

Daily Newswatch

Market Review

The FBMKLCI surged by 1.2% on Tuesday, driven by strong buying activities in selected heavyweight stocks. Notably, 23 out of 30 index constituents saw gains, with Sime Darby rising by 4.7%, Press Metal by 4.1%, and MISC by 3.1%. The broader market experienced positive momentum, particularly in the technology sector (+1.9%), telecommunications & media (+1.8%), and plantation sector (+1.5%). Overall market sentiment was upbeat, with 666 stocks advancing compared to 545 declining.

Economics

- **Malaysia's** manufacturing sector conditions improve in May's PMI
- **Malaysia-UAE** to sign bilateral trade agreement this year – MITI
- **Canada's** factory PMI slips to four-month low in May
- **US** factory activity contracts as orders slide, output weakens
- **EU** ECB rate-cut expectations start to unravel before first move
- **Indonesia** imposes 7.5% export tax on copper concentrate shipments

Companies

- **SNS Network (0259)** appointed by VSTECs as authorised Starlink equipment retailer in Malaysia
- **Kimlun (5171)** bags RM234m construction contract in Shah Alam
- **MHB (5293)** secures RM1.5bn subcontract for offshore substation
- **ITMAX (5186)** unit appointed to operate smart parking in Iskandar Puteri for 15 years
- **Datasonic (5216)** secures five contract extensions from Home Ministry worth RM182m
- **Inta Bina (0192)** secures RM111m construction job from Gamuda
- **Country Heights (5738)** launches tender for Mines project amid litigation with MBSB Bank
- **AEON (6599)** buys two pieces of land in Seremban for RM103m

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	1,615.4	1.2	11.2
Dow Jones	38,711.3	0.1	2.6
Nasdaq CI	16,857.1	0.7	14.2
S&P 500	5,291.3	0.3	11.6
FTSE 100	8,232.0	(0.5)	6.6
Nikkei 225	38,837.5	0.9	16.7
Shanghai CI	3,086.7	0.1	4.4
HSI	18,496.8	2.0	9.9
STI	3,342.3	0.1	3.4

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,457.7	(18.3)
Value traded (RM m)	3,937.9	(42.5)
Gainers	666	
Losers	545	
Unchanged	467	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
JCY	0.595	13.3	138.3
SNS	0.655	8.3	88.7
MYEG	1.100	0.0	68.2
SEALINK	0.305	8.9	63.0
VELESTO	0.265	0.0	44.6

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	12.980	(0.5)	217.0
PMETAL	5.830	4.1	189.4
CIMB	6.990	2.2	158.5
MAYBANK	10.060	1.3	126.5
PBBANK	4.150	1.2	110.4

Currencies	Last Close	% Chg
USD/MYR	4.7017	(0.1)
USD/JPY	155.09	(1.5)
EUR/USD	1.0881	0.3
USD/CNY	7.2403	(0.0)
US Dollar Index	104.11	(0.5)

Commodities	Last Close	% Chg
Brent (USD/barrel)	77.52	(5.0)
Gold (USD/troy oz)	2,328.3	(0.0)
CPO (USD/metric t)	4,060.0	2.1
Bitcoin (USD/BTC)	70,521.2	4.1

Economics

Malaysia's: Manufacturing sector conditions improve in May's PMI

Malaysia's manufacturing sector showed improvement midway through Q2 2024, driven by renewed growth in new business and production, marking an end to 20 months of subdued conditions. The PMI rose to 50.2 in May from 49.0 in April, indicating a slight improvement in GDP growth. Job creation resumed, albeit cautiously, and export orders increased significantly. However, business confidence waned, and both input cost and output price inflation remained below historical averages despite rising. *(The Edge)*

Malaysia-UAE: To sign bilateral trade agreement this year – MITI

Malaysia and the UAE have reaffirmed their commitment to sign the Comprehensive Economic Partnership Agreement (Cepa) by the end of this year, marking Malaysia's first FTA with a Gulf Cooperation Council member. This agreement aims to enhance economic collaboration and trade between the two nations and the broader Asean and GCC regions. Bilateral trade between the UAE and Malaysia increased by 43.4% in Q1 2024, with notable investments in manufacturing, semiconductor, and renewable energy sectors. Cepa negotiations began in May 2023, with the first round in October 2023, following the UAE's signing of similar agreements with several other countries. *(The Edge)*

Canada's: Factory PMI slips to four-month low in May

Canadian manufacturing activity continued to contract in May, with the S&P Global Canada manufacturing PMI dropping to 49.3, the lowest since January, marking 13 consecutive months below the 50 thresholds. Output and new orders fell further, and firms reduced their buying activity due to subdued market demand and sufficient stock levels. However, there were signs of cooling inflation, with input prices easing and output prices reaching their lowest level since July 2020. *(Reuters)*

US: Factory activity contracts as orders slide, output weakens

US factory activity contracted at a faster pace in May, with the ISM manufacturing gauge falling to 48.7, driven by a significant drop in new orders, which fell to 45.4, the lowest in a year. High borrowing costs and restrained business investment have hindered manufacturing growth, despite a slight easing in input prices. Seven industries, including wood products and machinery, reported contractions, while others saw growth. However, export demand and factory employment showed some improvement, indicating a mixed outlook for the sector. *(Bloomberg)*

EU: ECB rate-cut expectations start to unravel before first move

Strong economic data and persistent inflation in the eurozone are causing some analysts and investors to reconsider the likelihood of significant ECB interest rate cuts this year. While a rate cut in June is expected, officials like Isabel Schnabel and Joachim Nagel have hinted that further cuts might not follow quickly, with markets now doubting a July cut and seeing only about two cuts by year-end. Economists cite robust wage growth, resilient output, and a steady labor market as reasons for caution. As a result, there is a growing sentiment that the ECB might adopt a more conservative approach, possibly limiting rate cuts to avoid policy mistakes. *(Bloomberg)*

Indonesia: Imposes 7.5% export tax on copper concentrate shipments

Indonesia has imposed a 7.5% export tax on copper concentrate shipments, effective immediately, for Freeport Indonesia and Amman Mineral Internasional, who are exempt from the raw copper export ban until the end of 2024 to complete their smelters. Previously, their January-May shipments were taxed at 7.5% to 15% based on smelter progress, and Freeport Indonesia is currently awaiting an extension of its export permit. *(Reuters)*

Companies

SNS Network (0259): Appointed by VSTECS as authorised Starlink equipment retailer in Malaysia

SNS Network Technology Bhd has been appointed by VSTECS Bhd as an authorised retailer for Starlink's satellite equipment in Malaysia, expanding SNS's ICT product range. This deal will enable SNS to offer Starlink satellite kits to its customers, including government agencies and commercial enterprises. The addition of Starlink products complements SNS's existing internet connectivity solutions, including fixed fibre, 4G, and 5G broadband. *(The Edge)*

Kimlun (5171): Bags construction contract worth RM234m in Shah Alam

Kimlun Corp Bhd's unit, Kimlun Sdn Bhd, secured a RM234.3m contract from Saujana Development Sdn Bhd for a high-rise residential project in Seksyen U2, Shah Alam, Selangor. The construction is expected to be completed by Q3 2026. *(The Edge)*

MHB (5293): Secures RM1.5bn subcontract for Dutch wind offshore substation

Malaysia Marine and Heavy Engineering Holdings Bhd (MHB) has secured an RM1.5bn subcontract to build an offshore substation at the Nederwiek 1 wind farm in the Netherlands, starting fabrication in 2025 and completing by 2028. This project, part of TenneT BV's two-gigawatt initiative, marks MHB's second offshore wind project and underscores its commitment to sustainable energy infrastructure. The substation, weighing a total of 40,000 tonnes, will support Europe's goal of installing 65 gigawatts of offshore wind energy by 2030. MHB and Petrofac, the UK-based company awarding the subcontract, will also explore future collaborations for similar projects. *(The Edge)*

ITMAX (5186): Unit appointed to operate smart parking in Iskandar Puteri for 15 years

ITMAX System Bhd has been appointed by the Iskandar Puteri City Council to operate smart parking in Iskandar Puteri, Johor, for 15 years, starting June 1, 2024. Its 65%-owned subsidiary, Southmax Sdn Bhd, will manage 32,025 on-street parking bays under a revenue-sharing model, with Southmax receiving 70% and MBIP 30% of the revenue. Payments will be made through ITMAX's Parkmax@JOHOR app, and Southmax must provide security deposits for staff emoluments and estimated parking revenue. This contract is expected to generate recurring income and expand ITMAX's smart parking services to other cities. *(The Edge)*

Datasonic (5216): Secures five contract extensions from Home Ministry worth RM182m

Datasonic Group Bhd has secured five contract extensions from the Home Ministry worth RM181.7m, effective from June 1 to November 30, 2024. These extensions include RM27.8m for MyKad, MyTentera, and MyPOCA raw cards, raising the total contract value to RM56.5m, and RM11.6m for maintaining card personalization centers, increasing that contract's value to RM72.6m. Additionally, extensions for supplying Malaysian passport chips, documents, and polycarbonate biodata pages total RM142.3m, enhancing their collaboration with the National Registration Department and Immigration Department. *(The Edge)*

Inta Bina (0192): Secures RM111m construction job from Gamuda's unit

Inta Bina Group Bhd has secured an RM111.9m contract from Gamuda Bhd to build semi-detached houses over 23 months, divided into two phases. This contract, expected to positively impact Inta Bina's earnings, is their fifth project this year, bringing their total contract value to RM1.1bn. Recent projects include an RM198.7m residential apartment in Ara Damansara and three contracts awarded in April, totalling over RM743m for developments in Shah Alam, Country Heights, and Subang Jaya. *(The Edge)*

Country Heights (5738): Launches tender for Mines project amid litigation with MBSB Bank

Country Heights Holdings Bhd has announced a tender process to attract investors for the Mines Waterfront Business Park (MWBP) and Mines International Exhibition and Convention Centre (MIECC) project in Seri Kembangan, despite ongoing litigation with MBSB Bank over payment defaults. The group is seeking international and local investors, valuing the properties at over RM445m. The litigation involves a payment default on RM82.7m Islamic term financing and RM17.3m Islamic bridging financing. (*The Edge*)

AEON (6599): Buys two pieces of land in Seremban for RM103m to build a mall

AEON Co (M) Bhd is acquiring two parcels of land in Seremban, Negeri Sembilan for RM102.9m to develop a new shopping mall, adjacent to its existing AEON Mall Seremban 2. The acquisition aligns with AEON's strategy to expand its retail presence in Seremban and will be funded through a mix of internally generated funds and bank borrowings. The purchase, assessed at RM110m by Oregeon Property Consultancy, is expected to be completed within 18 months, subject to various regulatory approvals. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.40
Bermaz Auto	Consumer	2.45	0.21	8.37
KIP REIT	REIT	0.89	0.07	7.91
YTL Hospital REIT	REIT	1.23	0.10	7.89
British American Tobacco (M)	Consumer	8.55	0.64	7.53
RHB Bank	Finance	5.51	0.40	7.28
MBM Resources	Consumer	5.05	0.35	6.97
Amway (M)	Consumer	7.35	0.50	6.76
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64
CapitaLand Malaysia Trust	REIT	0.68	0.04	6.52
Pavilion REIT	REIT	1.40	0.09	6.50
Gas Malaysia	Utilities	3.57	0.23	6.44
UOA REITS	REIT	1.12	0.07	6.43
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		
KTI Landmark	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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