

Daily Newswatch

Market Review

Ahead of the 2-day US FOMC meeting, the FBMKLCI remained in cautious mode, declining by 0.2% on Tuesday amid selective selling in stocks such as PETDAG (-2.3%), Nestle (-1.8%), UTDPLT (-1.3%) and KLK (-1.3%). Nevertheless, the broader market sentiment remained positive, with 796 stocks advancing against 491 declining. Propelled by newsflow on data center and AI, it is not surprising that top 3 sectors leading the gains were construction (+4.3%), technology (+2.4%), and property (+1.4%).

Economics

- **US's** Small-business optimism improves to the highest level this year
- **Brazil's** Inflation speed up that diminish the hope of another interest rate cut
- **UK's** jobless rate hits surprise 2.5 years high after interest rate hike while the pay pressure ease, official data shows
- **Global's** 2024 growth forecast is raised by World Bank

Companies

- **UEM Sunrise (5148)** to dispose Johor land for RM145m
- **Crescendo (6718)** disposed land for RM116m to a data centre company
- **Hektar-REIT's (5121)** CEO resigns
- **Bintai Kinden's (4715)** units secure RM22m contracts to build houses in Muar
- **SP Setia (8664)** subsidiary to sell Tebrau land for RM564m
- **SP Setia (8664)** to start on pre-IPO works for REIT
- **Handal Energy (7253)** acquires crane company for RM8m
- **Synergy House (0279)** to partner one of the world's largest home retailers

Upcoming key economic data releases

	<u>Date</u>
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	1,611.5	(0.2)	10.9
Dow Jones	38,747.4	(0.3)	2.7
Nasdaq CI	17,343.6	0.9	17.5
S&P 500	5,375.3	0.3	13.3
FTSE 100	8,147.8	(1.0)	5.5
Nikkei 225	38,875.3	0.0	17.6
Shanghai CI	3,028.0	0.0	2.2
HSI	18,176.3	(1.0)	8.3
STI	3,309.2	(0.4)	2.5

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	6,979.7	17.1
Value traded (RM m)	5,116.1	55.0
Gainers	796	
Losers	491	
Unchanged	461	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HM	0.105	10.5	235.5
JCY	0.795	19.5	179.5
SNS	0.755	16.2	150.9
YNHPROP	0.795	18.7	146.9
HIS-CV7	0.115	4.5	142.0

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TM	6.590	4.8	212.1
TENAGA	13.800	0.6	200.3
CIMB	6.890	(0.7)	179.4
JCY	0.795	19.5	142.7
GAMUDA	6.400	4.6	136.4

Currencies	Last Close	% Chg
USD/MYR	4.7200	(0.1)
USD/JPY	157.17	0.1
EUR/USD	1.0736	(0.2)
USD/CNY	7.2545	0.0
US Dollar Index	105.30	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.09	0.4
Gold (USD/troy oz)	2,313.2	0.3
CPO (USD/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	67,205.1	(3.3)

Economics

US's: Small-business optimism improves to the highest level this year

The National Federation of Independent Business sentiment index, a measure of the US's small-business optimism, hiked by 0.8 points to 90.5, which is slightly better than the median projection by the Bloomberg survey of economists (despite it is still well below the long-term average of 98 points). 5 out of 10 components that make up the sentiment gauge increased in May, led by the 7-point improvement in the shareowner who expects the economy to improve and improvement in firms' plan to increase employment. The lagging factors of the sentiment index are high inflation, high interest rates and high labour costs. *(Bloomberg)*

Brazil's: Inflation speed-up diminishes the hope of another interest rate cut

Brazil's annual inflation picked up more than expected in May after 7 consecutive months of cooling prices, which added pressure on the policymaker to hold the interest rate steady in next week's meeting. According to the official data, Brazil's annual inflation hiked by 3.93% in May 2024, which is higher than last year's median average annual inflation rate of 3.88% estimated by the Bloomberg analyst. The 0.67% hike in food prices and 0.62% hike in housing costs are major contributors to the May 2024 price gain *(Bloomberg)*

UK's: Jobless rate hits surprise 2.5 years high after interest rate hike while the pay pressure eases, official data shows

UK's unemployment rate climbed to 4.4% in April, which is the highest since the middle of the year 2021. The average weekly earnings in the private sector increased by 5.8%, which is the slowest pace in 2 years despite the minimum wage hike by almost 10%. These figures show that the labour market is weakening, which adds hope that the inflationary pressure is easing, allowing the UK's Central Bank to cut its highest borrowing cost in 16 years. *(Bloomberg)*

Global: 2024 growth forecast is raised by World Bank

World Bank raised the 2024 global growth forecast from 2.4% to 2.6%, amid upward adjustment on the US economy growth forecast from 1.6% to 2.5%, while economy growth estimates for countries like Sub-Saharan Africa, the Middle East and North Africa are trimmed. However, the World Bank maintains its global 2025 growth forecast at 2.7%. *(Bloomberg)*

Companies

UEM Sunrise (5148): Dispose Johor land for RM145m to data centre company

UEM Sunrise Bhd (UEM Sunrise) announced that it is selling the 2 parcels of freehold lands measuring about 11.7 hectares (28.9 acres) located in Iskandar Puteri to a leading global data centre industry player (in which the details of the buyer are not disclosed) for total cash consideration of RM144.9m. This proposed disposal came on the heels of UEM Sunrise's memorandum of understanding with LOGOS Infrastructure Holdco Pte Ltd signed back in May 2024 to develop a data centre campus in Gerbang Nusajaya. (*The Edge*)

Crescendo (6718): Dispose land for RM116m to a data centre company

Crescendo Berhad's wholly-owned subsidiary, Panoramic Industrial Development Sdn Bhd (PID), has inked a conditional sale and purchase agreement with Singapore-based data centre firm Digital Halo Pte Ltd to sell a parcel of land in Pulau for RM115.9m for cash. The latest transaction marked the sixth land sale done by the company over 7 months. In total, Crescendo has sold over 150 acres of land for data-centre-related development, bringing total sales proceeds of more than RM790m in cash. (*The Edge*)

Hektar REIT (5121): Executive Director and CEO resigns

Johari Shukri Jamil has resigned as the executive director and CEO of Hektar Asset Management, the manager of Hektar REIT, after two years in the role. During his tenure, Johari played a pivotal role in navigating Hektar REIT through post-pandemic recovery and growth initiatives, including diversifying its asset portfolio with the planned acquisition of Kolej Yayasan Saad Melaka. (*The Edge*)

Bintai Kinden (6998): Units secure RM22m contracts to build houses in Muar

Bintai Kinden Corp Bhd (Bintai Kinden) has secured two sub-contracts worth RM22.3 million to construct double-storey houses in Muar, Johor, through its unit Kejuruteraan Bintai Kindeko Sdn Bhd. The contracts, obtained from Lu Chin Poh Construction Sdn Bhd, involve the construction of semi-detached and terrace houses along with related infrastructure works, with a completion target of September 2025. (*The Edge*)

SP Setia (8664): Subsidiary to sell Tebrau land for RM564m cash

S P Setia Bhd has successfully sold its 959.72-acre Tebrau land to a company linked to tycoon Tan Sri Syed Mokhtar Albukhary for RM564m in cash, after failed attempts to sell it to Scientex Bhd due to Bumiputera equity requirement issues. The sale, completed through its subsidiary Pelangi Sdn Bhd, is expected to contribute to an after-tax profit of RM332m, enhancing S P Setia's financial standing and supporting its de-gearing efforts for future growth. The company remains focused on diversifying revenue streams through land bank management, industrial development, and expansion in Vietnam and Australia, while continuing to execute township projects to meet market demand. (*The Edge*)

SP Setia (8664): To start on pre-IPO works for REIT

S P Setia has initiated pre-IPO preparatory works to explore the establishment of a real estate investment trust (REIT) with a diverse asset portfolio, potentially including retail complexes, office buildings, schools, and a convention centre. This move aims to create a new avenue for investor value and company growth, aligning with the strategy to unlock the value of identified land assets and diversify income streams. (*The Star*)

Handal Energy (7253): Acquires crane company for RM8m

Handal Energy Bhd (Handal Energy) plans to acquire a 30% stake in Tenzin Heavy Machinery (M) Sdn Bhd for RM8m, subject to a share sale and purchase agreement with Tenzin's shareholders. This acquisition is seen as strategically beneficial for Handal, providing opportunities for market expansion, operational efficiencies, and improved financial performance, aligning with the group's growth strategy. (*The Star*)



Synergy House (0279): Subsidiary to partner with one of the world's largest home retailers

Synergy House Bhd's subsidiary, Synergy House Global Sdn Bhd (SHG), has been appointed as the authorised service partner in Malaysia by one of the world's largest home retailers. SHG will support local manufacturers and vendors in integrating into the retailer's global e-commerce platform and will organise events to onboard new vendors and raise awareness about operating within the retailer's ecosystem. While the retailer wasn't named, this partnership signifies a significant opportunity for SHG to tap into cross-border e-commerce, creating new income streams and growth opportunities beyond its existing business-to-consumer (B2C) and business-to-business (B2B) models. (*The Star*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
Bermaz Auto	Consumer	2.55	0.21	8.27
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.24	0.10	7.82
British American Tobacco (M)	Consumer	8.50	0.64	7.58
RHB Bank	Finance	5.52	0.40	7.26
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.92
Amway (M)	Consumer	7.20	0.50	6.90
MAG Holdings	Consumer	1.15	0.07	6.52
Magnum	Consumer	1.15	0.07	6.52
UOA REITS	REIT	1.12	0.07	6.43
Pavilion REIT	REIT	1.42	0.09	6.41
MBM Resources	Consumer	5.46	0.35	6.39
Gas Malaysia	Utilities	3.66	0.23	6.28
Malayan Banking	Finance	9.99	0.62	6.22

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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