



Daily Newswatch

Market Review

Yesterday, the decline in shares of banking heavyweights exerted downward pressure on Bursa Malaysia, pushing the index below the key 1,600 level and closed at 1,597.5 (-0.4%). For index constituents, the negative performance was led by MRDIY (-2.2%), GENM (-1.9%) and TM (-1.7%). Among the sectors, Technology (-1.6%) led the decline, driven by profit-taking activities among investors, particularly following the recent rally and the absence of strong catalysts. Thus, the overall broader market breadth turned bearish, with 604 losers outweighing 415 gainers.

Economics

- US:** Fed's favoured inflation gauge picks up, backs cautious approach
- Asia:** Bonds to trail EM peers if Trump enacts milder tariffs
- Japan:** Cabinet to approve US\$92bn extra budget
- Japan:** BOJ rate hike won't derail budgets, DPP official indicates
- South Korea:** Girds for Trump tariff impact with surprise rate cut

Companies

- Farm Fresh:** Declares dividend of one sen as 2Q earnings double
- Yinson:** Gets US\$59m financing for Matarani solar project in Peru
- TNB:** 3Q profit up 85% on RM1.12bn forex gain
- HLFG:** 1Q net profit rises 14% as banking, insurance arms report gains
- HLB:** Earnings up 6% in 1Q, driven by higher net interest income
- GENM:** 3Q profit highest in nearly six years on forex gains
- IHH:** Reports 43% jump in core profit on higher patient volumes
- EcoWorld:** Issues RM300m sukuk wakalah
- Genting:** 3Q net profit more than halves on higher write-off
- PPB:** 3Q profit falls 44% on lower Wilmar contribution

<u>Upcoming key economic data releases</u>	<u>Date</u>
US – Nov 2024 PMI	29 Nov
US – Nov 2024 Manufacturing PMI	Dec 2
US – Nov 2024 Unemployment Rate	Dec 7
Malaysia – Oct 2024 Unemployment Rate	Dec 9
US – Dec 2024 CPI	Dec 11
US – Dec 2024 PPI	Dec 12
US – Dec 2024 FOMC	Dec 19
Malaysia – Nov 2024 Inflation Rate	Dec 20
Malaysia – Nov 2024 PPI	Dec 24

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,597.5	(0.4)	9.8
Dow Jones	44,722.1	(0.3)	18.7
Nasdaq CI	19,060.5	(0.6)	27.0
S&P 500	5,998.7	(0.4)	25.8
FTSE 100	8,281.2	0.1	7.1
Nikkei 225	38,349.1	0.6	14.6
Shanghai CI	3,295.7	(0.4)	10.8
HSI	19,367.0	(1.2)	13.6
STI	3,737.3	0.8	15.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,788.8	(12.6)
Value traded (RM m)	2,897.7	(2.2)
Gainers	415	
Losers	604	
Unchanged	486	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SAPNRG	0.040	33.3	112.6
GENETEC	1.190	1.7	72.9
NATGATE	2.180	(7.2)	64.6
WCT	0.825	(6.8)	45.6
JCY	0.440	8.6	37.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.250	(1.4)	177.5
AMBANK	5.370	(2.2)	159.3
RHBBANK	6.670	(1.6)	152.4
GAMUDA	9.030	0.1	144.1
NATGATE	2.180	(7.2)	136.0

Currencies	Last Close	% Chg
USD/MYR	4.441	0.1
USD/JPY	151.13	0.3
EUR/USD	1.0559	0.1
USD/CNY	7.2445	0.0
US Dollar Index	106.05	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	73.3	0.6
Gold (USD/troy oz)	2,638	(0.0)
CPO (MYR/metric t)	5,115	1.1
Bitcoin (USD/BTC)	95,631	0.5

Economics

US: Fed's favoured inflation gauge picks up, backs cautious approach

The Federal Reserve's (Fed) preferred measure of underlying inflation accelerated in October from a year ago, helping explain policymakers' more cautious approach to lowering interest rates. Core personal consumption expenditures price index, which strips out volatile food and energy items, increased 2.8% from October last year and 0.3% from a month earlier. A good part of that acceleration was due to the impact of higher stock prices on the calculation. Inflation-adjusted consumer spending edged up 0.1% after an upwardly revised 0.5% gain in September, consistent with uneven demand over the course of the year. On a three-month annualized basis — a metric economists say paints a more accurate picture of the trajectory of inflation — the core PCE price gauge advanced 2.8%. (*Bloomberg*)

Asia: Bonds to trail EM peers if Trump enacts milder tariffs

Emerging Asian bonds are turning more expensive, making them less attractive than their global peers if Donald Trump's tariff policies turn out to be milder than feared. The yield spreads of South Korea, the Philippines, India, China, Malaysia, and Indonesia are all trading one standard deviation below their average of the last 12 months, according to *Bloomberg*-compiled data. That shows higher valuation than other emerging markets (EMs) such as Colombia and Mexico. A more favourable trade outcome and easing Treasury yields would be positive for EM currencies, fostering a more conducive environment for cheaper bonds to attract foreign inflows and drive local yields lower. (*Bloomberg*)

Japan: Cabinet to approve US\$92bn extra budget

Japan will lean heavily on extra tax revenue in a ¥13.9tn (US\$92bn or RM406.9bn) additional budget to finance Prime Minister Shigeru Ishiba's stimulus package, according to people familiar with the matter. The extra budget will partly be funded by ¥3.8tn in higher-than-expected tax receipts and unused funds from the previous year, limiting the need for additional bond issuance to ¥6.7tn, according to the people. The budget, which is slightly larger than last year's, may spark questions about the necessity of such extensive spending given recent relatively solid economic growth. Before unveiling the package, Ishiba had indicated he will deliver an extra budget that's larger than last year's, in an apparent attempt to bolster his popularity ahead of the general election. This year's additional budget marginally exceeds former prime minister Fumio Kishida's ¥13.2tn plan last year, suggesting Ishiba is trying to spend the minimum amount needed to keep his campaign promise. (*Bloomberg*)

Japan: BOJ rate hike won't derail budgets, DPP official indicates

Motohisa Furukawa, a senior member of Japan's opposition Democratic Party for the People (DPP), stated that the Bank of Japan (BOJ) is unlikely to make abrupt policy changes that would disrupt budget discussions despite some economists expecting a rate hike next month. Furukawa downplayed the potential impact of a rapid rate increase on public borrowing costs, emphasising that a rate hike could negatively affect the economy, households, and government finances. The DPP is pushing for an increase in Japan's tax-free income ceiling to boost disposable income, although the Finance Ministry warns this could create a significant gap in tax receipts. The party is open to issuing more debt to support short-term economic growth, aiming to reverse the long-term trend of deflation and stagnant wages. (*Bloomberg*)

South Korea: Girds for Trump tariff impact with surprise rate cut

The Bank of Korea (BOK) unexpectedly cut its interest rate by 0.25 percentage points to 3% to support the economy amid growing uncertainties, including the impact of global trade and the policies of the incoming U.S. administration under Donald Trump. The BOK lowered its 2025 growth forecast to 1.9%, citing risks to economic growth, particularly from cooling exports and inflationary pressures. The surprise rate cut led to initial movements in the bond market, stocks, and the currency, with the won weakening against the dollar. While some BOK members opposed the cut, the bank signalled potential further reductions in the near future to bolster economic stability. (*Bloomberg*)



Companies

Farm Fresh: Declares dividend of one sen as 2Q earnings double

Farm Fresh Bhd's net profit more than doubled in the second quarter ended Sept 30, 2024 (2QFY2025), as contributions from Inside Scoop, Sin Wah and profitable Australian operations were boosted by decreased dairy raw material costs. Net profit rose 105% to RM26.2m or 1.40 sen per share, from RM12.8m or 0.68 sen per share a year ago. Farm Fresh declared an interim dividend of one sen per share, with an ex-date of Dec 12, payable on Dec 27. Quarterly earnings, however, were partially offset by higher fair value losses on biological assets and an unrealised foreign exchange (forex) loss due to unfavourable forex translation on bank balances denominated in foreign currencies, particularly US dollars. *(The Edge)*

Yinson: Gets US\$59m financing for Matarani solar project in Peru

Yinson Holdings Bhd's renewables business unit has secured a US\$59m (RM262.5m) senior secured green financing facility for the Matarani solar project in Peru from IDB Invest and Natixis Corporate and Investment Banking (Natixis CIB). Yinson Renewables chief financial officer Vegard Urnes said the financing marks a significant milestone for the company in Latin America. *(Bernama)*

TNB: 3Q profit up 85% on RM1.12bn forex gain

Tenaga Nasional Bhd (TNB) reported an 85% increase in net profit to RM1.58bn for its third quarter of FY2024, driven by significant foreign exchange (forex) gains, compared to RM856.2m in the same quarter last year. Quarterly revenue rose 6.6% to RM14.35bn, supported by a 4.9% increase in electricity sales. Operating expenses grew 11% to RM15.18bn, and TNB booked a forex gain of RM1.12bn, up from just RM4.6m in 3QFY2023. For the nine months ending September 2024, net profit surged 71.3% to RM3.74bn, with a forex gain of RM1.07bn, and TNB expects stable performance for the full year. *(The Edge)*

HLFG: 1Q net profit rises 14% as banking, insurance arms report gains

Hong Leong Financial Group Bhd (HLFG) reported a 14% increase in net profit for the first quarter of FY2025, reaching RM847.7m, driven by strong performance in its banking and insurance sectors. Hong Leong Bank's net profit rose 5.8% to RM1.1bn, boosted by higher net interest income and non-interest income, while HLA Holdings saw a significant 142.3% growth in pre-tax profit due to higher investment income and insurance results. Quarterly revenue rose 20% year-on-year to RM1.9bn. However, Hong Leong Capital's pre-tax profit declined by 20.5% due to delays in deals and lower investment returns. *(The Edge)*

HLB: Earnings up 6% in 1Q, driven by higher net interest income

Hong Leong Bank Bhd (HLB) reported a 5.8% year-on-year increase in net profit for Q1 FY2025, reaching RM1.1bn, driven by strong growth in net interest income (NII) and non-interest income (NOII). NII rose 10.5% to RM1.2bn, while NOII surged 32%, supported by higher fee income and improved foreign exchange gains. The bank's loan and financing portfolio grew by 6.9%, and it maintained a solid gross impaired loan ratio of 0.54%, with no dividend declared for the quarter. *(The Edge)*

GENM: 3Q profit highest in nearly six years on forex gains

Genting Malaysia Bhd's third-quarter net profit for the period ended Sept 30, 2024, surged over threefold to RM569.2m, driven by RM601.8m in unrealised foreign exchange gains on US-dollar denominated borrowings. This result marked its highest quarterly profit since 2018, despite a slight revenue increase of 1.45% to RM2.8bn, supported by growth in its UK and Egypt leisure businesses. For the first nine months of 2024, net profit grew to RM709.2m, with revenue rising 9.6% to RM8.2bn, as the company remains cautiously optimistic about the leisure and hospitality sector's recovery. *(The Edge)*

IHH: Reports 43% jump in core profit on higher patient volumes

IHH Healthcare Bhd's core net profit for the third quarter of 2024 rose 43% year-on-year to RM528m, driven by higher patient volumes and more complex cases, though its overall net profit was largely unchanged at RM534m. Revenue for the quarter declined 3% to RM5.6bn, impacted by adjustments related to inflation and the Turkish lira under accounting standard MFRS 129. For the first nine months of 2024, net profit fell 13.4% to RM1.9bn, but revenue rose 13.1% to RM17.7bn, with strong growth in core net profit, revenue, and EBITDA when excluding the effects of MFRS 129. The group continues to expand through acquisitions, including Island Hospital in Penang and properties in France, and expects significant synergies from these moves. *(The Edge)*

EcoWorld: Issues RM300m sukuk wakalah

Eco World Capital Bhd, a subsidiary of Eco World Development Group Bhd, has issued a RM300m sukuk wakalah in two tranches: RM100m with a three-year tenure and RM200m with a seven-year tenure. The proceeds will be used for working capital, capital expenditure, land acquisitions, shariah-compliant investments, refinancing existing debt, and other corporate purposes. *(The Edge)*

Genting: 3Q net profit more than halves on higher write-off

Genting Bhd reported a 57% drop in its third-quarter net profit for FY2024, falling to RM223.8m, primarily due to higher property, plant, and equipment (PPE) write-off of RM207.3m and lower earnings from its leisure, hospitality, and power segments. Revenue declined 11.2% year-on-year to RM6.54bn, with Resorts World Sentosa and Resorts World Genting seeing reduced earnings, while its power division and plantation business also faced setbacks. However, the group's investments segment performed well, driven by foreign exchange gains, and Genting remains optimistic about international tourism and its regional gaming market recovery. *(The Edge)*

PPB: 3Q profit falls 44% on lower Wilmar contribution

PPB Group Bhd's net profit for the third quarter of FY2024 dropped 44.1% to RM208.1m, primarily due to lower contributions from its associate Wilmar International and a 97% decline in profit from its core business segments. Quarterly revenue fell 7.5% to RM1.4bn, impacted by the divestment of its Indonesian flour operations and reduced profits across its grains, agribusiness, consumer products, and film exhibition segments. For the nine-month period, net profit dropped 10.4%, and while the group faces challenges in its grain and agribusiness segment, it remains focused on expanding its consumer products and improving property performance. *(The Edge)*



Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.04	0.20	9.71
KIP REIT	REIT	0.90	0.08	8.49
Amway (M)	Consumer	6.85	0.56	8.25
Sentral REIT	REIT	0.80	0.06	7.92
MBM Resources	Consumer	6.57	0.51	7.76
British American Tobacco (M)	Consumer	7.74	0.60	7.70
Datasonic Group	Technology	0.40	0.03	7.59
Genting Malaysia	Consumer	2.12	0.16	7.55
YTL Hospital REIT	REIT	1.21	0.09	7.11
Sports Toto	Consumer	1.46	0.10	7.05
REXIT	Technology	0.74	0.05	6.76
Hektar REITS	REIT	0.52	0.03	6.73
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.67
Ta Ann Holdings	Plantation	4.47	0.29	6.40
MAG Holdings	Consumer	1.19	0.08	6.39

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
Vanzo Holdings Bhd	ACE Market	0.15	93.4	46.7	4 Dec	17 Dec
Carlo Rino Group Bhd	ACE Market	0.27	171.9	-	5 Dec	18 Dec
Winstar Capital Bhd	ACE Market	0.35	56.6	17.4	3 Dec	19 Dec

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

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