

Daily Newswatch

Market Review

On Wednesday, the FBMKLCI dipped -0.2% as investors remained cautious ahead of US CPI release this week. On the broader market, there was a significant rally in glove stocks after the US announced major tariff imports on China. Consequently, the healthcare sector experienced a notable surge (+9.6%), driven by huge gains in Top Glove (+31.3%), Supermax (+24.9%), and CarePlus (+24.6%). Overall market breadth was balanced, with 574 stocks gainers and 579 losers.

Economics

- Malaysia** 1Q2024 property transactions up 34.3% to RM56.5bn – Valuation Dept
- Malaysia** global pepper demand expected to continue rising in 2024, 2025 – Johari Ghani
- US** core CPI cools for first time in six months in relief for Fed
- US** retail sales stall after downward revisions in prior months

Companies

- LFE Corp** (7170) bags RM16.7m contract for project in Penang
- Straits Energy** (0080) JV with HK firm for cloud technology
- Eupe** (6815) buys RM69m plot in KL for residential high-rise
- Axiata** (6888) sign agreement to explore merger of Indonesian units
- Mitrajaya** (9571) clinches RM174m hospital project in Shah Alam
- MAHB** (5014) confirms getting privatisation offer Khazanah-EPF
- Sarawak Energy** (2356) plans to expand business beyond Borneo
- Ewein** (7249) to acquire rackform business company for RM32mil
- Menang** (1694) inks agreement to develop wellness park
- Willowglen** (0008) bags RM7.9m contract in Singapore

Upcoming key economic data releases

	<u>Date</u>
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	1,603.2	(0.2)	10.3
Dow Jones	39,908.0	0.9	5.8
Nasdaq CI	16,742.4	1.4	13.4
S&P 500	5,308.2	1.2	11.9
FTSE 100	8,445.8	0.2	9.4
Nikkei 225	38,385.7	0.1	15.3
Shanghai CI	3,119.9	(0.8)	5.3
HSI	19,073.7	(0.2)	13.6
STI	3,289.4	(0.7)	1.8

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	6,199.2	32.0
Value traded (RM m)	4,668.8	45.6
Gainers	574	
Losers	579	
Unchanged	475	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TOPGLOV	1.260	31.3	506.9
SINKUNG	0.140	7.7	394.1
SUPERMX	1.080	24.9	325.3
CAREPLS	0.380	24.6	280.3
MYEG	1.030	5.1	138.8

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TOPGLOV	1.260	31.3	638.7
SUPERMX	1.080	24.9	351.3
HARTA	3.820	29.1	324.3
KOSSAN	2.740	15.1	163.2
MYEG	1.030	5.1	142.9

Currencies	Last Close	% Chg
USD/MYR	4.7063	(0.2)
USD/JPY	154.27	(1.0)
EUR/USD	1.0889	0.6
USD/CNY	7.2190	(0.2)
US Dollar Index	104.35	(0.6)

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.75	0.4
Gold (USD/troy oz)	2,390.45	1.2
CPO (USD/metric t)	3,909.00	(0.3)
Bitcoin (USD/BTC)	66,368.4	7.1

Economics

Malaysia: 1Q2024 property transactions up 34.3% to RM56.53bn – Valuation Dept

In the first quarter of 2024, Malaysia's property market saw a 34.3% increase in transaction value compared to the previous year, driven by strong growth across all sub-sectors, with residential properties dominating. The number of new residential launches rose by 19.8%, while the Malaysian House Price Index increased slightly by 0.5%, and the residential overhang decreased, indicating improved market conditions. *(Reuters)*

Malaysia: Global pepper demand expected to continue rising in 2024, 2025 – Johari Ghani

Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani projects a continued increase in global pepper demand due to its applications in pharmaceuticals and cosmeceuticals. Despite global consumption rising to about 291,000 tonnes in 2023, Malaysia's pepper exports slightly declined to 5,800 tonnes valued at RM149m. Johari highlighted Malaysia's position as the world's fifth-largest pepper producer and outlined government initiatives, including allocating RM50m for pepper farmers, to address challenges and foster a competitive local pepper industry. The Malaysian Pepper Industry National Conference 2024 aims to bolster pepper demand and collaboration among stakeholders for sustainable industry growth. *(Bloomberg)*

US: Core CPI cools for first time in six months in relief for Fed

In April, the core consumer price index (CPI) in the US, excluding food and energy costs, increased by 0.3% from March, signaling a slight cooling in underlying inflation. Economists consider the core CPI a better gauge of inflation trends, which climbed 3.6% from a year ago. While this data may provide some hope for Federal Reserve officials considering interest rate cuts, they are likely to await additional readings to confirm a sustained downward trend in inflation before taking action. The central bank aims to control price pressures amidst stagnant retail sales and mounting debt among consumers, with some traders now increasing the odds of a rate cut by September. *(Bloomberg)*

US: Retail sales stall after downward revisions in prior months

In April, US retail sales remained stagnant after downwardly revised gains in the previous two months, suggesting that high borrowing costs and mounting debt are prompting consumers to exercise greater caution in spending. Commerce Department data revealed that much of the spending during the month was on necessities like food and gasoline, with sales excluding cars and gasoline dropping by 0.1%. The softening in consumer demand, reflected in the sales figures, could potentially impact the economy despite a still-healthy labor market, as elevated prices and interest rates may constrain discretionary purchases. *(Bloomberg)*

Companies

LFE Corp (7170): Bags two contracts worth RM16.7m for hotel project in Penang

LFE Corp Bhd has secured two contracts worth RM16.7m for the construction of a 22-storey hotel in Penang through its subsidiary, LFE Engineering Sdn Bhd. The contracts, awarded by MLG Design & Construction Sdn Bhd, involve the supply, installation, and maintenance of air-conditioning, mechanical ventilation, building management, and electrical systems, with work commencing on October 2, 2023, and completion expected by November 1, 2025. *(The Edge)*

Straits Energy (0080): Partners with HK firm to form JV for cloud technology

Straits Energy Resources Bhd plans to form a joint venture with Hong Kong-based Digital One Solutions Ltd to explore cloud technology and computing opportunities in Malaysia and the region. The collaboration, facilitated through Straits CommNet Solutions Sdn Bhd, aims to leverage increased demand for cloud computing and complement SCS's existing digital and network services. *(The Edge)*

Eupe (6815): Buys RM69m plot in KL for residential high-rise

Eupe Corp Bhd is acquiring a 2.46-acre freehold land in Kuala Lumpur for RM69.2m to develop a high-rise residential project, aligning with its growth strategy and expansion goals. The acquisition, to be financed through internal funds and borrowings, is expected to enhance the group's property development portfolio and positively impact future revenue and profitability. *(The Edge)*

Axiata (6888): Sign agreement to explore merger of Indonesian units

Axiata Group Bhd has signed a non-binding agreement with Sinar Mas to explore merging their Indonesian telecommunications units, XL and Smartfren. The proposed merger, still in early evaluation, aims to create a robust mobile service provider in Indonesia, enhancing customer experience and shareholder value through operational synergies. While the merger discussions continue, the deal's completion depends on relevant approvals. The combined entity could potentially become a US\$3.5bn company with approximately 100m customers. *(The Edge)*

Mitrajaya (9571): Clinches RM174m hospital project in Shah Alam

Mitrajaya Holdings Bhd has secured a RM174.3m contract to construct a hospital in Shah Alam, Selangor, with completion expected by May 2027. Despite recent quarterly losses, Mitrajaya's full-year net profit for FY2023 nearly doubled to RM14.1m, largely due to a significant gain from selling land in Pulau Melaka. *(The Edge)*

MAHB (5014): Confirms getting privatisation offer from consortium led by Khazanah, EPF

Malaysia Airports Holdings Bhd (MAHB) received a RM12bn takeover offer from a consortium led by Khazanah Nasional Bhd, the Employees Provident Fund (EPF), Global Infrastructure Partners (GIP), and Abu Dhabi Investment Authority (ADIA). The consortium, Gateway Development Alliance Sdn Bhd, aims to acquire all remaining shares at RM11 each, representing a 5.77% premium over the last traded price. The acquisition, targeting operational upgrades and enhanced passenger services, would be Malaysia's largest in nearly three years. The joint offerors assured no layoffs and emphasized long-term investment benefits. *(The Edge)*

Sarawak Energy (2356): Plans to expand business beyond Borneo

Sarawak Energy Bhd (SEB) aims to generate 10,000 MW of energy by 2030 and expand its business beyond Borneo, leveraging hydropower, biomass, gas combined cycle power, and solar plants. SEB, currently with a 5,625 MW capacity, plans to export energy to Brunei, Sabah, and Singapore via a 700-kilometre submarine cable by 2032, and is constructing the Baleh Dam hydropower project, expected to produce 1,285 MW upon completion by 2029. SEB's participation in the Future Energy Asia exhibition aims to promote its brand and exchange expertise on renewable energy technology. (*The Edge*)

Ewein (7249): To acquire rackform business company for RM32m

Ewein Bhd is acquiring VS Solution Services Sdn Bhd (VSS) for RM32m, gaining 500,000 ordinary shares, representing the entire equity interest in VSS. This acquisition will give Ewein immediate access to VSS's rackform business and client base, enhancing its manufacturing revenue and earnings. The deal is expected to create synergies and economies of scale, as both companies serve the electrical and electronics industry and utilize similar raw materials. (*The Star*)

Menang (1694): Inks agreement to develop wellness park

Menang Corp Bhd is considering a partnership with Alpro Alliance Sdn Bhd to create a health and wellness park in Menang Park, Seremban 3, Negeri Sembilan. The collaboration involves developing approximately 25.8 acres of Alpro's land into a comprehensive health and wellness facility, with Alpro contributing pharmaceutical facilities and Menang focusing on leisure amenities. This move reflects Menang's strategic expansion into the healthcare sector as part of its efforts to diversify its business operations. (*The Star*)

Willowglen (0008): Bags RM7.92m contract in Singapore

Willowglen MSC Bhd's subsidiary, Willowglen Services Pte Ltd, has secured a RM7.9m contract from Singapore's Housing & Development Board for lift monitoring services. The contract, effective from May 30, 2024, to September 30, 2025, encompasses design, supply, installation, and maintenance. (*The Star*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.39	0.21	8.79
Sentral REIT	REIT	0.82	0.07	8.29
YTL Hospital REIT	REIT	1.20	0.10	8.00
British American Tobacco (M)	Consumer	8.75	0.70	7.98
KIP REIT	REIT	0.90	0.07	7.78
RHB Bank	Finance	5.48	0.40	7.35
Amway (M)	Consumer	7.30	0.51	6.95
Pavilion REIT	REIT	1.32	0.09	6.89
MBM Resources	Consumer	4.98	0.34	6.87
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.82
Sports Toto	Consumer	1.43	0.10	6.78
MAG Holdings	Consumer	1.16	0.07	6.47
Magnum	Consumer	1.16	0.07	6.47
UOA REITS	REIT	1.12	0.07	6.43
Hektar REITS	REIT	0.70	0.04	6.33

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		
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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