



Daily Newswatch

Market Review

The FBM KLCI climbed to 1603.00 (+0.4%), enjoying some Christmas cheer in tandem with broadly higher regional markets. The rally was driven by year-end window-dressing as institutions adjusted portfolios to boost performance metrics. Among the index constituents, the positive performance was led by YTLPOWR (+1.9%), TM (+1.4%), and IOICORP (+1.1%). Sector-wise, Energy (+1.5%) was the strongest performer, with Utilities (+0.5%) and Telecommunications & Media (+0.5%) also contributing to the rally. Overall, the broader market saw 500 gainers outpacing 427 losers, reflecting a positive bias heading into the holiday season.

Economics

- Malaysia:** November PPI records slower decrease of 0.4%
- Malaysia:** Economy up 5.2% in 9M2024, official data show
- China:** Keeps key rate steady as it withdraws most cash since 2014
- Japan:** Corporate service inflation rises, bolsters BOJ rate-hike odds
- Japan:** BOJ's Ueda avoids giving clear hint on chances of January hike

Companies

- BHIC:** Shareholders approve RM54m sale of 51% stake in LCS subcontractor
- Prolintas:** Settles cost-sharing agreement dispute with Latar for undisclosed sum
- MMAG:** Buys aircraft for RM20 mil to expand air cargo capacity
- Nestcon:** Wins bids to develop 18.99 MWac LSS power plant projects in Sabah
- KKB:** Sues glove factory project contractor over unpaid claims
- Parlo:** Proposes rights issue and capital reduction
- Pharmaniaga:** East Navigators' direct stake falls below 5% after selling shares at discount

Upcoming key economic data releases

	Date
US – Dec 2024 Manufacturing PMI	Jan 03
US – Dec 2024 Unemployment Rate	Jan 10
Malaysia – Nov 2024 Unemployment Rate	Jan 10
US – Jan 2025 PPI	Jan 14
US – Jan 2025 CPI	Jan 15
Malaysia – GDP Growth Rate	Jan 20
Malaysia – Dec 2024 Inflation Rate	Jan 22
Malaysia – Interest Rate Decision	Jan 22
Malaysia – Dec 2024 PPI	Jan 28
US – Jan 2025 FOMC	Jan 30
US – Jan 2025 PCE	Jan 31

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,603.0	0.4	10.2
Dow Jones	43,297.0	0.9	14.9
Nasdaq CI	20,031.1	1.3	33.4
S&P 500	6,040.0	1.1	26.6
FTSE 100	8,137.0	0.4	5.2
Nikkei 225	39,130.4	0.2	16.9
Shanghai CI	3,393.4	(0.0)	14.1
HSI	20,098.3	1.1	17.9
STI	3,769.6	0.0	16.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,014.6	(15.1)
Value traded (RM m)	1,542.1	(24.4)
Gainers	500	
Losers	427	
Unchanged	534	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
GENETEC	1.300	4.8	41.6
WINSTAR	0.640	5.8	41.1
VANZO	0.180	9.1	28.9
SCABLE	0.140	(6.7)	24.9
JCY	0.525	2.9	24.4

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	4.620	0.2	78.6
CIMB	7.970	0.3	57.9
MAYBANK	10.080	0.0	55.5
GENETEC	1.300	4.8	54.8
TANCO	1.910	1.6	38.6

Currencies	Last Close	% Chg
USD/MYR	4.4867	0.0
USD/JPY	157.14	0.0
EUR/USD	1.0404	0.0
USD/CNY	7.2989	(0.0)
US Dollar Index	108.26	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	73.6	1.3
Gold (USD/troy oz)	2,617	0.2
CPO (MYR/metric t)	4,895	(0.1)
Bitcoin (USD/BTC)	98,081	(0.2)

Economics

Malaysia: November PPI records slower decrease of 0.4%

Malaysia's producer price index (PPI) declined by 0.4% in November 2024, a slower decrease compared to the 2.4% drop in October 2024, mainly due to the continued contraction in the mining sector, according to the Department of Statistics Malaysia (DOSM). The mining sector fell by 8.3% in November 2024, compared to a sharper decline of 17.3% in October 2024, driven by a 14.8% decrease in the extraction of crude petroleum index. The manufacturing sector recorded a smaller decline, a drop of 1.8% compared to a 2.6% decrease in October 2024. This was largely due to lower prices in the index of manufacture of coke and refined petroleum products (-16.8%); manufacture of chemicals and chemical products (-5.1%). *(Bernama)*

Malaysia: Economy up 5.2% in 9M2024, official data show

Malaysia's economy sustained strong growth in the first three quarters of 2024 (9M2024), expanding by 5.2% from January to September, said the Department of Statistics Malaysia. The growth signifies a notable improvement from the 3.8% growth recorded during the same period in 2023. The robust performance reflects continued resilience despite global uncertainties and is seen as a positive sign for the country's economic stability. Malaysia's industrial production index (IPI) posted 2.1% year-on-year (y-o-y) growth in October, driven by manufacturing (+3.3%) and electricity (2.5%), while mining declined by 2.8%. The manufacturing sector recorded an increase of 3.0% y-o-y in sales to RM161.3bn in October, primarily fuelled by the food, beverages and tobacco sub-sector, surging by 11.2%. *(Bernama)*

China: Keeps key rate steady as it withdraws most cash since 2014

China refrained from cutting the interest rate and drained the most cash since 2014 with a one-year policy tool, keeping its powder dry ahead of possible escalation in trade tensions with the US next year. The People's Bank of China (PBOC) held the interest rate on the one-year medium-term lending facility (MLF) steady at 2% — a move predicted by nine of out 10 economists surveyed by Bloomberg. The authorities also withdrew a net 1.15tn yuan (US\$158bn or RM706.9bn) from the financial system with the tool, the most since 2014. Earlier this month, policymakers pledged "moderately loose" monetary policy — the first shift in stance in about 14 years — along with "more proactive" fiscal tools to bolster the economy. But so far, they have refrained from announcing any concrete stimulus, reflecting their patience before the US imposes the tariffs that President-elect Donald Trump threatened earlier. *(Bloomberg)*

Japan: Corporate service inflation rises, bolsters BOJ rate-hike odds

A leading indicator of Japan's service-sector inflation rose to 3.0% in November, accelerating for a second straight month, data showed on Wednesday, backing up the central bank's view that rising wages are prodding more firms to pass on higher costs. Service-sector inflation is being closely watched by the Bank of Japan (BOJ), which compiled Wednesday's data, for clues on whether demand-driven price gains are broadening enough to justify raising interest rates further. The November year-on-year gain in the services producer price index, which measures the price companies charge each other for services, accelerated from a 2.9% gain in October. The index, at 109.1, marked the highest level since March 1995. *(Bloomberg)*

Japan: BOJ's Ueda avoids giving clear hint on chances of January hike

Bank of Japan (BOJ) Governor Kazuo Ueda reiterated his view that the bank needs to carefully watch various risks without signalling the likelihood of an interest rate hike next month. "The timing and pace of adjusting the degree of monetary accommodation will depend on developments in economic activity and prices as well as financial conditions going forward," Ueda said in a speech at a business conference in Tokyo on Wednesday. "The bank needs to pay due attention to various risk factors at home and abroad, and to examine how these factors will affect the outlook and risks for Japan's economic activity and prices and the likelihood of realising the outlook," he said. *(Bloomberg)*

Companies

BHIC: Shareholders approve RM54m sale of 51% stake in LCS subcontractor

Boustead Heavy Industries Corp Bhd shareholders have given the nod for the fabrication and engineering company to dispose of its 51% equity stake in Contraves Advanced Devices Sdn Bhd (CAD) to German defence firm Rheinmetall AG for RM54m. The disposal of the littoral combat ship (LCS) subcontractor was approved by shareholders during an extraordinary general meeting (EGM) held on Tuesday, BHIC said in a statement. A total of 137 shareholders holding 446.66 million BHIC shares or 99.56% of voting shares approved of the deal at the EGM, as opposed to 47 shareholders holding 1.98 million shares or 0.44% of voting shares. The disposal will result in a loss of RM14.82m to BHIC, which has already been recognised in its September quarter. (*The Edge*)

Prolintas: Settles cost-sharing agreement dispute with Latar for undisclosed sum

Prolintas Infra Business Trust said it has settled its dispute with KL-Kuala Selangor Expressway Bhd (Latar) over a cost-sharing agreement, for an undisclosed amount. "We are pleased to announce that the parties have reached a settlement arrangement in relation to the arbitration award dated Nov 7, 2024," the trust said in a bourse filing on Tuesday. "A consent order has been recorded in court to formalise the settlement. As such, the matter has been resolved," it added. (*The Edge*)

MMAG: Buys aircraft for RM20m to expand air cargo capacity

MMAG Holdings Bhd, which is involved in the sales of digital devices and logistic services, said on Tuesday it has acquired a Boeing B737-400SF aircraft from Japan-based JPA No 161 Co Ltd for US\$4.61m (RM20.76m) cash. The ACE Market-listed firm said its cargo unit MJets Air Sdn Bhd entered into an instalment sale agreement with JPA to purchase and take delivery of the converted freighter, according to its filing. JPA is a wholly owned subsidiary of JP Lease Products & Services Co Ltd (JLPS), one of the largest independent arrangers of tax leases in the Japanese market. This acquisition increases the group's fleet size to seven aircraft, from the current six leased aircraft. (*The Edge*)

Nestcon: Wins bids to develop 18.99 MWac LSS power plant projects in Sabah

Construction engineering company Nestcon Bhd said on Tuesday that it has secured two contracts to develop a total of 18.99 megawatts (MWac) of large-scale solar photovoltaic (LSSPV) plants in Sabah. In a filing with the stock exchange, Nestcon said its wholly owned subsidiary, Nestcon Infra Sdn Bhd, received letters of notification (LONs) from the Energy Commission of Sabah on Dec 19 and Dec 23, respectively. The LONs are for the development of a four MWac plant in Sri Tanjung, Tawau, on Sabah's southeast coast, and a 14.99 MWac plant in Bongawan, Kimanis, on the west coast of the state. Under the LONs, the projects will include a 25-year power purchase agreement, with strict timeline requirements, including a commercial operation date no later than Nov 30, 2026, financial close within the stipulated timeline, and the submission of a commitment bond to the Energy Commission of Sabah. Nestcon plans to finance the project through internally generated funds and/or bank borrowings. (*The Edge*)

KKB: Sues glove factory project contractor over unpaid claims

KKB Engineering Bhd has initiated adjudication proceedings under the Construction Industry Payment and Adjudication Act against a contractor over outstanding claims amounting to RM10.1m. The Sarawak-based steel fabrication company, in which Cahya Mata Sarawak Bhd holds a 17.9% stake, said the claims are related to an RM17m sub-contract awarded by Fook Lai Construction & Development Sdn Bhd in 2012. The project involves a glove factory at Petchem Industrial Park in Tanjung Kidurong, Bintulu. KKB said the legal action is not expected to have any material effect on its earnings for the financial year ending Dec 31, 2024 (FY2024), as well as any operational impact on the company. (*The Edge*)



Parlo: Proposes rights issue and capital reduction

Loss-making Parlo Bhd has proposed a cash call and capital reduction to revive its financials. The ACE Market-listed travel and tour services provider announced in a filing with Bursa Malaysia it intends to undertake a rights issue of 300.58 million shares that comes with free detachable warrants to raise fresh capital after capital reduction. The rights issue will be conducted on a renounceable basis of one rights share for every one consolidated share, with one Warrant B for every four rights shares subscribed. The issue price for the rights shares will be determined later. *(The Edge)*

Pharmaniaga: East Navigators' direct stake falls below 5% after selling shares at discount

East Navigators Capital Ltd has ceased to be a substantial shareholder in Pharmaniaga Bhd after selling a 1.76% stake (25.35 million shares) at a discounted price of 21 sen per share, reducing its stake to 4.19%. Pharmaniaga, currently under PN17 status, has proposed a regularisation plan involving a RM520m capital reduction, an RM353.52m rights issue, and an RM300m private placement to strengthen its financial position. *(The Edge)*



Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.56	0.18	11.35
MBM Resources	Consumer	5.87	0.53	8.94
Amway (M)	Consumer	6.85	0.53	7.69
British American Tobacco (M)	Consumer	7.52	0.60	7.93
Sentral REIT	REIT	0.79	0.06	7.72
KIP REIT	REIT	0.88	0.07	7.66
Ta Ann Holdings	Plantation	4.12	0.30	7.31
Genting Malaysia	Consumer	2.19	0.16	7.12
Paramount Corporation	Property	1.04	0.07	7.21
Datasonic Group	Technology	0.42	0.03	7.23
YTL Hospital REIT	REIT	1.19	0.08	6.97
CapitaLand Malaysia Trust	REIT	0.66	0.05	6.82
Sports Toto	Consumer	1.49	0.10	6.71
UOA REITS	REIT	0.94	0.06	6.49
Hektar REITS	REIT	0.54	0.03	6.54

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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