

Daily Newswatch

Market Review

The FBMKLCI fell by 0.4% on Wednesday, driven by profit-taking activities across most of its constituents, in line with the decline across Asian equity markets. Out of the 30 index constituents, 22 recorded losses, with Sime Darby dropping by 1.8% and CIMB by 1.4%. The broader market showed mixed results, with the telecommunications and media sector rising by 1.3%, making it the top gainer, while the energy sector fell by 1.5%, becoming the biggest loser. Overall, market breadth was mixed, with 547 gainers against 599 losers.

Economics

- **US** job openings fall to lowest since 2021 in broad cooldown
- **China's** services expansion picks up to strongest in 10 months
- **Brazil** starts second quarter with big industrial production drop
- **EU** Eurozone business activity expands at fastest rate in a year, PMI shows
- **Australia's** economy remains weak on household spending squeeze

Companies

- **Nestcon (0235)** unit secures RM3.6m contract to install solar PV system
- **Avaland (5182)** tops out Sanderling lakefront condo in Cyberjaya
- **XOX (0165)** plans for 30-to-one share consolidation after proposing capital reduction
- **IJM (3336)** IJM Land to launch Nova landed residential development in end of June
- **AMMB (1015)** ANZ exits with sale of remaining 5.17% stake
- **Suria Capital (6521)** inks JV agreement for mixed commercial project in Kota Kinabalu

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	1,608.5	(0.4)	10.7
Dow Jones	38,807.3	0.2	2.9
Nasdaq CI	17,187.9	2.0	16.4
S&P 500	5,354.0	1.2	12.9
FTSE 100	8,247.0	0.2	6.8
Nikkei 225	38,900.8	(0.9)	15.6
Shanghai CI	3,065.4	(0.8)	3.5
HSI	18,425.0	(0.1)	9.7
STI	3,330.0	(0.3)	3.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,282.5	(3.9)
Value traded (RM m)	3,401.1	(13.6)
Gainers	547	
Losers	599	
Unchanged	487	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DNEX	0.480	4.3	203.5
DSO NIC	0.520	3.0	73.1
JCY	0.615	3.4	66.9
MYEG	1.090	(0.9)	56.1
SNS	0.650	(0.8)	50.6

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.890	(1.4)	159.9
TENAGA	13.260	2.2	155.6
PMETAL	5.820	(0.2)	99.9
DNEX	0.480	4.3	97.7
MAYBANK	9.980	(0.8)	95.5

Currencies	Last Close	% Chg
USD/MYR	4.6978	(0.1)
USD/JPY	155.84	0.8
EUR/USD	1.0877	(0.1)
USD/CNY	7.2477	0.1
US Dollar Index	104.21	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	78.80	1.1
Gold (USD/troy oz)	2,355.1	1.2
CPO (USD/metric t)	3,949.0	(2.7)
Bitcoin (USD/BTC)	71,045.0	1.1

Economics

US: Job openings fall to lowest since 2021 in broad cooldown

In April, US job openings fell to 8.1m, the lowest level in over three years, reflecting a gradual labour market slowdown. Despite unchanged hiring and layoff rates, hiring has slowed, and the quits rate remains at its lowest since 2020, indicating reduced confidence in finding new jobs. The ratio of job openings to unemployed people dropped to 1.2, the lowest since June 2021, down from its 2 to 1 peak in 2022. This data precedes the upcoming employment report, expected to show an addition of 185,000 jobs in May with a steady unemployment rate. *(Bloomberg)*

China's: Services expansion picks up to strongest in 10 months

China's services sector expanded at its fastest pace since July last year, with the Caixin China services purchasing managers' index rising to 54 in May, surpassing the forecast of 52.5 and indicating resilience amid economic concerns. This private survey result contrasts with recent official data showing moderate services growth and manufacturing shrinkage, offering some relief to investors. The services PMI has shown expansion for 17 consecutive months, driven by recovering demand and increasing new orders, although companies remain cautious about the global economy and rising raw material costs. The Caixin survey focuses on smaller firms compared to the official PMI. *(Bloomberg)*

Brazil: Starts second quarter with big industrial production drop

In April, Brazil's industrial output fell by 0.5% from the previous month, exceeding analysts' expectations of a 0.4% decline, due to tight financial conditions affecting manufacturing and credit-dependent sectors. Despite this monthly drop, industrial production saw an 8.4% increase compared to a year earlier. The central bank is expected to pause interest rate cuts soon, maintaining the benchmark rate at 10.5% due to persistent service inflation and global price pressures. High borrowing costs have hindered industrial growth despite gains in construction and mining. *(Bloomberg)*

EU: Eurozone business activity expands at fastest rate in a year, PMI shows

In May, Eurozone business activity grew at its fastest rate in a year, driven by the dominant services sector, while manufacturing showed signs of recovery. The HCOB composite PMI rose to 52.2, indicating overall economic growth, with the services PMI slightly easing to 53.2. Optimism about future demand led to increased hiring in the services sector and a slowdown in price pressures, which may support the European Central Bank's expected interest rate cut. Despite easing inflation, the PMI price indices remain high relative to the current economic situation. *(Bloomberg)*

Australia's: Economy remains weak on household spending squeeze

Australia's economy grew by 0.1% in the first quarter, below expectations, due to high interest rates and cost of living pressures affecting households. Annual GDP growth was 1.1%, the weakest since 1992 outside the pandemic, increasing pressure on the Reserve Bank of Australia (RBA) to consider rate cuts. Household spending rose slightly, but the savings ratio fell, and private investment declined by 0.8% due to reduced mining and construction activity. The RBA predicts growth will bottom out at 1.2% mid-year before recovering, with most economists expecting rate cuts later in the year. *(Bloomberg)*

Companies

Nestcon (0235): Unit secures RM3.6m contract to install solar PV system

Nestcon Bhd's indirect unit, Nestcon Solar Sdn Bhd, has secured a RM3.6m contract to develop and install a solar photovoltaic (PV) system on Subang Safety Glass' rooftop. This agreement follows a 2022 memorandum of understanding with Nam Heng Safety Glass Sdn Bhd for solar PV facility development. The contract's commencement is contingent upon several conditions, including approval from the Sustainable Energy Development Authority (Seda) and a satisfactory site inspection. Nestcon expects the project to positively impact its earnings and net assets. *(The Edge)*

Avaland (5182): Tops out Sanderling lakefront condo in Cyberjaya

Avaland Bhd has topped out its Sanderling condominium, achieving a 90% take-up rate. Sanderling, the third phase of the 23-acre Lakefront Residence development in Cyberjaya, has a gross development value of RM327m and features 606 units across two towers. Units range from 958 to 1,711 sq ft, with prices starting at RM499,000. The project, boasting a 15-acre podium facility and proximity to a 17-acre lake, is expected to be completed by 3Q2025. *(The Edge)*

XOX (0165): Plans for 30-to-one share consolidation after proposing capital reduction

XOX Bhd plans to consolidate every 30 shares into one to improve its capital structure and reduce trading volatility. The share consolidation follows a proposed share capital reduction to offset RM303m in accumulated losses, reducing issued share capital from RM472.3m to RM169.3m. This exercise, subject to approvals, will potentially consolidate 5.19bn shares into 173.03m consolidated shares by 3Q2024. *(The Edge)*

IJM (3336): IJM Land to launch Nova landed residential development in Seremban 2 end of June

IJM Land Bhd will launch its new residential project, Nova at Seremban 2, on June 29, featuring 162 units of semi-detached houses, bungalows, and bungalow lots. The first phase, with a GDV of RM154m, includes 64 semi-detached houses and five bungalows, priced from RM1.9m, and bungalow lots starting at RM686,800. Nova units will have smart home features, roof insulation, and access to facilities like a community villa, swimming pool, yoga spaces, and a 3km jogging path. Located in Seremban 2, residents will benefit from nearby amenities such as Aeon Mall, Columbia Asia Hospital, and various educational institutions. *(The Edge)*

AMMB (1015): ANZ exits with sale of remaining 5.17% stake

The Australia & New Zealand Banking Group Ltd (ANZ) has disposed of its remaining 5.17% stake in AMMB Holdings Bhd for RM701.2m. ANZ, through its wholly owned subsidiary ANZ Fund Pty Ltd, sold the stake comprising 171.0m shares on Wednesday, said AMMB in a filing to Bursa Malaysia, without mentioning who bought the shares. In a separate statement, ANZ said it had agreed to sell the chunk of shares via a block trade at RM4.10 per share. The offer price represents a 2.84% discount to AMMB's closing price on May 30 of RM4.22. *(The Edge)*

Suria Capital (6521): Inks JV agreement for mixed commercial project in Kota Kinabalu

Suria Capital Holdings Bhd, which operates eight major ports in Sabah, said it has entered into a deal to develop a mixed commercial project in the Kota Kinabalu Port area. The group said it will be jointly developing the project, known as the Jesselton Docklands 1 project, with Jesselton Docklands 1 Sdn Bhd (JD 1). Suria Capital will be entitled to at least RM180m, representing 18% of the estimated net development value (NDV) of RM1bn. This entitlement will be satisfied through RM45m in cash and RM135m in kind, the group said. Suria Capital's final instalment payment of RM135m will be delivered in the form of a hotel, retail units, carpark spaces, or other commercial components, excluding Airbnb units for short, medium, or long-term stays, with the company having the right to select the units before JD 1 sells any of them. Additionally, if the actual NDV exceeds RM1bn, Suria Capital will be entitled to any excess entitlement, which will be satisfied by payment in kind. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.07	8.50
Bermaz Auto	Consumer	2.46	0.20	8.33
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.24	0.10	7.82
British American Tobacco (M)	Consumer	8.52	0.64	7.56
RHB Bank	Finance	5.49	0.40	7.30
MBM Resources	Consumer	5.05	0.35	6.91
Amway (M)	Consumer	7.33	0.50	6.78
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.62
UOA REITS	REIT	1.11	0.07	6.49
Pavilion REIT	REIT	1.41	0.09	6.45
Gas Malaysia	Utilities	3.60	0.23	6.39
Sunway REIT	REIT	1.57	0.10	6.24

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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