



Daily Newswatch

Market Review

The FBMKLCI continued its downward trend, closing lower at 1,603.2 (-0.4%), as investor continued to stay cautious ahead of the release of the US Consumer Price Index (CPI) data. Between the index constituents, the negative performance was led by SUNWAY (-5.9%), IHH (-3.8%) and PCHEM (-2.2%). Among the sectors, Health Care (-1.7%) was the most underperforming sector due to significant selling pressure in index-heavyweight counters such as KPJ (-9.2%), IHH (-3.8%) and TOPGLOV (-1.5%). Therefore, the overall market breadth turned negative, with 652 losers outweighing 419 gainers.

Economics

- US:** Yellen says Trump's tariffs could derail US inflation progress, raise costs
- Malaysia:** Wholesale and retail trade growth accelerates in October amid festive spending, official data show
- China:** Ready to go deeper into debt to counter Trump's tariffs
- China:** Xi readies bargaining chips for US trade war after Biden curbs
- Japan:** Union head calls for government to accelerate wage efforts

Companies

- Axiata:** Seals definitive deal with Sinar Mas to merge Indonesian ops
- AE Multi:** Proposes RM156m share capital reduction
- Privasia:** Teams up with Mara Inc to develop data centre in Bagan Datuk, Perak
- Petron:** Says Port Dickson refinery has resumed ops in full after two-month closure
- Public Bank:** Issues 3rd tranche of RM20bn sub-notes programmes
- Sime Darby:** Issues RM1.3bn sukuk murabahah

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,603.2	(0.4)	10.2
Dow Jones	44,148.6	(0.2)	17.1
Nasdaq CI	20,034.9	1.8	33.5
S&P 500	6,084.2	0.8	27.6
FTSE 100	8,301.6	0.3	7.3
Nikkei 225	39,372.2	0.0	17.7
Shanghai CI	3,432.5	0.3	15.4
HSI	20,155.1	(0.8)	18.2
STI	3,792.8	(0.5)	17.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,587.1	(5.5)
Value traded (RM m)	2,461.3	(6.7)
Gainers	419	
Losers	652	
Unchanged	489	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DNEX	0.400	12.7	132.3
KPJ	2.270	(9.2)	47.3
AIMFLEX	0.150	(3.2)	37.2
MYEG	0.940	0.5	37.0
PBBANK	4.610	2.0	33.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.610	2.0	151.1
CIMB	8.110	0.0	131.2
GAMUDA	9.570	1.3	129.2
SUNWAY	4.510	(5.8)	117.3
KPJ	2.270	(9.2)	109.8

Currencies	Last Close	% Chg
USD/MYR	4.433	(0.0)
USD/JPY	152.25	0.1
EUR/USD	1.0506	0.1
USD/CNY	7.2627	(0.2)
US Dollar Index	106.71	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	73.5	1.8
Gold (USD/troy oz)	2,720	0.1
CPO (MYR/metric t)	5,113	(1.0)
Bitcoin (USD/BTC)	101,194	(0.4)

Economics

US: Yellen says Trump's tariffs could derail US inflation progress, raise costs

U.S. Treasury Secretary Janet Yellen expressed concerns that President-elect Donald Trump's proposed tariffs, including 60% on Chinese imports, could raise consumer prices and hinder inflation control, negatively affecting both households and businesses. She also warned about the fiscal sustainability of extending Trump's 2017 tax cuts, which would add \$5 trillion to the U.S. deficit over the next decade, urging Congress to find ways to offset the cost. Additionally, Yellen emphasized the importance of the Federal Reserve's independence, criticizing any political interference that could undermine market confidence. *(Reuters)*

Malaysia: Wholesale and retail trade growth accelerates in October, official data show

Malaysia's wholesale and retail trade accelerated and rose 5.5% in October from a year earlier amid strong consumer spending during the festive season, official data on Wednesday showed. Distributive trade totalled RM150.1bn in October, the Department of Statistics Malaysia said in a statement. The rate is a tad faster than the 5.0% year-on-year gain in September. On a month-on-month basis, sales value climbed 1.3%. The performance reflects Malaysia's underlying economic strength, said chief statistician Datuk Seri Mohd Uzir Mahidin. "With continued support from government policies and vibrant consumer activity, we expect this upward trend to persist, driving further growth in the months ahead." Retail trade grew 7.1% to RM64.9bn, led by sales in non-specialised stores followed by food and beverages. October figures were also affected by seasonal factors, such as Deepavali celebrations and school holidays, which boosted foot traffic in retail outlets, the department noted. *(The Edge)*

China: Ready to go deeper into debt to counter Trump's tariffs

In one of their most dovish statements in more than a decade, Chinese leaders signalled on Monday they are ready to deploy whatever stimulus is needed to counter the impact of expected US trade tariffs on next year's economic growth. After a meeting of top Communist Party officials, the Politburo, officials said they would switch to an "loose". The previous "prudent" stance that the central bank had held for the past 14 years coincided with overall debt — including that of governments, households and companies — jumping more than five times. Gross domestic product (GDP) expanded roughly three times over the same period. The Politburo rarely details policy plans, but the shift in its message shows China is willing to go even deeper into debt, prioritising, at least in the near term, growth over financial risks. *(Reuters)*

China: Xi readies bargaining chips for US trade war after Biden curbs

China is preparing for a potential trade war with the US, responding to US restrictions on AI chip components by targeting key industries like Nvidia and rare materials with military applications. Beijing's retaliatory actions, including export bans and investigations, are designed to apply pressure without significantly harming its own economy. While some in China favour a softer approach due to economic challenges, the government has developed tools to counter US moves, such as targeted export controls and laws strengthening national security. As tensions rise, China may leverage its dominance in areas like rare earths and drone manufacturing while considering currency depreciation to offset tariffs. *(Bloomberg)*

Japan: Union head calls for government to accelerate wage efforts

Akihiro Kaneko, president of Japan's metalworkers' union, called for accelerated wage increases and criticised the Bank of Japan for potentially tightening monetary policy prematurely, arguing that sustainable wage growth is essential for economic stability. The union has set a record target for wage hikes in the upcoming annual negotiations, aiming for ¥12,000 per month, while also advocating for fairer profit distribution from companies. Kaneko also stressed the need for Japan to raise wages to global standards and attract foreign talent, while cautioning against being swayed by external factors like US trade policies. *(Bloomberg)*

Companies

Axiata: Seals definitive deal with Sinar Mas to merge Indonesian ops

Axiata Group Bhd has signed a definitive agreement with Sinar Mas to proceed with the proposed merger of PT XL Axiata Tbk (XL Axiata) and two other companies in Indonesia. The merged entity will be named PT XL Smart Telecom Sejahtera Tbk (XL Smart), where Axiata and Sinar Mas will remain as joint controlling shareholders with a 34.8% ownership stake each. Public shareholders will hold the remaining 30.4%. The merger involves the effective transfers of PT Smartfren Telecom Tbk (Smartfren) and Smartfren's subsidiary — PT Smart Telkom (SmartTel) — to XL Axiata, where XL Axiata will issue 5.1bn new ordinary shares at an issue price of 2,350 rupiah (65.57 sen) per share to acquire the entities, for a total purchase consideration of 11.9tn rupiah (RM3.3bn). *(The Edge)*

AE Multi: Proposes RM156m share capital reduction

AE Multi Holdings Bhd (AEM) has proposed a share capital reduction to eliminate up to RM156m of its accumulated losses, aiming to improve its financial position and enable future dividend payments. As of December 2, AEM's issued share capital is RM167.3m, and its accumulated losses stood at RM123.5m by the end of FY2024. The share capital reduction will result in net earnings of RM32.4m, with the exercise expected to be completed by Q2 2025. *(The Edge)*

Privasia: Teams up with Mara Inc to develop data centre in Bagan Datuk, Perak

Mara Inc and ACE Market-listed Privasia Technology Bhd, a business process outsourcing company, are teaming up to develop and operate a data centre in Bagan Datuk, Perak. Mara Inc, the strategic investment arm of Mara Corp, inked a memorandum of agreement (MOA) with Privasia's wholly owned Privabytes Sdn Bhd for the project on Wednesday. Privasia is also involved in information and communications technology. The project's first phase, comprising 10MW, is expected to be completed by October 2026, according to the groups. Under the preliminary agreement, Mara and Privasia are to form a special purpose vehicle for the project, which is to lease a 49.9-acre land in Bagan Datuk from Felcra. Mara Corp, and in turn Mara Inc, is under the purview of the Ministry of Rural and Regional Development. *(The Edge)*

Petron: Says Port Dickson refinery has resumed ops in full after two-month closure

After two months of maintenance shutdown, Petron Malaysia Refining & Marketing Bhd announced on Wednesday that its Port Dickson refinery has resumed operations in full. In a filing to Bursa Malaysia, the oil refiner said furnace repairs at the site had been completed. The refinery had been under maintenance shutdown for furnace repairs since Oct 9. "Following observation and monitoring of the furnace capabilities post-repair works, Petron is able to report that the refinery is now fully operational," the group said. *(The Edge)*

Public Bank: Issues 3rd tranche of RM20bn sub-notes programmes

Public Bank Bhd has issued the third tranche of its RM20bn subordinated medium-term notes (Sub-Notes) Programme, amounting to RM500m in nominal value. In a filing with Bursa Malaysia today, the bank said it had lodged the required information and relevant documents regarding the establishment of the sub-notes with the Securities Commission through Public Investment Bank Bhd. The proceeds from the sub-notes will be set aside for working capital and general banking purposes. *(The Star)*

Sime Darby: Issues RM1.3bn sukuk murabahah

Sime Darby Bhd's wholly-owned subsidiary, Sime Darby Enterprise Sdn Bhd, has successfully issued an RM1.3bn sukuk Murabahah under its RM10bn Islamic commercial papers and medium-term notes programme. The sukuk was issued in three tranches: RM150m for one year, RM350m for three years, and RM800m for six years. The proceeds will be used to refinance an outstanding sukuk Murabahah maturing today. *(Bernama)*



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		
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
Swift Energy Technology Bhd	ACE Market	0.28	250.2	50.0	23 Dec	8 Jan

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