

# Daily Newswatch

## Market Review

The FBMKLCI ended Thursday's session with a slight decline (-0.1%), reversing earlier gains seen early in the week. Notable underperformers among index constituents included YTL, down by 1.6%, and YTL Power, which fell by 3.4%. Meanwhile, in the broader market, the construction and property sectors emerged as the top performers, with gains of 2.5% and 1.6% respectively, buoyed by favorable news in the construction and property markets. Market sentiment was mixed, with 577 gainers compared to 620 losers.

## Economics

- **Malaysia** businesses expect favourable environment in 2Q - DOSM
- **Malaysia** to have Google commit RM9.4bn for Google data centre and cloud region
- **China** to place export controls on some aviation, space components from July 1
- **US** economic growth revised lower for first quarter; jobless claims edge up

## Companies

- **Kinergy** (0193) secures RM29.5m engineering contract
- **Mah Sing** (8583) on track to hit RM2.5bn sales target in 2024, launches Mah Sing DC Hub
- **Tropicana** (5401) to launch properties with estimated RM4bn GDV
- **RGB** (5401) unit secures RM383m contract from the Philippines
- **YTL Corp** (4677) to offload 5% stake in Malayan Cement for RM325m
- **Construction** Housing Ministry to focus on abandoned housing projects, work with stakeholders

### Upcoming key economic data releases

	<u>Date</u>
EU - GDP	7 June
Malaysia - IPI	10 June
US - FOMC	12 June
US - CPI	12 June
US - PPI	13 June
EU – HICP (Inflation data)	18 June
Malaysia - CPI	25 June
Malaysia - GDP	27 June
US - GDP	27 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,604.3	(0.1)	10.4
Dow Jones	38,111.5	(0.9)	1.1
Nasdaq CI	16,737.1	(1.1)	13.3
S&P 500	5,235.5	(0.6)	10.4
FTSE 100	8,231.1	0.6	6.6
Nikkei 225	38,054.1	(1.3)	14.3
Shanghai CI	3,091.7	(0.6)	4.4
HSI	18,230.2	(1.3)	8.6
STI	3,323.4	0.0	2.9

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,333.5	12.6
Value traded (RM m)	3,993.6	8.2
Gainers	577	
Losers	620	
Unchanged	473	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
LAGENDA	1.120	(4.3)	289.8
KENERGY	0.615	32.3	106.2
MYEG	1.060	1.9	95.7
EPICON	0.345	9.5	85.4
DATAPRP	0.155	3.3	74.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
LAGENDA	1.120	(4.3)	324.6
PBBANK	4.080	0.0	146.6
MAYBANK	9.900	0.0	133.5
PMETAL	5.590	4.1	120.9
TENAGA	13.180	(0.2)	105.4

Currencies	Last Close	% Chg
USD/MYR	4.7035	0.0
USD/JPY	156.93	(0.5)
EUR/USD	1.0830	0.3
USD/CNY	7.2327	(0.2)
US Dollar Index	104.76	(0.4)

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.73	(2.1)
Gold (USD/troy oz)	2,343.58	0.2
CPO (USD/metric t)	4,917.00	24.8
Bitcoin (USD/BTC)	68,430.0	1.6

## Economics

### **Malaysia: Businesses expect favourable environment in 2Q - DOSM**

The Department of Statistics Malaysia (DOSM) reported a marginal positive confidence indicator of 0.7% for businesses in the second quarter of 2024 (2Q2024), down from 4.2% in the previous quarter. While the industry sector remains optimistic, with a confidence indicator of 5.3% driven by sub-sectors like mining, manufacturing, and electricity and water, the construction, wholesale and retail trade, and services sectors anticipate challenging conditions in 2Q2024. Looking ahead, business outlook for April to September remains positive overall, with the industry sector showing a brighter outlook, while wholesale and retail trade expects a more challenging environment. (*Bernama*)

### **Malaysia: To have Google commit RM9.4b for Google data centre and cloud region**

Google plans to invest RM9.4bn (US\$2bn) to establish its first data center and Google Cloud region in Malaysia, situated in Sime Darby Property's Elmina Business Park in Greater Kuala Lumpur. Expected to create 26,500 jobs and have an economic impact of about RM15.0bn, this investment aligns with Malaysia's digital ambitions outlined in the New Industrial Master Plan 2030 (NIMP 2030). The project aims to empower various industries to leverage AI and advanced technologies, fostering a more connected and resilient digital economy in Malaysia. (*The Edge*)

### **China: To place export controls on some aviation, space components from July 1**

China's commerce ministry announced plans to control exports of certain aviation and space components starting from July 1, citing national security and international obligations such as non-proliferation. Items including aerospace structural components, engine manufacturing equipment, and advanced polymers will require an export license, with exporters needing approval from the ministry of commerce. The move aligns with China's Export Control Law and aims to prevent dual-use military applications, following international practices observed by the US and European Union. (*Reuters*)

### **US: Economic growth revised lower for first quarter; jobless claims edge up**

The US economy grew slower than previously estimated in the first quarter, with GDP expanding at a 1.3% annualised rate, down from the initial estimate of 1.6%. This downward revision was attributed to softer consumer spending, alongside recent weakness in retail sales and equipment spending. Inflation during the first quarter was revised slightly lower to 3.3%, prompting Federal Reserve policymakers to delay expectations for interest rate cuts. Despite the slower growth, underlying strength in the labour market persists, as evidenced by low jobless claims and continuing support for the economy. (*Reuters*)

## Companies

### **Kinergy (0193): Secures RM29.5m engineering contract**

Kinergy Advancement Bhd (KAB) has secured an RM29.5m engineering contract from Mah Sing Group Bhd, marking their 14th project with the property giant. Additionally, they've been appointed as the sub-contractor for electrical works by Pembinaan Bintang Baru Sdn Bhd (Bintang Baru), marking their 13th project with them. KAB's executive deputy chairman highlighted the continued trust from clients and the group's strong reputation in the engineering field, emphasising their optimism for the sector's sustained growth, supported by an order book balance of approximately RM166m and pending tenders worth RM153.8m. (*The Star*)

### **Mah Sing (8583): On track to hit RM2.5bn sales target in 2024, launches Mah Sing DC Hub**

Mah Sing Group Bhd has achieved RM992m in new property sales in the first five months of 2024, putting it on track to meet its full-year sales target of at least RM2.5bn. The company is expanding into the data center sector with Mah Sing DC Hub@Southville City, in partnership with Bridge Data Centres (BDC), aiming to develop a state-of-the-art facility with a planned capacity of up to 100MW. (*The Edge*)

### **Tropicana (5401): To launch properties with estimated RM4bn GDV**

Tropicana Corp Bhd plans to launch residential and commercial developments across Malaysia with an estimated GDV of RM4bn. The company anticipates a strengthened financial position with upcoming handovers from various projects and focuses on enhancing its digital and customer loyalty segments. (*The Edge*)

### **RGB (0037): Unit secures RM382.9m contract from the Philippines**

RGB International Bhd has secured a US\$81.3m (RM382.9m) contract from the Philippine Amusement and Gaming Corporation (PAGCOR) for the supply and delivery of slot machine equipment. The project entails providing 1,968 electronic gaming machines (EGMs) along with related accessories, LED signage, displays, logistics, installation, and technical training. (*The Star*)

### **YTL Corp (4677): To offload 5% stake in Malayan Cement for RM325m**

YTL Cement Bhd, a unit of YTL Corp Bhd, plans to sell a 5% stake in Malayan Cement Bhd for up to RM325.4m. The offer, priced at RM4.93 per share, represents a discount to Malayan Cement's market price. The sale is expected to reduce YTL Cement's shareholding in Malayan Cement to 73.58% and increase the public shareholdings spread above 25%. (*The Edge*)

### **Construction: Housing Ministry to focus on abandoned housing projects, work with stakeholders**

The government is prioritising the resolution of unlicensed abandoned private housing projects, with 175 such projects remaining in Peninsular Malaysia. Deputy Minister of Housing and Local Government Datuk Aiman Athirah Sabu stated the ministry's commitment to collaborating with stakeholders to address this issue, highlighting efforts to target these projects through the task force on sick and abandoned private housing projects (TFST). Despite ongoing challenges, the ministry has successfully rehabilitated numerous private housing units, transitioning several projects to completion status and steadily decreasing the number of sick, delayed, and abandoned projects. (*The Edge*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.44	0.20	8.40
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	8.44	0.64	7.63
RHB Bank	Finance	5.48	0.40	7.32
MBM Resources	Consumer	5.03	0.35	7.06
Amway (M)	Consumer	7.38	0.50	6.73
Pavilion REIT	REIT	1.38	0.09	6.59
Gas Malaysia	Utilities	3.49	0.23	6.59
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.57
UOA REITS	REIT	1.12	0.07	6.43
MAG Holdings	Consumer	1.17	0.07	6.41
Magnum	Consumer	1.17	0.07	6.41
Sunway REIT	REIT	1.54	0.10	6.36

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		
<a href="#">KTI Landmark</a>	ACE Market	0.30	160.0	45.0	4 Jun	19 Jun
Agricore CS	ACE Market	0.50	51.7	6.1	7 Jun	21 Jun
UUE Holdings	ACE Market	0.24	124.9	37.5	18 Jun	2 Jul

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