

Daily Newswatch

Market Review

The FBMKLCI saw profit-taking activities with a decline of 0.2% on Tuesday, dragged down by laggards in the constituents such as CelcomDigi (-2.0%), MR DIY (-1.1%), and YTL Corp (-0.5%). Across the broader market, only the consumer products & services (+0.1%) sectors saw minor positive gains. Sectors with the highest decline are the utilities (-1.7%) and telecommunications & media (-1.2%). Overall, market sentiment was negative, with 824 losers outmatching 352 gainers.

Economics

- **Malaysia** producer price index up 1.9% in April 2024 — DOSM
- **US** consumer confidence unexpectedly improves in May
- **ECB** can start cutting interest rates step by step, Knot says
- **Malaysia** to become global semiconductor R&D hub, says PM

Companies

- **E&O (3417)** to launch properties with estimated RM1.6bn GDV in Penang
- **Aurelius (5302)** plans to raise RM123m via private placement for manufacturing plant
- **KPPROP (7077)** to launch two projects with combined GDV of RM395m this year
- **MPHB (5237)** gets privatisation offer at RM1.70 per share
- **IHH Healthcare (5225)** still looking at possible M&As in Indonesia, Vietnam — group CEO
- **Fajarbaru (7047)** gets RM15.7m contract extension from Australian Department of Defence
- **Ageson (7145)** Ageson gets RM54m apartment job

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	1,615.3	(0.2)	11.2
Dow Jones	38,852.9	(0.6)	3.0
Nasdaq CI	17,019.9	0.6	15.3
S&P 500	5,306.0	0.0	11.9
FTSE 100	8,254.2	(0.8)	6.9
Nikkei 225	38,830.4	(0.2)	16.7
Shanghai CI	3,124.2	0.0	5.5
HSI	18,940.2	0.6	12.8
STI	3,330.9	0.4	3.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,865.6	(13.8)
Value traded (RM m)	3,795.6	(3.3)
Gainers	352	
Losers	824	
Unchanged	518	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
AHB	0.150	(25.0)	119.9
GHLSYS	1.050	4.0	117.8
ANEKA	0.195	(36.1)	81.1
SMART	0.460	15.0	74.1
RANHILL	1.350	(14.0)	70.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MAYBANK	9.990	0.0	148.8
GHLSYS	1.050	4.0	123.7
PBBANK	4.120	(0.2)	120.8
GCB	4.350	12.7	107.6
CIMB	6.910	0.1	105.7

Currencies	Last Close	% Chg
USD/MYR	4.6975	(0.1)
USD/JPY	157.35	0.2
EUR/USD	1.0849	(0.0)
USD/CNY	7.2445	0.0
US Dollar Index	104.71	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	84.52	1.3
Gold (USD/troy oz)	2,357.88	0.4
CPO (USD/metric t)	3,880.00	(0.7)
Bitcoin (USD/BTC)	68,436.1	(1.9)

Economics

Malaysia: Producer price index up 1.9% in April 2024 — DOSM

Malaysia's producer price index (PPI) increased by 1.9% year-on-year in April 2024, up from 1.6% in March, driven by price increases across all sectors, particularly in mining (10%), agriculture (5.4%), and manufacturing (0.8%). The mining sector saw significant gains from crude petroleum and natural gas extraction, while the agriculture sector benefited from rising prices of perennial crops and animal production. Chief statistician Datuk Seri Dr. Mohd Uzir Mahidin highlighted that geopolitical tensions and rising crude oil prices are contributing to higher commodity prices, with projections indicating that prices will remain above pre-pandemic levels in 2024 and 2025. *(Bernama)*

US: Consumer confidence unexpectedly improves in May

US consumer confidence improved in May, rising to 102.0 from 97.5 in April, according to the Conference Board, contrary to economists' expectations of a decline to 95.9. The increase was driven by improved views on current labour market conditions, with fewer respondents reporting jobs as "hard to get." Despite this improvement, the overall confidence index has remained within a narrow range for over two years, and consumers' 12-month inflation expectations slightly increased to 5.4% from 5.3% in April. *(Reuters)*

ECB: Can start cutting interest rates step by step, Knot says

The European Central Bank (ECB) is increasingly confident that inflation will return to its 2% target next year and is considering gradually easing its tight monetary policy, according to Governing Council member Klaas Knot. Knot indicated that policy rates would slowly move to less restrictive levels, with the timing and scale of easing being data-dependent. Markets are anticipating two to three rate cuts this year, with the possibility of back-to-back reductions in June and July. The ECB's upcoming economic projections and data on wages, productivity, and profit margins will be crucial for future interest rate decisions. *(Bernama)*

Malaysia: To become global semiconductor R&D hub, says PM

Malaysia aims to attract RM500bn in investments for integrated circuit (IC) design, advanced packaging, and semiconductor manufacturing under the National Semiconductor Strategy (NSS) launched in April. Prime Minister Datuk Seri Anwar Ibrahim announced goals to establish at least 10 Malaysian companies in design and advanced packaging with revenues between RM1bn and RM4.7bn, and around 100 semiconductor-related companies with total revenues of RM1bn. The NSS also aims to develop Malaysia as a global R&D hub for semiconductors, train 60,000 engineers, and allocate at least RM25bn in fiscal support. The strategy, structured in three phases, focuses on fostering innovation, enhancing R&D capabilities, and promoting technology for the greater good. *(The Star)*

Companies

E&O (3417): E&O to launch properties with estimated RM1.6bn GDV in Penang

E&O plans to launch three new projects in Penang with a total GDV of RM1.6bn in 2024 and 2025, including The Lume (GDV RM689m), Marina (GDV over RM600m), and Phase Two of Senna and Fera (GDV nearly RM300m). Phase One of Senna and Fera has achieved a 90% take-up rate. As of March 2024, E&O reported property sales of RM870.6m and unbilled sales of RM1.3bn, ensuring earnings visibility until FY2026. *(The Edge)*

Aurelius (5302): Plans to raise RM123m via private placement for manufacturing plant

Aurelius Technologies Bhd plans a private placement of up to 39.4m shares to raise RM123.3m, primarily for building a new manufacturing plant in Kulim Hi-Tech Park, Kedah. The proceeds will also fund working capital, new machinery, bank facility repayment, and land investment. *(The Edge)*

Kerjaya Prospek Property (7077): To launch two projects with combined GDV of RM395m this year

Kerjaya Prospek Property Bhd (KL) plans to launch two residential projects in the Klang Valley with a combined GDV of RM395m, providing earnings visibility for up to four years. *(The Edge)*

MPHB (5237): Gets privatisation offer at RM1.70 per share

MPHB Capital Bhd's chairman Tan Sri Surin Upatkoorn plans to take the company private through a selective capital reduction of RM748.1m, offering RM1.70 per share, an 8.3% premium to the closing price on Monday. The proposal includes a bonus issue of 146.1m shares to be cancelled under the capital reduction. *(The Edge)*

IHH Healthcare (5225): Still looking at possible M&As in Indonesia, Vietnam — group CEO

IHH Healthcare Bhd is exploring potential mergers and acquisitions in Indonesia and Vietnam, focusing on earnings accretive deals with significant synergies, while also evaluating opportunities in Malaysia. The group plans to add nearly 4,000 new beds over the next four years across Europe, Malaysia, Türkiye, India, and Hong Kong. *(The Edge)*

Fajarbaru (7047): Gets RM15.7m contract extension from Australian Department of Defence

Fajarbaru Builder Group Bhd has secured an additional RM15.7m contract from the Australian Department of Defence for the redevelopment of the Royal Malaysian Air Force base in Butterworth, Penang. The project's planning phase has been extended to September 9, 2024, with the completion date now set for March 28, 2025. Initially awarded in July 2023, Fajarbaru's contract value has been revised upwards to RM12.3m for additional works. In March 2024, Fajarbaru also announced securing a minor works contract worth RM11.0m from the Australian Department of Defence. *(The Star)*

Ageson (7145): Gets RM54.3m apartment job

Ageson Bhd has received a letter of award from R&C Cergas Teguh Sdn Bhd (RCCT) for sub-contract works on a 40-store-storey service suite at Jalan Terowong Sepanggar, Sabah, valued at RM54.3m. Ageson's indirect wholly-owned subsidiary, Ageson Kensetsu Sdn Bhd, will manage all aspects of the sub-contract works over a 36-month period from the commencement date set by RCCT. *(The Star)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.42	0.20	8.47
Sentral REIT	REIT	0.81	0.07	8.45
YTL Hospital REIT	REIT	1.22	0.10	7.95
British American Tobacco (M)	Consumer	8.31	0.65	7.82
KIP REIT	REIT	0.90	0.07	7.82
RHB Bank	Finance	5.50	0.40	7.33
MBM Resources	Consumer	5.05	0.35	6.89
Amway (M)	Consumer	7.41	0.50	6.71
Pavilion REIT	REIT	1.37	0.09	6.64
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.57
UOA REITS	REIT	1.11	0.07	6.49
Gas Malaysia	Utilities	3.60	0.23	6.39
MAG Holdings	Consumer	1.18	0.07	6.36
Magnum	Consumer	1.18	0.07	6.36
Sunway REIT	REIT	1.55	0.10	6.32

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		
Kawan Renergy	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
UUE Holdings	ACE Market	0.24	124.9	37.5	18 Jun	2 Jul

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