



Daily Newswatch

Market Review

The FBM KLCI fell sharply to 1,614.8 (-0.9%), reversing its prior-day gains as profit-taking activities weighed on sentiment, in line with negative performance among regional peers. Declines in index heavyweights such as MISC (-4.2%), PCHEM (-2.9%), and MAXIS (-2.5%) weighed on the index, reflecting bearish sentiment. Sector-wise, Health Care (-2.8%) led the declines, followed by Technology (-2.1%) and Consumer Products & Services (-1.1%). In overall, the broader market breath turned more bearish, with 827 decliners vastly outnumbering 285 gainers.

Economics

- Malaysia:** MOF announces tax incentives for Johor-Singapore Special Economic Zone
- Malaysia:** Bank Negara's international reserves dipped to US\$116.2bn as at Dec 31
- India:** New RBI chief faces calls to unshackle Rupee as Dollar rises
- EU:** German factory orders drop with Scholz out of time to fix growth
- UK:** 10-Year yields hit highest since 2008 as market rout deepens
- China:** Boosts consumer subsidies, vows more funding to aid demand
- US:** Fed's Waller supports further cuts, says inflation moving lower

Companies

- CJ Century Logistics:** Names Kim HyunChul as new deputy CEO
- Reservoir Link:** Associate gets RM20m subcontract job for solar farm
- Aeon:** Gets stay of High Court ruling in tenancy dispute with Ahmad Zaki unit, pending appeal
- Erdasan:** Formerly AT Systematization, proposes share capital reduction to wipe out losses
- MAHB:** Khazanah-EPF-led consortium amasses 84% stake in MAHB, seven working days left to meet 90% condition
- MClean:** Raises RM13.2m through private placement
- HSS Engineers:** Its consortium wins contract for LSS PV plant in Perak

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,614.8	(0.9)	(1.7)
Dow Jones	42,635.2	0.3	0.2
Nasdaq CI	19,478.9	(0.1)	0.9
S&P 500	5,918.3	0.2	0.6
FTSE 100	8,251.0	0.1	1.0
Nikkei 225	39,981.1	(0.3)	0.2
Shanghai CI	3,230.2	0.0	(3.6)
HSI	19,279.8	(0.9)	(3.9)
STI	3,887.0	1.5	2.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,586.9	(8.3)
Value traded (RM m)	3,056.9	(7.3)
Gainers	285	
Losers	827	
Unchanged	497	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SET	0.395	41.1	332.8
VELOCITY	0.080	0.0	76.5
GAMUDA	5.190	(0.2)	52.3
MYEG	0.960	(2.0)	46.3
UEMS	1.140	3.6	37.3

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	5.190	(0.2)	275.2
SET	0.395	41.1	121.9
CIMB	8.090	(0.7)	109.0
YTLPOWR	4.510	0.2	104.8
MAYBANK	10.060	(1.0)	88.6

Currencies	Last Close	% Chg
USD/MYR	4.5025	(0.3)
USD/JPY	158.28	0.0
EUR/USD	1.0318	0.0
USD/CNY	7.3316	(0.0)
US Dollar Index	108.99	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	76.2	(1.1)
Gold (USD/troy oz)	2,660	0.4
CPO (MYR/metric t)	4,695	(0.3)
Bitcoin (USD/BTC)	95,198	0.8

Economics

Malaysia: MOF announces tax incentives for Johor-Singapore Special Economic Zone

Investors in the Johor-Singapore Special Economic Zone (JS-SEZ) are eligible for a suite of incentives, including a special corporate tax rate that takes effect on Jan 1, the Finance Ministry said on Wednesday. Companies making new investments in qualifying manufacturing and services — such as in artificial intelligence and quantum computing supply chain, medical devices, aerospace manufacturing and global services hub — will enjoy a special tax rate of 5% for up to 15 years, according to a statement. “In a bid to foster economic growth and enhance the nation’s competitive landscape, the tax incentive package for JS-SEZ is designed to drive high-value investments into Johor, tailored to meet the evolving needs of global and domestic investors,” the ministry said. Besides that, additional tailor-made incentives are allocated to businesses operating in certain flagship areas in JS-SEZ. And lastly, eligible knowledge workers working in JS-SEZ are entitled to a special tax rate of 15% for 10 years. *(The Edge)*

Malaysia: Bank Negara's international reserves dipped to US\$116.2b as at Dec 31

Malaysia's international reserves dipped to US\$116.2bn as at Dec 31, 2024, from US\$118.1bn two weeks earlier on Dec 13. The reserves position was sufficient to finance five months of imports of goods and services and was one times of the country's total short-term external debt, Bank Negara Malaysia said in a statement on Wednesday. Of the five main components of the reserves, the largest is foreign currency reserves, which dipped to US\$103.7bn from US\$105.1bn, followed by special drawing rights — reserve assets maintained by the International Monetary Fund (IMF) based on a basket of currencies — which fell to US\$5.7bn from US\$6bn. *(The Edge)*

India: New RBI chief faces calls to unshackle Rupee as Dollar rises

India's new Reserve Bank of India (RBI) Governor, Sanjay Malhotra, faces pressure to adopt a more flexible exchange rate policy as the rupee weakens to record lows against the dollar, raising concerns about export competitiveness. Critics argue that the former governor's approach of tightly managing rupee volatility hindered growth, and economists are calling for a gradual depreciation to align the currency with fundamentals. Amid declining foreign exchange reserves and a widening trade deficit, experts suggest the RBI may allow the rupee to adjust lower while maintaining some level of intervention to prevent excessive fluctuations. *(Bloomberg)*

EU: German factory orders drop with Scholz out of time to fix growth

German factory orders dropped the most in three months, highlighting industry's woes just weeks before Chancellor Olaf Scholz faces elections. Demand fell 5.4% in November from the previous month, far worse than the 0.2% decline economists had predicted in a Bloomberg survey. Without large-scale orders, it would have increased by 0.2%, the statistics office said. German industry has been weighing on the broader economy since 2022, with cyclical issues increasingly giving way to structural problems such as worker shortages and lofty energy costs. The economy probably contracted for a second year in 2024 and the Bundesbank is predicting a rebound of just 0.2% this year. That weakness is a focus in Feb 23 elections, which will likely see Scholz ousted in favour of Friedrich Merz, who leads the main opposition conservative CDU/CSU bloc. *(Bloomberg)*

UK: 10-Year yields hit highest since 2008 as market rout deepens

UK markets experienced significant turmoil as bond yields soared to their highest levels since 2008, the pound weakened, and stocks tumbled amid fears of persistent inflation and fiscal challenges. Concerns over debt sustainability, inflationary pressures, and policy uncertainty have dampened investor confidence, with parallels drawn to the 2022 gilt crisis under Liz Truss's administration. Chancellor Rachel Reeves faces mounting pressure to balance fiscal discipline with growth as rising borrowing costs complicate government spending plans, while the Bank of England is expected to maintain a cautious approach to rate cuts. *(Bloomberg)*

China: Boosts consumer subsidies, vows more funding to aid demand

China will subsidise more consumer products and boost funding for industrial equipment upgrades, ramping up a programme aimed at bolstering domestic consumption in the face of growing headwinds for exports. Consumers will qualify for a 15% subsidy for buying new mobile phones, tablets and smartwatches under 6,000 yuan (US\$818 or RM3,680) this year, according to an official notice published on Wednesday by China's top economic planner and the Ministry of Finance. The benefit is capped at 500 yuan for at most one device in each category. The authorities will also expand the types of home appliances eligible for state support to 12 from eight last year to include products such as dishwashers and rice cookers, according to the announcement. China has made boosting consumption a higher priority this year as it looks to fight deflation amid subdued household and business confidence. Exports as a growth engine may also lose steam as trade tensions with the US will likely intensify with Donald Trump returning to the White House later this month. *(Reuters)*

US: Fed's Waller supports further cuts, says inflation moving lower

Federal Reserve Governor Christopher Waller expressed confidence that inflation will continue to decline toward the Fed's 2% target, supporting further interest rate cuts in 2025 if data align with this outlook. While emphasizing cautious pacing to prevent labor market weakening, he highlighted improved inflation trends, including better-than-expected recent data and reduced reliance on imputed price measures. Despite some calls to slow rate reductions and potential tariff-related price pressures, Waller maintained optimism about the U.S. economy's resilience and its near-maximum employment state. *(Bloomberg)*

Companies

CJ Century Logistics: Names Kim HyunChul as new deputy CEO

CJ Century Logistics Holdings Bhd has appointed Kim HyunChul as its new deputy chief executive officer (CEO), succeeding Kim JinMok, who resigned after nearly two years of service with the company. In a bourse filing, the total logistics provider announced that HyunChul's appointment as the deputy CEO takes effect on Wednesday, Jan 8. The 47-year-old man has spent nearly 20 years building his career with CJ Logistics Corporation — a logistics company headquartered in Seoul, South Korea — since December 2004. *(The Edge)*

Reservoir Link: Associate gets RM20m subcontract job for solar farm

Reservoir Link Energy's 45%-owned associate has secured a RM20m subcontract to build a 10-megawatt floating solar farm in Kuala Langat, Selangor, expected to be completed by June 2025. The project will utilize solar panels mounted on floating platforms across 24 acres, contributing to land conservation and aligning with the company's carbon neutrality goals. Reservoir Link reaffirmed its commitment to supporting Malaysia's renewable energy objectives and promoting sustainability. *(The Edge)*

Aeon: Gets stay of High Court ruling in tenancy dispute with Ahmad Zaki unit, pending appeal

Aeon Co (M) Bhd announced on Wednesday that the High Court has granted the company a conditional stay of the judgment issued on Dec 16, 2024, which found Aeon in breach of a tenancy agreement with Betanaz Properties Sdn Bhd, a 51%-owned subsidiary of Ahmad Zaki Resources Bhd. In a filing with Bursa Malaysia, the general merchandise store and supermarket chain operator said the conditional stay was approved on Tuesday (Jan 7) for Aeon to deposit the judgment sum of RM18.68m into an interest-bearing account held by Betanaz's solicitors as stakeholders. This also included the required payment of legal costs of RM200k to Betanaz and RM100k to Ahmad Zaki Resources by Jan 28, 2025. Aeon had earlier filed both the notice of appeal and a stay application to halt the execution of the High Court's decision on Dec 23, 2024. *(The Edge)*

Erdasan: Formerly AT Systematization, proposes share capital reduction to wipe out losses

Erdasan Group Bhd, formerly AT Systematization Bhd, has proposed a share capital reduction of up to RM100m to eliminate accumulated losses and strengthen its financial foundation. The company aims to improve credibility with stakeholders and align its capital structure with future growth plans, targeting completion of the exercise by Q2 2025. Despite years of losses, Erdasan reduced its net loss to RM7.6m for the six months ending September 2024. *(The Edge)*

MAHB: Khazanah-EPF-led consortium amasses 84% stake in MAHB, seven working days left to meet 90% condition

The level of acceptances of the takeover offer by Gateway Development Alliance (GDA), the consortium proposing to privatise Malaysia Airports Holdings Bhd (MAHB) has reached 83% as of the first closing date of Jan 8. On top of that, a total of 18.2m shares, representing a 1.1% stake, has also been transferred to the offerors but pending receipt of the acceptance document. Including this portion, GDA is effectively holding 84.1% of the total issued shares in MAHB, according to a press release on Wednesday. GDA — comprising the Employees Provident Fund (EPF), Khazanah Nasional Bhd, the Abu Dhabi Investment Authority (ADIA) and Global Infrastructure Partners (GIP) — will have seven more days until Jan 17 to meet the acceptance condition of 90% of the total issued MAHB shares. *(The Edge)*



MClean: Raises RM13.2m through private placement

MClean Technologies Bhd has completed a private placement, raising RM13.2m through the issuance of 49m new shares at RM0.27 each, increasing its total issued shares to 246.2m. The funds will be used primarily to acquire We Total Engineering Sdn Bhd's plastic business and as working capital to enhance operational capabilities in the plastic sector, aligning with the company's diversification strategy. *(The Star)*

HSS Engineers: Its consortium wins contract for LSS PV plant in Perak

HSS Engineers Bhd's subsidiary, HEB Energy Sdn Bhd, and Unique Fire Holdings Bhd have secured a contract from the Energy Commission to develop a 95MW large-scale solar photovoltaic power plant in Hilir Perak, Perak. A special purpose vehicle (SPV) will be formed for the project, with HSS owning 40% and Unique Fire 60%, and a 21-year solar power purchase agreement will be signed with Tenaga Nasional Bhd. The project is expected to begin commercial operations on October 11, 2027. *(The Star)*



Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.54	0.17	11.23
British American Tobacco (M)	Consumer	7.23	0.60	8.24
MBM Resources	Consumer	6.37	0.52	8.24
Sentral REIT	REIT	0.79	0.06	7.72
Amway (M)	Consumer	6.84	0.53	7.70
KIP REIT	REIT	0.87	0.07	7.70
Ta Ann Holdings	Plantation	4.11	0.30	7.32
Paramount Corporation	Property	1.05	0.07	7.14
Genting Malaysia	Consumer	2.20	0.16	7.14
Datasonic Group	Technology	0.41	0.03	7.07
YTL Hospital REIT	REIT	1.18	0.08	7.03
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.72
Sports Toto	Consumer	1.51	0.10	6.62
UOA REITS	REIT	0.93	0.06	6.56
RHB Bank	Finance	6.43	0.40	6.30

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		
CBH Engineering Holding Bhd	ACE Market	0.28	298.0	188.1	02 Jan	16 Jan
Oriental Kopi Holdings Bhd	ACE Market	0.44	418.1	-	10 Jan	23 Jan
Northern Solar Holdings Bhd	ACE Market	0.63	67.3	35.6	20 Jan	06 Feb

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