

# Daily Newswatch

## Market Review

The FBMKLCI surged by 0.4% on Thursday, hitting a three-year high due to strong buying interest in blue-chip stocks such as Sime Darby and TNB, both up by 2.5%. Other notable gainers among the constituents include MISC (+1.7%) and YTL (+1.6%). Most sectors in the broader market were up, except for healthcare (-0.3%). Transportation & logistics, utilities, and energy sectors led gains, each rising by about 1.0%-1.1% respectively. Overall market sentiment was positive, with 732 gainers outnumbering 521 losers.

## Economics

- Malaysia** Putrajaya to finetune targeted subsidies to ensure proper execution — Amir Hamzah
- Singapore** maintains 2024 growth forecast amid improving US and China prospects
- Singapore** core inflation rate holds steady at 3.1% in April
- US** business activity surges in May with strong service sector growth and rising inflation
- US** jobless claims post biggest back-to-back drop since September
- Malaysia** Sarawak receives over RM19.4bn investments from China, creating over 10,000 jobs

## Companies

- Sime Darby Prop (5288)** to develop data centre, RM2bn lease value for first 20 years
- Malakoff (5264)** acquires two RE companies for RM27m
- Axis-REIT (5106)** acquires two properties from CCB for RM125m
- Carimin (5257)** acquires RM23.4m crew boat to expand marine support services
- PTT Synergy (7010)** eyes bringing warehousing leasing business to Penang semicon player

### Upcoming key economic data releases

	Date
Malaysia – PPI	28 May
US - GDP	30 May
Malaysia - IPI	10 June
US - FOMC	12 June
US - CPI	12 June
US - PPI	13 June
Malaysia - CPI	25 June
Malaysia - GDP	27 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,629.2	0.4	12.1
Dow Jones	39,065.3	(2.0)	3.6
Nasdaq CI	16,736.0	(0.6)	13.3
S&P 500	5,267.8	(1.0)	11.1
FTSE 100	8,339.2	(0.9)	8.0
Nikkei 225	39,103.2	0.4	17.5
Shanghai CI	3,116.4	(1.3)	5.2
HSI	18,868.7	(1.8)	12.4
STI	3,322.6	0.4	2.9

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	6,156.1	13.4
Value traded (RM m)	4,679.1	10.7
Gainers	732	
Losers	521	
Unchanged	504	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
INGENIU	0.065	(7.1)	500.5
SNS	0.630	26.0	234.5
KNM	0.100	33.3	187.9
PERDANA	0.410	13.9	92.1
ZANTAT	0.590	16.8	85.0

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	13.100	2.5	197.8
CIMB	6.880	0.6	162.2
SNS	0.630	26.0	147.7
YTLPOWR	5.380	0.0	140.2
MAYBANK	9.990	0.0	125.4

Currencies	Last Close	% Chg
USD/MYR	4.7080	0.1
USD/JPY	156.97	0.5
EUR/USD	1.0811	(0.4)
USD/CNY	7.2429	0.1
US Dollar Index	105.04	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.36	(1.8)
Gold (USD/troy oz)	2,331.66	(3.8)
CPO (USD/metric t)	3,924.00	0.7
Bitcoin (USD/BTC)	67,838.5	(2.8)

## Economics

### Malaysia: Putrajaya to finetune targeted subsidies to ensure proper execution — Amir Hamzah

In preparation for targeted subsidies, Malaysia is fine-tuning its subsidy mechanism to ensure proper execution and direct benefits to the right groups, according to Finance Minister II Datuk Seri Amir Hamzah Azizan. The government aims to eliminate leakages and inefficiencies, particularly in diesel subsidies, which cost RM1bn monthly and are exploited through smuggling and undeserved commercial use. Prime Minister Datuk Seri Anwar Ibrahim announced the Cabinet's agreement to implement targeted diesel subsidies in Peninsular Malaysia, while postponing such measures in Sabah and Sarawak to avoid burdening residents. The plan includes subsidies for traders using commercial diesel vehicles and specific types of public and goods transport vehicles. *(Bernama)*

### Singapore: Maintains 2024 growth forecast amid improving US and China prospects

Singapore has maintained its 2024 economic growth forecast at 1% to 3%, buoyed by improving prospects in the US and China, despite risks from geopolitical tensions and diverging global monetary policies. The Ministry of Trade and Industry confirmed that first-quarter growth was 0.1% quarter-on-quarter, surpassing expectations of a 0.3% contraction, and 2.7% year-on-year, also exceeding forecasts. The city-state expects to benefit from robust travel and tourism demand but remains cautious of potential risks from geopolitical escalations and global monetary policy desynchronization. *(Bloomberg)*

### Singapore: Core inflation rate holds steady at 3.1% in April

Singapore's core inflation rate remained steady at 3.1% in April, matching the March rate and median estimates, giving the central bank leeway to monitor economic risks from geopolitical tensions and diverging global monetary policies. The all-items consumer price index also remained stable at 2.7%. Increases in electricity, gas, and retail inflation were offset by declines in services and food inflation. The Monetary Authority of Singapore (MAS) maintained its inflation projections and will review policy settings in July, continuing to use the exchange rate as its main policy tool. *(Bloomberg)*

### US: Business activity surges in May with strong service sector growth and rising inflation

US business activity in early May accelerated at the fastest pace in two years, driven by strong growth in the service sector, according to the S&P Global flash May composite PMI, which rose to 54.4. This indicates a notable mid-quarter acceleration despite earlier subdued data from April. Resilient demand, especially in manufacturing, is making it difficult to reduce inflation, leading the Federal Reserve to maintain higher interest rates. The composite measure of input prices increased, with factory input prices rising at the fastest rate since November 2022, indicating persistent inflationary pressures. *(Bloomberg)*

### US: Jobless claims post biggest back-to-back drop since September

Initial applications for US unemployment benefits fell by 8,000 to 215,000 in the week ending May 18, marking the largest back-to-back decline since September, indicating easing layoffs and strong demand for workers. Continuing claims remained steady at 1.8m. Despite the historically low levels of unemployment claims over the past six months, there are signs of a cooling labour market, including slower hiring. *(Bloomberg)*

### Malaysia: Sarawak receives over RM19.4bn investments from China, creating over 10,000 jobs

China has invested over RM19.4bn in solar, steel, and wood-based manufacturing projects in Sarawak, creating more than 10,000 local jobs and stimulating economic growth, according to Sarawak Premier Tan Sri Abang Johari Tun Openg. These investments have enhanced industrial capabilities and fostered sustainable development and innovation. In 2023, Sarawak's exports to China, including liquefied natural gas and edible oils, were valued at RM18.8bn, while imports from China reached RM9.9bn. The collaboration extends to hydropower projects like Bakun, Murum, and Baleh, supporting Sarawak's goal to become an ASEAN energy powerhouse. *(Bernama)*

## Companies

### **Sime Darby Prop (5288): To develop data centre, RM2bn lease value for first 20 years**

Sime Darby Property Bhd has partnered with Pearl Computing Malaysia Sdn Bhd to develop a hyperscale data centre at Elmina Business Park, Selangor. The project, set to begin in the second quarter of 2024 and complete by 2026, will occupy 19.8 hectares and involve a 20-year lease valued up to RM2bn, with renewal options. This development aims to enhance Elmina Business Park's status as a prime industrial hub for technology companies and aligns with Sime Darby Property's strategy to expand its investment and asset management portfolio. *(The Star)*

### **Malakoff (5264): Acquires two RE companies for RM27mil**

Malakoff Corp Bhd is acquiring a 51% equity interest in ZEC Solar Sdn Bhd and a 49% stake in TJZ Suria Sdn Bhd from Zelleco Engineering Sdn Bhd for RM27m. ZEC Solar owns a 29 MW photovoltaic facility in Johor with a 21-year power purchase agreement, while TJZ Suria operates and maintains the facility. This acquisition aligns with Malakoff's strategy to expand its renewable energy capacity and supports the National Energy Transition Roadmap, reinforcing the company's commitment to green and sustainable growth. *(The Star)*

### **Axis-REIT (5106): Acquires two properties from CCB for RM125m**

Axis Real Estate Investment Trust (Axis-REIT) is purchasing two industrial properties in Selangor from Cycle & Carriage Bintang Bhd for RM125m. The properties are located in Seksyen 51A, Petaling Jaya, and Kawasan Perindustrian Batu Caves. This acquisition aligns with Axis-REIT's strategy to provide stable income distribution and grow its net asset value by acquiring high-quality, income-generating properties. *(The Star)*

### **Carimin (5257): Acquires RM23.4m crew boat to expand marine support services**

Carimin Petroleum Bhd is purchasing a crew boat for US\$4.96m (RM23.4m) from Penguin Shipyard Asia Pte Ltd to bolster its marine support services for offshore maintenance and commissioning activities. The acquisition will be financed with 30% cash and 70% bank borrowings. *(The Edge)*

### **PTT Synergy (7010): Eyes bringing warehousing leasing business to Penang semicon player**

PTT Synergy Group Bhd is expanding its warehousing leasing business into the semiconductor sector in Penang, partnering with an undisclosed multinational corporation for a build-to-suit, AI-driven warehouse. The 401,701 sq ft facility, with an annual capacity of 552,000 pallets, will feature an automated storage and retrieval system. This project, part of PTT Synergy's vision for cutting-edge logistics solutions, demonstrates its ability to deliver customised industrial solutions and supports its goal of reducing clients' carbon footprints. *(The Edge)*

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.44	0.21	8.77
Sentral REIT	REIT	0.81	0.07	8.45
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.23	0.10	7.80
British American Tobacco (M)	Consumer	9.04	0.70	7.72
RHB Bank	Finance	5.52	0.40	7.30
MBM Resources	Consumer	5.00	0.34	6.76
Amway (M)	Consumer	7.50	0.51	6.76
Pavilion REIT	REIT	1.36	0.09	6.69
CapitaLand Malaysia Trust	REIT	0.68	0.04	6.52
UOA REITS	REIT	1.11	0.07	6.49
MAG Holdings	Consumer	1.17	0.07	6.41
Magnum	Consumer	1.17	0.07	6.41
Sunway REIT	REIT	1.56	0.10	6.28
Malayan Banking	Finance	9.99	0.62	6.23

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		
Smart Asia Chemical	ACE Market	0.40	93.5	-	13 May	28 May
<a href="#">Kawan Renergy</a>	ACE Market	0.30	110.0	34.5	14 May	29 May
KTI Landmark	ACE Market	0.30	160.0	45.0	4 Jun	19 Jun

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