



# Daily Newswatch

## Market Review

The FBM KLCI declined by 0.5% to close at 1,591.41, pressured by bearish sentiment and a downtrend across regional markets. Index heavyweights like PETDAG (-4.2%), AXIATA (-2.9%), and CDB (-1.9%) led the decliners, reflecting investor cautious across key sectors. Sector-wise, Health Care (-2.0%) recorded the steepest decline, followed by Plantation (-1.2%) and Energy (-0.9%), as profit-taking and external uncertainties dampened the sentiment of these sectors. Overall, the broader market echoed this subdued tone, with 552 losers outstripping 462 gainers.

## Economics

- Malaysia:** Strengthens ties with Iran, eyes Gilan province as key collab hub
- US:** Senate passes govt funding bill, averts shutdown
- US:** Consumer spending rises in November; monthly inflation subsides
- EU:** ECB rate cuts will continue next year
- UK:** Starmer is deepening China ties while allies turn away
- UK:** Borrows less than expected in November but Reeves still under pressure
- Japan:** Warns on yen after BOJ's dovish message extends slide

## Companies

- MAHB:** GDA maintains RM11 offer for MAHB, challenges independent directors' rejection
- ECA Integrated:** Invests in automated equipment manufacturer to expand presence in China
- Catcha Digital:** Expands into automotive digital media by investing in Drive 2 Digital
- Johor Plantations:** JCorp unit appointed as main infra contractor for Kota Tinggi palm oil project
- Mega First:** Goh Nan Kioh's brother resigns as Mega First executive director after two decades
- PLB Engineering:** Auditor flags material uncertainty over PLB Engineering's ability to continue as going concern
- Bahvest Resources:** Buys mining equipment from Chinese firm to build new plant
- LKL:** Secures RM24.55m sales contract from UKM
- Edeltecq:** Proposes to acquire remaining 30% stake in EVSB for RM132.5m

### Upcoming key economic data releases

### Date

Malaysia – Nov 2024 PPI

Dec 24

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,591.4	(0.5)	9.4
Dow Jones	42,840.3	1.2	13.7
Nasdaq CI	19,572.6	1.0	30.4
S&P 500	5,930.9	1.1	24.3
FTSE 100	8,084.6	(0.3)	4.5
Nikkei 225	38,701.9	(0.3)	15.7
Shanghai CI	3,368.1	(0.1)	13.2
HSI	19,720.7	(0.2)	15.7
STI	3,719.9	(1.1)	14.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,398.1	6.0
Value traded (RM m)	3,766.9	24.3
Gainers	462	
Losers	552	
Unchanged	522	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZENTECH	0.010	0.0	157.4
HM-R1	0.120	(7.7)	133.4
YTL	2.580	1.2	120.9
YTLPOWR	4.140	1.5	73.3
TWL	0.025	(16.7)	57.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
YTL	2.580	1.2	323.3
YTLPOWR	4.140	1.5	308.6
CIMB	7.950	(1.1)	196.2
MAYBANK	9.960	(1.0)	166.0
GAMUDA	4.780	1.5	159.1

Currencies	Last Close	% Chg
USD/MYR	4.5078	(0.1)
USD/JPY	156.31	0.7
EUR/USD	1.043	0.6
USD/CNY	7.2954	0.0
US Dollar Index	107.62	(0.7)

Commodities	Last Close	% Chg
Brent (USD/barrel)	72.9	0.1
Gold (USD/troy oz)	2,623	1.1
CPO (MYR/metric t)	4,762	0.2
Bitcoin (USD/BTC)	96,517	(0.4)

## Economics

### Malaysia: Strengthens ties with Iran, eyes Gilan province as key collab hub

Malaysia is intensifying efforts to deepen economic and cultural ties with Iran, identifying Gilan province as another key hub for collaboration. During his visit to Gilan, Malaysian Ambassador to Iran Khairi Omar held productive talks with Gilan governor Hadi Haqshenas, focusing on enhancing bilateral cooperation in key areas such as tourism, trade, and academic exchange. On tourism and economic exchange, Khairi highlighted the environmental and climatic similarities between Gilan and Malaysia, expressing confidence that these shared features would enhance Malaysian tourist arrivals in Iran. *(The Edge)*

### US: Senate passes govt funding bill, averts shutdown

The US Congress passed spending legislation early on Saturday in a down-to-the wire burst of activity that will avert a destabilising government shutdown ahead of the busy holiday travel season. The Democratic-controlled Senate in an 85-11 vote passed the bill to continue government funding 38 minutes after it expired at midnight (0500 GMT on Saturday). The government did not invoke shutdown procedures in the interim. The bill will now be sent to White House, where President Joe Biden is expected to sign it into law. The package had earlier cleared the Republican-controlled House of Representatives with bipartisan support. *(Bloomberg)*

### US: Consumer spending rises in November; monthly inflation subsides

US consumer spending increased in November, underscoring the economy's enduring strength, which prompted the Federal Reserve this week to project fewer interest rate cuts in 2025 than it had three months ago. Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.4% last month after a downwardly revised 0.3% gain in October, the Commerce Department's Bureau of Economic Analysis reported on Friday. Economists polled by Reuters had forecast consumer spending advancing 0.5% after a previously reported 0.4% rise in October. Robust consumer spending helped to propel the economy to a 3.1% annualised growth rate in the third quarter after a 3.0% pace of expansion in the April-June quarter. *(Bloomberg)*

### EU: ECB rate cuts will continue next year

The European Central Bank (ECB) will go on lowering borrowing costs in 2025, according to Governing Council member Boris Vujcic. "The direction is clear, it's the continuation of the direction from 2024, and that is the further reduction of interest rates," the Croatian central bank chief told state broadcaster HRT1 in an interview on Saturday. The ECB last week cut the deposit rate by a quarter point to 3%, the fourth such move since June. Officials have indicated that more steps will follow, though they differ on how many will be necessary. *(Bloomberg)*

### UK: Starmer is deepening China ties while allies turn away

UK Prime Minister Keir Starmer's pursuit of closer ties with China has raised private questions from Donald Trump's incoming administration, European diplomats and even some senior British officials. It's a courtship that risks leaving Starmer isolated among his allies. Last month, he became the first British prime minister to meet with President Xi Jinping for seven years, and next month, Chancellor of the Exchequer Rachel Reeves is due to meet top officials in Beijing early with priorities that include deepening financial ties between Shanghai and the City of London. The new Labour government is trying to fix a relationship that has gone from a "golden age" in 2015 under the then Conservative prime minister, David Cameron, to outright gloom. Ties all-but froze following Beijing's crackdown on pro-democracy activists in Hong Kong, its support for Russia's invasion of Ukraine, and a wave alleged cyberattacks and spying operations in Britain. *(Bloomberg)*



**UK: Borrows less than expected in November but Reeves still under pressure**

Britain ran a smaller-than-expected budget deficit last month as a past lull in inflation pushed down interest paid on government bonds, giving a small boost to finance minister Rachel Reeves who has been under pressure following her budget announcement. Public sector net borrowing in November was £11.249bn (US\$14.06bn or RM63.4bn), the Office for National Statistics said on Friday. Economists polled by Reuters had a median forecast of £13bn for headline public sector net borrowing. The data showed the challenge Reeves faces to meet her new fiscal rules with the economy losing momentum — the Bank of England on Thursday forecast zero growth in the last three months of 2024 — and inflation rising again. *(Reuters)*

**Japan: Warns on yen after BOJ's dovish message extends slide**

Japan ramped up its warnings against currency speculation Friday after the yen slid to a five-month low following a hint from the central bank chief that he may wait longer than expected before raising interest rates. “The government’s deeply concerned about recent currency moves, including those driven by speculators,” Katsunobu Kato said on Friday. “We will take appropriate action if there are excessive moves in the currency market.” The yen regained some ground against the dollar after Kato’s remarks, strengthening to as much as 156.89 after earlier weakening to as much as 157.93. The Japanese currency strengthened a little further after currency chief Atsushi Mimura also backed up Kato with similar comments in the afternoon. *(Bloomberg)*

## Companies

### **MAHB: GDA maintains RM11 offer for MAHB, challenges independent directors' rejection**

Gateway Development Alliance (GDA), the consortium proposing to privatise Malaysia Airports Holdings Bhd (MAHB), said it is maintaining its offer of RM11 per share, after the airport operator's independent directors recommended shareholders to reject the offer. In a statement, the consortium — comprising the Employees Provident Fund (EPF), Khazanah Nasional Bhd-backed UEM Group Bhd, the Abu Dhabi Investment Authority (ADIA) and Blackrock Inc-backed Global Infrastructure Partners (GIP) — said the views of the independent directors "fail to take into consideration MAHB's past performance and challenges it faces" (*The Edge*)

### **ECA Integrated: Invests in automated equipment manufacturer to expand presence in China**

ECA Integrated Solution Bhd is expanding into China by acquiring a 49% stake in Suzhou Thryda Co Ltd for 1.47m yuan (RM907,463), funded internally, to drive innovation and diversify income. The company reported a Q3 FY2024 net loss of RM2.34m, citing lower sales, increased costs, and challenges in the semiconductor industry, with revenue declining 63.11% year-on-year to RM4.03m. (*The Edge*)

### **Catcha Digital: Expands into automotive digital media by investing in Drive 2 Digital**

Catcha Digital Bhd, formerly known as Rev Asia Bhd, is acquiring a 60% stake in Drive 2 Digital Sdn Bhd (D2D) for RM16.2m, cash, marking its entry into the automotive digital media sector, with a focus on Chinese and Malay language automotive content. The acquisition, payable in three tranches over 24 months, is contingent upon D2D achieving profit targets of RM3.5m in the first 12 months following the deal's completion and RM4.2m in the subsequent 12 months. (*The Edge*)

### **Johor Plantations: JCorp unit appointed as main infra contractor for Kota Tinggi palm oil project**

Johor Plantations Group Bhd has appointed Tg Langsat Development Sdn Bhd (TLD) as an earthwork and main infrastructure contractor for its Integrated Sustainable Palm Oil Complex (iSPOC) project in Johor for RM39.04m. Located in the Pasir Logok Estate, Kota Tinggi, iSPOC will integrate various stages of palm oil production. This includes specialty oils and fats refining, renewable energy generation, palm oil milling, kernel crushing, and animal feed production within a single complex. "Scheduled for completion in the second half of 2026, this integrated approach aims to enhance efficiency, expand JPG's value chain and product offerings, improve cost-effectiveness, and strengthen its competitiveness in the palm oil industry. (*The Edge*)

### **Mega First: Goh Nan Kioh's brother resigns as Mega First executive director after two decades**

Mega First Corp Bhd announced that its executive director, Goh Nan Yang, will step down from his position effective Dec 31, upon the expiry of his employment contract. In line with his resignation, Nan Yang will also vacate his role as an alternate director to MFCB's executive chairman, Goh Nan Kioh, who is his brother, according to the company's bourse filing. Nan Kioh holds a 2.77% direct stake and a 32.13% indirect stake in MFCB, making him the largest shareholder of the group that operates a slew of ventures from limestone quarrying to packaging and hydro power plant operations. (*The Edge*)

### **LKL: Secures RM24.55m sales contract from UKM**

LKL International Bhd's subsidiary, LKL Advance Metaltech Sdn Bhd, secured a RM24.55m contract from Universiti Kebangsaan Malaysia to supply, install, and commission dental chairs and accessories, alongside related renovation works. This is the group's largest medical equipment contract to date, representing about 50% of its latest audited revenue. (*The Edge*)



**PLB Engineering: Auditor flags material uncertainty over PLB Engineering's ability to continue as going concern**

PLB Engineering Bhd's external auditors, Grant Thornton Malaysia PLT, have expressed an unmodified audit opinion with material uncertainty regarding the group's ability to continue as a going concern. Grant Thornton highlighted the group's and the company's net losses of RM12.79m and RM17.12m, respectively, in the audited financial statements for the financial year ended Aug 31, 2024 (FY2024). It also noted that the group's and the company's current liabilities exceeded their current assets by RM54.79m and RM52.18m, respectively. *(The Edge)*

**Bahvest Resources: Buys mining equipment from Chinese firm to build new plant**

Bahvest Resources Bhd has proposed to buy mining equipment from China-based Chengdu Mining Maintenance Technology Co Ltd for RM22.82m, to be used to build a new gold mining processing plant. The plant is located less than 1km from the company's existing facility in Bukit Mantri in Tawau, Sabah, Bahvest said in a filing with Bursa Malaysia. The company said the new plant, with a processing capacity of over 2,000 tonnes per day (tpd), is expected to double the output of the current plant, which operates at full capacity with a throughput of around 1,200 tpd. The commissioning of the plant is expected to commence within 12 months. *(The Edge)*

**Edeltec: Proposes to acquire remaining 30% stake in EVSB for RM132.5m**

Edeltec Holdings Bhd plans to acquire the remaining 30% stake in its subsidiary, Edeltec Ventures Sdn Bhd, from Hana Microelectronics for RM132.5m, making it a wholly-owned subsidiary. EVSB specializes in automated test equipment, factory automation, and engineering services, and has demonstrated strong growth with a 44.65% CAGR from FY2021 to FY2023. The acquisition will allow Edeltec to fully consolidate EVSB's earnings. *(The Edge)*



## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.59	0.18	11.57
MBM Resources	Consumer	6.20	0.53	8.47
Amway (M)	Consumer	6.79	0.56	8.32
British American Tobacco (M)	Consumer	7.50	0.60	7.95
Sentral REIT	REIT	0.79	0.06	7.77
KIP REIT	REIT	0.87	0.07	7.70
Genting Malaysia	Consumer	2.12	0.16	7.36
Ta Ann Holdings	Plantation	4.08	0.30	7.38
Datasonic Group	Technology	0.42	0.03	7.23
Paramount Corporation	Property	1.05	0.07	7.14
YTL Hospital REIT	REIT	1.19	0.08	6.97
CapitaLand Malaysia Trust	REIT	0.66	0.05	6.82
Sports Toto	Consumer	1.48	0.10	6.76
Hektar REITS	REIT	0.53	0.04	6.60
UOA REITS	REIT	0.92	0.06	6.63

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		
Swift Energy Technology Bhd	ACE Market	0.28	28.0	14.0	23 Dec	08 Jan
CBH Engineering Holding Bhd	ACE Market	0.28	298.0	188.1	02 Jan	16 Jan
Northern Solar Holdings Bhd	ACE Market	0.63	67.3	35.6	20 Jan	06 Feb

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## Published & Printed By:

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