

Daily Newswatch

Market Review

Last Friday, the FBMKLCI hit a new two-year high, rising by 0.3%, contributing to a total index gain of almost 1% for the week. Key index constituents such as YTL Corp (+4.7%), YTL Power (+4.1%), MR DIY (+2.8%), and Maxis (+2.8%) continue to emerge higher. Across the board, positive momentum was observed across sectors including technology (+2.5%) and utilities (+1.5%). Market sentiment remained upbeat, reflected by 846 gainers surpassing 374 losers.

Economics

- **China** implements broad rescue package to end property crisis
- **China** consumption unexpectedly slows in warning sign to economy
- **Malaysia** 1Q GDP grows 4.2% y-o-y, 1.4% q-o-q

Companies

- **ITMAX (5309)** secures RM105m variation order from DBKL
- **PPB Group (4065)** to invest RM327m in film segment over next five years
- **Epicon (4847)** secures RM50m contract for structural reinforced concrete works
- **NationGate (0270)** secures SC nod for transfer to Main Market
- **Ho Hup (5169)** property development unit applies for judicial management
- **Berjaya Asset (3239)** officially launches Times Square 2
- **Malayan Flour Mill (3662)** allocates RM300m to improve grain, poultry operations

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,616.6	0.3	11.3
Dow Jones	40,003.6	0.3	6.1
Nasdaq CI	16,686.0	(0.1)	13.0
S&P 500	5,303.3	0.1	11.8
FTSE 100	8,420.3	(0.2)	9.0
Nikkei 225	38,787.4	(0.3)	16.5
Shanghai CI	3,154.0	1.0	6.5
HSI	19,553.6	0.9	16.5
STI	3,313.5	0.3	2.6

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	7,229.6	19.5
Value traded (RM m)	4,539.6	4.2
Gainers	846	
Losers	374	
Unchanged	497	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
INGENIU	0.095	26.7	355.4
DNEX	0.440	10.0	184.0
REVENUE	0.225	(2.2)	115.9
TOPGLOV	1.200	0.0	113.3
DSONIC	0.525	10.5	112.6

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
AIRPORT	10.160	1.2	178.5
YTLPOWR	5.390	4.1	148.2
MAYBANK	9.920	0.0	144.0
TOPGLOV	1.200	0.0	136.0
CIMB	6.810	0.3	131.7

Currencies	Last Close	% Chg
USD/MYR	4.6877	0.1
USD/JPY	155.65	0.2
EUR/USD	1.0869	0.0
USD/CNY	7.2243	0.0
US Dollar Index	104.45	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.98	0.9
Gold (USD/troy oz)	2,415.22	1.6
CPO (USD/metric t)	3,844.50	(0.4)
Bitcoin (USD/BTC)	67,125.6	2.5

Economics

China: Implements broad rescue package to end property crisis

China's government has announced aggressive measures to revive its struggling property market, including relaxed mortgage rules, reduced down-payment requirements, and 300bn yuan (US\$42bn) in central bank funding to support government-backed firms buying unsold homes for conversion into affordable housing. Despite positive market reactions, analysts believe the funding is insufficient to fully address the housing supply-demand imbalance. The measures reflect Xi Jinping's focus on stabilizing the economy amid various challenges, but doubts remain about their effectiveness without more substantial government intervention. The situation parallels the financial crisis bailouts, with ongoing risks to social stability and economic growth. *(Bloomberg)*

China: Consumption unexpectedly slows in warning sign to economy

China's economic recovery remains uneven, with consumer spending growth slowing unexpectedly to 2.3% in April, down from 3.1% in March, while industrial production accelerated by 6.7%, exceeding expectations. The sluggish consumer demand, exacerbated by a housing crisis and a car price war, contrasts with the robust performance of the export-driven manufacturing sector. Investment in property development declined sharply, and the urban jobless rate fell slightly to 5%. The government is rolling out modest subsidies to boost consumer demand but may need more significant financial support to stabilize growth. *(Bloomberg)*

Malaysia: 1Q GDP grows 4.2% y-o-y, 1.4% q-o-q

Malaysia's economy grew 4.2% year-on-year in the first quarter of 2024, driven by higher household spending, stronger investment activities, and improved tourist arrivals, surpassing the expected 3.9% growth. On a seasonally adjusted basis, GDP rose 1.4% quarter-on-quarter. The central bank noted that growth in 2024 will be supported by resilient domestic expenditure and recovering external demand, though risks include weaker external demand and geopolitical conflicts. The government forecasts the economy to grow between 4% and 5% this year, up from 3.7% in 2023. *(Bloomberg)*

Companies

ITMAX (5309): Secures RM105m variation order from DBKL

ITMAX System Bhd has secured a RM105.3m variation order from Kuala Lumpur City Hall, extending its contract for providing CCTV and video messaging signages integrated transport information system services until 2029. The extension of phase one, originally set to end in 2026, reflects DBKL's trust in ITMAX's solutions. ITMAX will enhance the digital infrastructure to meet evolving needs, with liquidated ascertained damages for any delays. This underscores ITMAX's role in driving digital transformation in Kuala Lumpur. *(The Edge)*

PPB Group (4065): To invest RM327m in film segment over next five years

PPB Group Bhd plans to invest RM327m in its film exhibition and distribution segment, Golden Screen Cinemas (GSC), over the next five years, opening seven new cinemas and diversifying into food, beverage, and events. Despite closing several cinemas due to non-performance, GSC aims to increase market share and reduce reliance on Hollywood content. *(The Edge)*

Epicon (4847): Secures RM50m contract for structural reinforced concrete works

Epicon Bhd secured a RM50m contract for structural reinforced concrete works for a high-rise residential project in Kuala Lumpur, increasing its outstanding order book to RM979m. *(The Edge)*

NationGate (0270): Secures SC nod for transfer to Main Market

NationGate Holdings Bhd received approval from the Securities Commission Malaysia for its transfer to the Main Market of Bursa Malaysia under an accelerated process. The electronics manufacturing services provider, listed on the ACE Market in January 2023, expects the transfer to complete in the first half of 2024. The company is primarily controlled by managing director Ooi Eng Leong with a 57.9% stake. *(The Edge)*

Ho Hup (5169): Property development unit applies for judicial management

Ho Hup Construction Company Bhd announced that its 52%-owned subsidiary, Golden Wave Sdn Bhd (GWSB), has applied for judicial management, aiming to rehabilitate its financial condition amidst challenges exacerbated by the Covid-19 pandemic. GWSB's struggles have impacted Ho Hup's financials, with its property development division, Ho Hup Ventures (KK) Sdn Bhd, facing liabilities exceeding assets by end-2023. *(The Edge)*

Berjaya Asset (3239): Officially launches Times Square 2 with a GDV of RM625m

Berjaya Asset Bhd officially launched Times Square 2, a luxury serviced apartment development adjacent to Berjaya Times Square in Kuala Lumpur, with 375 units in its first phase already 50% sold. The project, spanning 41 storeys, offers units ranging from 488 sq ft to 1,356 sq ft, with prices starting at RM1,500 psf. The gross development value of the new project is RM625m. *(The Edge)*

Malayan Flour Mill (3662): Allocates RM300m to improve grain, poultry operations

Malayan Flour Mills Bhd (MFM) has allocated RM300m for capital expenditure (capex) in 2024 to bolster its growth initiatives. Dindings Tyson Sdn Bhd (DTSB), overseeing the poultry integration segment, plans to invest up to RM200m to enhance breeder farms and automate a poultry processing plant. MFM also intends to invest RM100m to increase capacity in its flour milling operations in Malaysia and Vietnam, aiming to achieve economies of scale and strengthen its position as a leading food-security player. *(The Star)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.46	0.21	8.70
Sentral REIT	REIT	0.81	0.07	8.40
YTL Hospital REIT	REIT	1.19	0.10	8.07
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.93	0.70	7.82
RHB Bank	Finance	5.50	0.40	7.33
Amway (M)	Consumer	7.33	0.51	6.92
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
Sports Toto	Consumer	1.47	0.10	6.60
MAG Holdings	Consumer	1.15	0.07	6.52
Magnum	Consumer	1.15	0.07	6.52
UOA REITS	REIT	1.11	0.07	6.49
Sunway REIT	REIT	1.55	0.10	6.45

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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