

# Daily Newswatch

## Market Review

The FBMKLCI decreased by 0.6% last Friday, in line with the decline in the Asian equity market. 18 out of the 30 index constituents were in negative territory with the biggest laggards being YTL Power (-8.0%) and YTL (-5.2%). Most sectors within the broader market experienced declines, with the exception of technology (+0.5%) and plantation (+0.1%). Notably, healthcare (-2.6%) and utilities (-1.3%) sectors fell the most. Market breadth was negative, with 845 losers outnumbering 450 gainers.

## Economics

- **UK** Retail sales fell more than expected during rainy spell
- **Malaysia** MITI secures RM1.45bn potential investments, RM550m potential exports from Japan
- **Malaysia** April inflation a tad slower than expected — official data
- **US** Biden to end tariff exclusions for hundreds of Chinese products

## Companies

- **Gamuda (5398)** bags RM1.7bn contract for data centre
- **Aneka (0226)** bags RM23m subcontract from IJM construction
- **TRC Synergy (5054)** secures RM142m project to 'transform' state legislative building
- **Silver Ridge (0129)** unit bags RM169m Melaka cruise terminal contract
- **Scientex (4731)** to acquire 37 land parcels in Penang for RM463m
- **Favelle Favco (7229)** to build two logistic warehouses in Australia
- **Semiconductor** Taiwan's Siliconware breaks ground for RM6.0bn facility in Penang

### 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	1,619.4	(0.6)	11.4
Dow Jones	39,069.6	0.0	3.6
Nasdaq CI	16,920.8	1.1	14.6
S&P 500	5,304.7	0.7	11.8
FTSE 100	8,317.6	(0.3)	7.7
Nikkei 225	38,646.1	(1.2)	16.1
Shanghai CI	3,088.9	(0.9)	4.3
HSI	18,608.9	(1.4)	10.8
STI	3,316.6	(0.2)	2.7

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,612.7	(8.8)
Value traded (RM m)	4,580.9	(2.1)
Gainers	450	
Losers	845	
Unchanged	442	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
AHB	0.190	11.8	131.2
SNS	0.655	4.0	118.6
MYEG	1.020	(1.9)	92.1
JCY	0.450	12.5	91.1
YTLPOWR	4.950	(8.0)	85.0

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
YTLPOWR	4.950	(8.0)	421.0
YTL	3.680	(5.2)	251.3
CIMB	6.880	0.0	129.5
INARI	3.440	6.5	120.7
SIMEPROP	1.240	6.9	102.7

Currencies	Last Close	% Chg
USD/MYR	4.7115	0.2
USD/JPY	156.99	0.0
EUR/USD	1.0847	0.3
USD/CNY	7.2436	0.0
US Dollar Index	104.72	(0.4)

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.12	0.9
Gold (USD/troy oz)	2,333.83	0.2
CPO (USD/metric t)	3,902.00	(0.6)
Bitcoin (USD/BTC)	69,069.8	1.6

## Economics

### **UK: Retail sales fell more than expected during rainy spell**

UK retail sales fell by 2.3% in April, marking the sharpest decline this year as rainy weather and the ongoing cost-of-living crisis deterred consumer spending. This drop, worse than economists' expectations, underscores the challenges facing Prime Minister Rishi Sunak's government ahead of the upcoming general election. Despite a slight improvement in consumer confidence due to easing inflation, sales of clothing, sports equipment, games, and furniture suffered significantly, and overall retail sales fell 2.7% year-on-year. While some retailers like Marks & Spencer showed resilience, the overall economic outlook remains cautious. (*Bloomberg*)

### **Malaysia: MITI secures RM1.45bn potential investments, RM550m potential exports from Japan**

The Ministry of Investment, Trade and Industry (MITI) secured RM1.45bn in potential investments and RM550m in potential exports from meetings with Japanese companies during Prime Minister Datuk Seri Anwar Ibrahim's visit to Japan. These projects, involving companies like IHI Corp, Sumitomo Corp, and Mitsubishi Corp, aim to enhance Malaysia's semiconductor, renewable energy, and green technology sectors, contributing to the nation's carbon-neutrality goal by 2050. The agreements reflect Japanese investors' confidence in Malaysia's industrial landscape, bolstered by initiatives in the New Industrial Master Plan 2030 and the National Energy Transition Roadmap. (*Bernama*)

### **Malaysia: April inflation a tad slower than expected — official data**

Malaysia's inflation rate in April was 1.8%, slightly below the expected 1.9%, with the rate remaining unchanged for three consecutive months. The consumer price index saw increases in the food-and-beverages group (up 2%), restaurant and accommodation services (up 3.5%), and personal care goods (up 3.1%). These were offset by declines in information and communications (down 2.5%) and clothing (down 0.3%). Core inflation rose to 1.9% in April, up from 1.7% in March, with the official forecast for 2024 predicting a headline inflation rate of 2% to 3.5% and core inflation at 2% to 3%. (*The Edge*)

### **US: Biden to end tariff exclusions for hundreds of Chinese products**

US President Joe Biden will reimpose tariffs on hundreds of goods imported from China, allowing about half of 400 previously exempt products to face renewed duties, as announced by the US Trade Representative (USTR). While 164 exemptions, including items like motors and medical equipment, will be extended through May next year, others will expire on June 14 after a transition period. This move follows the administration's decision to increase tariffs on electric vehicles, semiconductors, batteries, and other strategic imports due to China's alleged intellectual property theft. The tariffs, initially imposed under President Trump in 2018, aim to protect American manufacturing. (*Bloomberg*)

## Companies

### **Gamuda (5398): Bags RM1.7bn contract for data centre**

Gamuda Bhd's subsidiary, Gamuda Engineering, has secured an RM1.7bn contract to construct and develop a hyperscale data centre in Elmina Business Park, Selangor, in partnership with Sime Darby Property and Pearl Computing Malaysia. The project, divided into two phases, will commence in May 2024 and is expected to be completed by September 2026. Upon completion, the parties will enter a 20-year lease valued at up to RM2bn. This project is part of Malaysia's broader push for new data centres, driven by digitalisation and AI investments, including Microsoft's planned US\$2.2bn investment in cloud computing and AI in the country. *(The Star)*

### **Aneka (0226): Bags RM23m subcontract from IJM construction**

Aneka Jaringan Holdings Bhd has secured a RM22.5m subcontract from IJM Construction Sdn Bhd for bored piling works at the Figure 8 Interchange and Ibrahim International Business District in Johor. This project, part of the Johor Bahru-Singapore Rapid Transit System Link, will commence on April 30, 2024, and is expected to be completed by November 14, 2024. *(The Star)*

### **TRC Synergy (5054): Secures RM142m project to 'transform' state legislative building**

TRC Synergy Bhd's subsidiary, Trans Resources Corporation Sdn Bhd (TRC), has secured an RM142.3m subcontract for architectural, structural, and civil works related to the transformation of a state legislative building. The letter of acceptance was issued by Performing Arts Centre Consortium Sdn Bhd. Although specific project details were not disclosed, the letter of acceptance can be inspected at TRC's registered office in Selangor for three months. The company expects the project to positively impact its future earnings and earnings per share. *(The Star)*

### **Silver Ridge (0129): Unit bags RM169m Melaka cruise terminal contract**

Silver Ridge Holdings Bhd's 51% subsidiary, Total SR Web 3.0 Sdn Bhd, has secured an RM168.8m contract from Melaka International Cruise Terminal Sdn Bhd to construct the Melaka International Cruise Terminal. The project includes piling, superstructure works, and mechanical and engineering services, starting on May 24, 2024, and expected to complete by August 23, 2025. *(The Edge)*

### **Scientex (4731): To acquire 37 land parcels in Penang for RM463m**

Scientex Bhd's subsidiary, Scientex (Skudai) Sdn Bhd, is acquiring 37 parcels of freehold land in Penang for RM462.5m from Land Capacity Sdn Bhd, with the deal expected to be completed in the first half of next year. This strategic acquisition will expand Scientex's landbank by 286.7 hectares, supporting its goal of building 50,000 affordable homes nationwide by 2028. The investment aims to enhance the group's earnings potential and provide a sustainable property development model, focusing on affordable landed properties with steady demand. *(The Edge)*

### **Favelle Favco (7229): To build two logistic warehouses in Australia**

Favco Bhd is investing A\$39.8m (RM124.0m) to develop two single-storey logistic warehouses on its freehold land near Sydney, Australia. The project, in partnership with Dexu Property Services and Dexu Funds Management, will cover a combined gross lettable area of 14,000 sq m on a subdivided 23,453 sq m plot, with the remaining land used for crane manufacturing. The construction, starting in June 2024 and expected to be completed by Q2 2026, will be funded through internal funds and bank borrowings. The project aims to generate annual rental income between A\$4.1m and A\$4.9m, leveraging the land's strategic location between Sydney and the future Western Sydney Airport. *(The Edge)*



**Semiconductor: Taiwan's Siliconware breaks ground for RM6.0bn facility in Penang**

Taiwan-based Siliconware Precision Industries Co Ltd has started construction on an RM6bn semiconductor packaging and testing facility at Bandar Cassia Technology Park in Penang. This eight-hectare plant will introduce advanced technologies like wafer bumping and flip chip packaging, and is expected to create nearly 3,000 skilled jobs over the next 15 years. This investment strengthens Malaysia's role in the global semiconductor supply chain and is seen as a validation of the country's appeal to international semiconductor firms, bolstering its economic growth and export capabilities. (*The Edge*)

## 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	1.22	0.10	7.95
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.43	0.65	7.71
RHB Bank	Finance	5.50	0.40	7.33
MBM Resources	Consumer	5.01	0.34	6.75
Pavilion REIT	REIT	1.36	0.09	6.69
Amway (M)	Consumer	7.45	0.50	6.67
CapitaLand Malaysia Trust	REIT	0.68	0.04	6.52
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
Sunway REIT	REIT	1.55	0.10	6.32
Sports Toto	Consumer	1.55	0.10	6.26

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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