size, facilitates the exchange of local currencies to enhance trade and investment between the two countries. This agreement underscores Malaysia's commitment to promoting bilateral trade and strengthening financial cooperation, complementing similar arrangements with other key trading partners like China, Japan, Indonesia, and Thailand. (*The Edge*)

Malaysia: Construction sector expanded 14.2% to RM36.8bn in 1Q - DOSM

In the first quarter of 2024, Malaysia's construction sector witnessed a substantial 14.2% year-on-year increase in work done value, reaching RM36.8bn, according to the Department of Statistics Malaysia (DOSM). This surge was primarily driven by a robust expansion in the civil engineering sub-sector, which grew by 24.7%, alongside notable increases in special trades activities (11.8%) and residential building sub-sectors (11.5%). Civil engineering, accounting for 41.1% of the total value, was mainly fueled by road and railway construction, while the private sector remained the primary driver of growth, contributing to a 10.1% increase. Notably, Selangor, Johor, the Federal Territories, and Sarawak accounted for nearly 58.4% of the total construction sector work done value. (*The Edge*)

Malaysia: Tax incentives for Forest City SFZ to be finalized by end of May

Tax incentives for the Forest City Special Financial Zone (SFZ) are anticipated to be finalized by the end of May, following a proposal submitted during a state development meeting chaired by Prime Minister Datuk Seri Anwar Ibrahim on April 18. Johor Menteri Besar Datuk Onn Hafiz Ghazi emphasized the potential of the SFZ to double the GDP of Johor and Malaysia and create numerous job opportunities, particularly in the banking, finance, and business services sectors. The proposed incentives include fiscal measures such as corporate tax exemptions and special income tax rates for high-skilled labor, as well as non-fiscal incentives related to visa and immigration services. Additionally, the development of the SFZ includes infrastructure enhancements to improve accessibility and quality of life for the local community. (*The Edge*)

India's: Inflation stable in April amid economic uncertainty

India's inflation remained stable in April, with the consumer price index increasing by 4.83% from a year earlier, only slightly lower than March's 4.85%. The Reserve Bank of India has maintained its benchmark interest rate at 6.5% for over a year, adopting a cautious approach due to inflation persisting above its 4% target. Economists anticipate rate cuts later in the year, but uncertainty stemming from factors like unpredictable weather and the ongoing national election may delay any easing measures. (*Bloomberg*)

US: Biden to quadruple tariffs on China's electric vehicles

President Joe Biden is set to quadruple tariffs on Chinese electric vehicles and significantly increase levies on other industries, positioning the move as a defense of American workers. The tariffs, which follow nearly two years of review, will notably rise for Chinese EVs to 102.5% from 27.5%. While the specifics of the targeted sectors remain unclear, the administration aims to differentiate itself from the previous administration's tariffs while addressing concerns about China's dominance in key industries like electric vehicles, batteries, and solar cells. Despite the symbolic nature of the tariffs, they underscore Biden's efforts to assert American economic interests and maintain a strategic relationship with China. (*Bloomberg*)

Companies

MISC (3816): Signs JVA with PETRONAS and Mitsui to procure and transport LCO2 carriers

MISC Bhd has formed a joint venture with PETRONAS CCS Ventures Sdn Bhd and Mitsui O.S.K. Lines Ltd to establish a company aimed at procuring and owning liquified carbon dioxide (LCO2) carriers for transporting LCO2 to CO2 storage sites in Malaysia. The agreement seeks to leverage each party's expertise to explore business opportunities and jointly invest in developing LCO2 carriers, though no final investment decision has been made yet. *(The Edge)*

AME Elite (5293): Sells land in Pulai to data centre operator for RM210m cash

AME Elite Consortium Bhd is selling 11 plots of freehold land measuring over 34.91 acres in Pulai, Johor Bahru, for RM209.8m cash to Hong Kong-based data centre operator Digital Hyperspace Malaysia Sdn Bhd (DHM). The sale, facilitated through AME Elite's subsidiaries, Pentagon Land Sdn Bhd and Greenhill SILC Sdn Bhd, is subject to approvals from the Johor State Government Office and other relevant authorities. The transaction, valued at RM138 per sq ft, is expected to unlock gross proceeds of RM155.04m for AME Elite, earmarked for development costs relating to i-TechValley, its ongoing industrial park project, and other future industrial property development and investment projects. *(The Edge)*

PPB Group (4065): GSC to consolidate selected cinema locations for operational efficiency

Golden Screen Cinemas (GSC), under Malaysian conglomerate PPB Group Bhd, is set to launch a new outlet at KL East Mall, while closing its Central Square outlet in Sungai Petani, Kedah. Despite challenges in the film exhibition segment, which accounted for about 10% of PPB Group's revenue for FY2023, GSC remains focused on local and regional movies to mitigate the impact of the Hollywood writers' guild strike. GSC's strategic plans also involve consolidating selected locations for operational efficiency, with resources from the Central Square outlet to be redeployed to GSC Amanjaya Mall. *(The Edge)*

CAPITAL A (5099): Teleport to buy 7 more freighters to deliver 2m parcels daily by 2025

Teleport, the logistics arm of Capital A Bhd, plans to add seven air freighters to its network to increase daily parcel deliveries to two million by 2025, up from 130,000 in 2023. CEO Pete Chareonwongsak aims to position Teleport alongside global express players by capitalizing on demand from China to Southeast Asia. The expansion aims to significantly reduce delivery costs and capture more e-commerce shipments, potentially leading to a US listing after achieving the two million parcels per day target. *(The Edge)*

Aurelius (5302): To invest RM450m in new manufacturing hub in Kulim

Aurelius Technologies Bhd plans to invest RM450m over five years in constructing a new manufacturing hub in Kulim Hi-Tech Park, Kedah, covering 571,908 sq ft. The groundbreaking ceremony, led by its subsidiary BCM Electronics Corp Sdn Bhd, marked the start of construction, with the first phase focusing on a manufacturing plant named P5 spanning 243,977 sq ft, facilitating advanced manufacturing for automotive components and IoT applications. *(The Edge)*

KUB (6874): Launches mandatory takeover offer for Central Cables

KUB Malaysia Bhd, through Maybank Investment Bank Bhd, has initiated an unconditional mandatory takeover offer to acquire the remaining shares in Central Cables Bhd (CCB). The offer allows shareholders to opt for either a cash consideration of RM2.60 per share or a securities exchange with an exchange ratio of 4.33395 new redeemable convertible preference shares (RCPS) in KUB for 60 sen per RCPS for every share surrendered. KUB currently holds approximately 98.92% equity in CCB, following its acquisition of an 86.65% equity interest from JAG Capital Holdings Sdn Bhd prior to the mandatory takeover. *(Bernama)*

Southern Score Builders (0045): Buys 51% stake in SJEE Engineering for RM23m

Southern Score Builders Bhd has entered a conditional share sale agreement with Ngo Hea Bing to acquire a 51% stake in SJEE Engineering Sdn Bhd for RM22.95m in cash. SJEE is primarily involved in electrical contracting and investment holding. This acquisition is deemed strategic and earnings-accretive for Southern Score, enabling them to tap into the lucrative mechanical and electrical (M&E) job opportunities in Malaysia's data center space and expand their revenue stream, with the vendor retaining a 49% interest in SJEE and providing a profit guarantee. *(The Star)*

PTT Synergy (7010): Gets construction jobs from Sime Darby Property totaling RM169.85m

PTT Synergy Group Bhd's subsidiary, Pembinaan Tetap Teguh Sdn Bhd (PTTSB), has secured two letters of awards (LoA) from Sime Darby Property Bhd, amounting to RM169.9m, for construction projects in Selangor. The LoAs include contracts for earthworks and ancillary works in Lagong Mas, Gombak, Selangor, valued at RM96.6m, and Bandar Bukit Raja Stage 3, Klang, Selangor, valued at RM73.2m, with pre-possession starting on May 13, 2024, and completion scheduled for November 26, 2025. *(The Star)*

Teo Seng Capital (7252): Acquires land in Johor for RM24m

Teo Seng Capital Bhd is purchasing 104.87 acres of land in Yong Peng, Johor, from Lim Kim Yam & Sons Sdn Bhd and Lim Thiam Hooi for RM23.6m. The acquired land, situated near Teo Seng's existing facilities, will support the expansion of its layer farming business, allowing for the construction of a new farm equipped with advanced poultry facilities and biosecurity systems. *(The Star)*

Ajiya (7609): Subsidiary sells Thai property for RM26.8m

Ajiya Bhd's subsidiary, Thai Ajiya Safety Glass Co Ltd (TASG), has sold a piece of freehold land and property in Thailand for RM26.8m to Atlan (Thailand) Co Ltd. The transaction includes land, a three-storey office building, and a factory in Amata City Chonburi Industrial Estate. The proceeds will be used to upgrade and replace aging machinery in Ajiya's glass division, enhancing output efficiency, while also improving liquidity and strengthening the group's financial position for future endeavors. *(The Star)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.40	0.21	8.75
Sentral REIT	REIT	0.81	0.07	8.45
British American Tobacco (M)	Consumer	8.70	0.70	8.02
YTL Hospital REIT	REIT	1.19	0.09	7.90
KIP REIT	REIT	0.90	0.07	7.82
RHB Bank	Finance	5.51	0.40	7.31
Taliworks Corporation	Utilities	0.80	0.06	7.25
Sports Toto	Consumer	1.39	0.10	6.98
Amway (M)	Consumer	7.34	0.51	6.91
MBM Resources	Consumer	5.00	0.34	6.84
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.82
Pavilion REIT	REIT	1.34	0.09	6.79
UOA REITS	REIT	1.11	0.07	6.49
MAG Holdings	Consumer	1.16	0.07	6.47
Magnum	Consumer	1.16	0.07	6.47

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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