



Daily Newswatch

Market Review

The FBM KLCI edged higher and closer above the 1,600-point psychological level at 1,603.2 (+0.4%), as certain index constituents registered significant gain after better-than-expected quarterly results. Between index constituents, PETDAG (+9.7%), YTL (+5.4%) and YTLPOWER (+4.6%) are the top 3 outperformers. Sector wise, the positive performance was led by Utilities (+1.8%), Health Care (+1.7%) and Consumer Products & Services (+0.9%). Nonetheless, the overall broader market breadth was still in bearish tone, with 584 losers outweighing 412 gainers.

Economics

- US:** Trump pledges 25% tariffs on Canada and Mexico, more on China too
- Malaysia:** Hyundai to invest RM2.2bn in Malaysia through strategic partnership with Inokom
- EU:** ECB policymakers grow nervous about weak growth, Trump tariffs
- US:** Fed minutes to offer clues on how far and fast officials can cut
- EU:** Guindos says more rate cuts to come if forecasts hold
- Japan:** Ishiba renews pressure on companies to ramp up pay

Companies

- Sunway:** Net profit doubles in 3Q, as order book replenishment target of RM4-RM5bn achieved
- IJM:** Penang Development Corp rejects RM818m bid by IJM
- Matrix Concepts:** Proposes one-for-two bonus issue
- IOI Corp:** 1Q profit soars 133.8% on forex gain, fair value adjustments
- TM:** 3Q net profit drops 14% on higher tax expenses
- YTL Power:** 1Q net profit down 44.5% on decline in power generation business

Upcoming key economic data releases

Date

| | |
|-------------------------|--------|
| US – Oct 2024 PCE Index | 27 Nov |
| US – Nov 2024 PMI | 29 Nov |

| Key Indices | Last Close | Daily chg % | YTD chg % |
|-------------|------------|-------------|-----------|
| FBM KLCI | 1,603.2 | 0.4 | 10.2 |
| Dow Jones | 44,860.3 | 0.3 | 19.0 |
| Nasdaq CI | 19,175.6 | 0.6 | 27.7 |
| S&P 500 | 6,021.6 | 0.6 | 26.2 |
| FTSE 100 | 8,258.6 | (0.4) | 6.8 |
| Nikkei 225 | 38,260.7 | (0.5) | 14.3 |
| Shanghai CI | 3,259.8 | (0.1) | 9.6 |
| HSI | 19,159.2 | 0.0 | 12.4 |
| STI | 3,712.4 | (0.5) | 14.6 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|--------|
| Vol traded (m shares) | 2,542.2 | (15.5) |
| Value traded (RM m) | 2,374.1 | (56.0) |
| Gainers | 412 | |
| Losers | 584 | |
| Unchanged | 528 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| ZENTECH | 0.010 | 0.0 | 166.9 |
| MEG | 0.905 | (1.1) | 33.9 |
| 3REN | 0.410 | 3.8 | 33.8 |
| REVENUE | 0.155 | 6.9 | 31.9 |
| VELESTO | 0.185 | 0.0 | 25.3 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| CIMB | 8.350 | (0.4) | 194.0 |
| TENAGA | 14.040 | 0.0 | 141.5 |
| MAYBANK | 10.220 | (0.8) | 123.6 |
| IHH | 7.210 | 3.0 | 116.9 |
| SUNWAY | 4.940 | (1.6) | 53.5 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.458 | 0.0 |
| USD/JPY | 153 | 0.1 |
| EUR/USD | 1.0495 | 0.1 |
| USD/CNY | 7.2502 | (0.1) |
| US Dollar Index | 107.01 | 0.2 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 72.8 | (0.3) |
| Gold (USD/troy oz) | 2,631 | (0.1) |
| CPO (MYR/metric t) | 4,880 | 0.6 |
| Bitcoin (USD/BTC) | 92,308 | 0.7 |

Economics

US: Trump pledges 25% tariffs on Canada and Mexico, more on China too

US President-elect Donald Trump on Monday pledged a 25% tariff on all products from Mexico and Canada from his first day in office, and an additional 10% tariff on goods from China, citing illegal immigration and the trade of illicit drugs. Trump said the tariffs would remain in place until the two countries clamp down on drugs, particularly fentanyl, and migrants crossing the border illegally. *(Reuters)*

Malaysia: Hyundai to invest RM2.2bn in Malaysia through strategic partnership with Inokom

Hyundai Motor will form a strategic partnership with INOKOM to assemble several new models, including hybrid electric vehicles and EV battery packs, in Malaysia starting next year, with a RM2.16 billion investment. This investment will upgrade INOKOM's assembly capacity and create high-paying, high-tech job opportunities for locals. The initiative is part of strengthening Malaysia-South Korea ties, coinciding with the 65th anniversary of their diplomatic relations. *(Bernama)*

EU: ECB policymakers grow nervous about weak growth, Trump tariffs

Eurozone interest rates will keep falling as inflation is largely defeated and weak economic growth, potentially exacerbated by US trade tariffs, may be the next big issue on the horizon. The ECB has cut interest rates three times already this year and investors expect further cuts at every policy meeting until at least next June as the bloc is once again skirting recession. Portuguese central bank chief Mario Centeno said the economy was stagnating and "risks are accumulating downwards" with tariffs threatened by incoming US President Donald Trump a further downside risk. Centeno warned the ECB not to leave rate cuts too late because the risk of inflation undershooting the target was rising. *(Reuters)*

US: Fed minutes to offer clues on how far and fast officials can cut

Several Federal Reserve officials are open to cutting interest rates more gradually next year, with a focus on carefully assessing economic conditions like a Republican takeover, rising productivity, and persistent inflation. The debate within the Fed centers around the "neutral rate"—the level of interest rates that neither stimulates nor restrains the economy—with some officials believing it may be higher than previously estimated. Additionally, a recent surge in labor productivity raises concerns that cutting rates too quickly could lead to overstimulation and inflationary pressures. *(Reuters)*

EU: Guindos says more rate cuts to come if forecasts hold

European Central Bank Vice President Luis de Guindos stated that future interest rate cuts will depend on inflation trends, with further reductions expected if inflation projections are confirmed, potentially lowering the deposit rate to 3% in December. ECB officials, including Guindos and others like Olli Rehn, have indicated that rates may continue to move from restrictive to neutral in early 2025, with concerns over Europe's economic stagnation and the risks posed by potential trade wars. Guindos also warned that trade tensions, particularly under a potential re-election of Donald Trump, could harm the global economy. *(Reuters)*

Japan: Ishiba renews pressure on companies to ramp up pay

Japanese Prime Minister Shigeru Ishiba has urged companies to continue raising wages, aiming for substantial increases in next year's wage negotiations to counter the rising cost of living and support economic growth. While nominal wages have risen, real wages remain largely stagnant due to persistent inflation, and the government seeks to extend wage gains to smaller businesses, which employ 70% of the workforce. The Bank of Japan is closely monitoring the wage talks as they could influence decisions on future interest rate hikes, with the government also implementing a ¥21.9 trillion economic package to support households and promote wage growth. *(Reuters)*

Companies

Sunway: Net profit doubles in 3Q, as order book replenishment target of RM4-RM5bn achieved

Sunway Bhd's net profit for 3QFY2024 more than doubled to RM376.1m, driven by stronger performance across its core businesses, with revenue rising 31.8% to RM2.0bn. The property development segment saw a 60.1% increase in revenue and a 162.9% jump in profit before tax, fueled by sales and progress billings, particularly from the Parc Central Residences project in Singapore. The group's construction segment also benefited from accelerated data centre projects, contributing to a 44% increase in revenue. For the nine-month period, Sunway's net profit grew 73.5% to RM818.8m, with confidence in continued strong performance across its diverse segments. (*The Edge*)

IJM: Penang Development Corp rejects IJM's RM818m bid

Penang Development Corporation (PDC) has rejected an RM818m bid by a tripartite consortium led by IJM Corporation Bhd to develop the Batu Kawan Industrial Park 2 in Penang, *Free Malaysia Today (FMT)* reported. The offer was rejected, and the state-owned development agency did not provide a reason, *FMT* said citing an unidentified source. During the pre-qualification process, seven interested parties were shortlisted but only the IJM-led consortium submitted a bid, the news portal reported. "The RM818m was the highest bid, surpassing the RM780m reserve price for the land," the source was quoted as saying by *FMT*. "It was also RM179m higher than a previously cancelled direct deal." (*The Edge*)

Matrix Concepts: Proposes one-for-two bonus issue

Property developer Matrix Concepts Holdings Bhd has proposed a bonus issue of 625.7m shares on the basis of one new share for every two shares held. As of Nov 5, the company's issued share capital stood at RM961.3m, with a total of 1.3bn shares in circulation. Following the bonus issue, the share capital is expected to expand to 1.9bn shares. The entitlement date will be determined by the company upon receipt of all relevant approvals. (*The Edge*)

IOI Corp: 1Q profit soars 133.8% on forex gain, fair value adjustments

IOI Corp Bhd reported a 133.8% year-on-year increase in net profit for the first quarter of FY2025, reaching RM710.7m, driven by forex translation gains and fair value adjustments. Revenue rose 21.4% to RM2.67bn, with higher palm oil prices and production boosting its plantation segment's profit by 12%. However, its resource-based manufacturing business saw a 33% drop in profit due to lower sales volume and margins. The company expects strong CPO prices, moderate FFB production growth, and positive performance from its oleochemical and specialty fats businesses for the rest of FY2025. (*The Edge*)

TM: 3Q net profit drops 14% on higher tax expenses

Telekom Malaysia Bhd's net profit for Q3 FY2024 dropped 13.6% year-on-year to RM465.0m, mainly due to the absence of last year's tax credit. Despite this, profit before tax (PBT) grew by 32.3% to RM668.2m, aided by lower finance costs. Quarterly revenue fell 1.2% to RM2.9bn, impacted by a competitive market environment. For the nine months ending September 2024, net profit declined 10.5%, but PBT increased by 27.6%, with TM maintaining a positive outlook and focusing on growth through broadband, 5G, and strategic investments. (*The Edge*)

YTL Power: 1Q net profit down 44.5% on decline in power generation business

YTL Power International Bhd's net profit for 1QFY2025 fell 44.5% to RM470.6m, despite higher revenue of RM5.7bn, due to a 27.2% drop in profit from its power generation business. The decline in power generation was attributed to lower pool and retail prices, with revenue falling 13.9% to RM3.3bn. The group's investment holding activities reported a pre-tax loss, while its water and sewerage business saw a 43.1% increase in revenue, driven by higher prices and contributions from Ranhill Utilities. YTL Power's telecommunications business also improved, with a smaller pre-tax loss and higher revenue, and the company expects continued resilience across its segments. (*The Edge*)



Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 2.13 | 0.20 | 9.44 |
| Sentral REIT | REIT | 0.79 | 0.06 | 8.10 |
| British American Tobacco (M) | Consumer | 7.37 | 0.60 | 8.09 |
| KIP REIT | REIT | 0.90 | 0.07 | 8.04 |
| Datasonic Group | Technology | 0.39 | 0.03 | 7.69 |
| Genting Malaysia | Consumer | 2.16 | 0.16 | 7.41 |
| Amway (M) | Consumer | 6.90 | 0.50 | 7.20 |
| MAG Holdings | Consumer | 1.22 | 0.09 | 7.05 |
| Magnum | Consumer | 1.22 | 0.09 | 7.05 |
| Sports Toto | Consumer | 1.57 | 0.11 | 6.88 |
| CapitaLand Malaysia Trust | REIT | 0.65 | 0.04 | 6.62 |
| REXIT | Technology | 0.77 | 0.05 | 6.49 |
| Hektar REITS | REIT | 0.53 | 0.03 | 6.48 |
| Paramount Corporation | Property | 1.06 | 0.07 | 6.32 |
| UOA REITS | REIT | 0.98 | 0.06 | 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 | | |
| Supreme Consolidated Bhd | ACE Market | 0.25 | 70.0 | - | 15 Nov | 29 Nov |
| Cropmate Bhd | ACE Market | 0.20 | 260.0 | - | 22 Nov | 5 Dec |
| TMK Chemical Bhd | Main Market | 1.75 | 220.0 | - | 29 Nov | 12 Dec |
| TopVision Eye Specialist Bhd | ACE Market | 0.33 | 54.2 | - | 3 Dec | 16 Dec |
| Winstar Capital Bhd | ACE Market | 0.35 | 56.6 | 17.4 | 3 Dec | 19 Dec |

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MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my