



Daily Newswatch

Market Review

The FBM KLCI experienced a sharp decline, closing at 1,600.8 (-0.9%). This drop was influenced by bearish sentiments among global markets, fueled by growing concerns over rising inflation related to President-elect Donald Trump's proposed trade tariffs, as highlighted in the recent US Fed meeting minutes. Declines in heavyweights such as YTL (-8.2%), YTLPOWR (-6.9%), and GAMUDA (-3.9%) weighed down heavily on the index. Among the sectors, all the sector closed in red with the negative performance led by Construction (-3.3%), Health Care (-2.2%) and Technology (-2.5%). All in all, the broader market turned more bearish, with 900 decliners significantly outpacing 231 gainers.

Economics

- Malaysia:** Sees GDP growth above 5% despite Trump tariff risks
- Malaysia:** Aims to be conduit for electricity, talent, and supply chain diversification in 2025, says PM
- US:** Fed's Collins favours more patience, fewer rate cuts in 2025
- Japan:** BOJ sees widening wage hikes, signals chance of near-term rate hike
- China:** Consumer prices stall in 2024 on feeble demand
- Malaysia:** Ringgit on right track, a reflection of country's strong fundamentals, growth prospects — BNM
- US:** Consumer borrowing drops on plunge in credit-card balances

Companies

- Public Bank:** MGO for LPI Capital closes without fulfilling 50% acceptance level
- T7 Global:** Gets six-month contract from Hibiscus Petroleum
- Green Packet:** Secures digital lending licence from Housing and Local Govt Ministry
- Parkson:** Inks 10-year lease deal in Guizhou, China
- Dialog:** Secures US\$235m final investment decision for Baram Junior Cluster Small Field Asset PSC
- Yinson:** FPSO Atlanta in Brazil hits first oil

| <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 | 1,600.8 | (0.9) | (2.5) |
| 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 | 8,319.7 | 0.8 | 1.8 |
| Nikkei 225 | 39,605.1 | (0.9) | (0.7) |
| Shanghai CI | 3,211.4 | (0.6) | (4.2) |
| HSI | 19,240.9 | (0.2) | (4.1) |
| STI | 3,862.6 | (0.6) | 2.0 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|-------|
| Vol traded (m shares) | 3,486.7 | (2.8) |
| Value traded (RM m) | 2,933.5 | (4.0) |
| Gainers | 231 | |
| Losers | 900 | |
| Unchanged | 454 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| SET | 0.420 | 6.3 | 127.0 |
| TWL | 0.025 | 0.0 | 108.9 |
| VELOCITY | 0.070 | (12.5) | 89.7 |
| MYEG | 0.920 | (4.2) | 60.4 |
| GAMUDA | 4.990 | (3.9) | 49.3 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| GAMUDA | 4.990 | (3.9) | 246.3 |
| NATGATE | 2.620 | (11.2) | 127.3 |
| CIMB | 8.110 | 0.2 | 120.5 |
| YTL | 2.460 | (8.2) | 119.5 |
| YTLPOWR | 4.200 | (6.9) | 109.3 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.503 | (0.0) |
| USD/JPY | 158.16 | (0.0) |
| EUR/USD | 1.0301 | 0.0 |
| USD/CNY | 7.3321 | (0.0) |
| US Dollar Index | 109.18 | 0.1 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 77.2 | 1.3 |
| Gold (USD/troy oz) | 2,668 | 0.0 |
| CPO (MYR/metric t) | 4,635 | (1.6) |
| Bitcoin (USD/BTC) | 92,601 | 0.5 |

Economics

Malaysia: Sees GDP growth above 5% despite Trump tariff risks

Malaysia's growth is set to sustain last year's pace and exceed 5% in 2025, driven by foreign investments and government initiatives that can help shield the economy from global risks, two key cabinet ministers said in separate interviews. The country is already on a positive track, with last year's budget deficit likely below the target cap of 4.3% of gross domestic product (GDP), Second Finance Minister Datuk Seri Amir Hamzah Azizan told Bloomberg Television's Haslinda Amin in the administrative capital of Putrajaya late Wednesday. The government plans to narrow the gap further to 3.8% of GDP in 2025. *(The Edge)*

Malaysia: Aims to be conduit for electricity, talent, and supply chain diversification in 2025, says PM

Malaysia aims to become the region's conduit for electricity, talent, and supply chain diversification, while also strengthening its position in oil and gas, semiconductors, and Islamic finance this year, said Prime Minister Datuk Seri Anwar Ibrahim. "In 2025, we want to double down on our geographical centrality as a conduit for electricity, talent and supply chain diversification. "At the same time, we want to refine our expertise in oil and gas, semiconductor, and Islamic finance, so we can be global market leaders in each field. "It's our neutrality and openness for partnerships that make us a natural hub for all," Anwar said during the keynote address for the Malaysia Economic Forum 2025 on Thursday. Interconnecting power grids in the region is a key strategy in strengthening Southeast Asia's energy security, and Malaysia is poised to play a pivotal role in this endeavour, said Anwar. *(The Edge)*

US: Fed's Collins favours more patience, fewer rate cuts in 2025

Federal Reserve Bank of Boston president Susan Collins said she favours fewer rate cuts in 2025 than she had anticipated just a few months ago, following strong employment data and lingering inflation. Collins, who emphasised the need for patience, said her outlook for interest rates was consistent with the median projection from officials released after the Fed's December meeting. That pointed to two quarter-point reductions this year, down from four in September forecasts. "Over time, it will be appropriate for some more easing, but perhaps somewhat less than I might have thought back in September," Collins said Wednesday in an interview with Bloomberg News. "Taking the time to really patiently assess the data holistically — to be analytic and patient — seems to me very likely to be appropriate as we think about policy going into 2025." *(Bloomberg)*

Japan: BOJ sees widening wage hikes, signals chance of near-term rate hike

A wide range of Japanese firms see the need to continue raising wages due to structural labour shortages, the Bank of Japan (BOJ) said on Thursday, suggesting conditions for a near-term interest rate hike were continuing to fall into place. Some firms were already examining by how much they could raise pay this year, the central bank said, signalling a growing confidence that bumper wage hikes seen last year will continue. The BOJ has repeatedly said sustained, broad-based wage hikes are a prerequisite to tighten monetary policy further. *(Bloomberg)*

China: Consumer prices stall in 2024 on feeble demand

China's consumer prices barely rose in 2024 while factory-gate prices extended into a second straight year of declines, official data showed on Thursday, weighed by persistently weak domestic demand. A combination of job insecurity, a prolonged housing downturn, debt and tariff threats from the incoming administration of US President-elect Donald Trump has hit demand, even as Beijing ramps up stimulus. The full-year consumer price index (CPI) rose 0.2%, data from the National Bureau of Statistics showed, in line with the previous year's pace and well below the official target of around 3% for last year, suggesting inflation missed annual targets for the 13th straight year. *(Reuters)*



Malaysia: Ringgit on right track, a reflection of country's strong fundamentals, growth prospects
— BNM

Bank Negara Malaysia Governor Datuk Seri Abdul Rasheed Ghaffour expressed confidence in the ringgit's trajectory, citing strong economic fundamentals, narrowing interest rate differentials, and increased investor optimism driven by structural reforms. He noted that the ringgit began recovering in July 2024 as the US Federal Reserve initiated rate cuts, supported by government and central bank measures ensuring healthy two-way market flows, with daily forex volume rising to \$18bn. However, he cautioned about potential short-term volatility amid shifting US policies under the incoming president. (*Bernama*)

US: Consumer borrowing drops on plunge in credit-card balances

In November, US consumer debt unexpectedly declined by \$7.5bn, driven by a \$13.7bn drop in credit-card balances, the largest since early in the pandemic, while non-revolving credit, such as auto and student loans, rose by \$6.2bn. This suggests consumers are paying down high-interest credit-card debt, as borrowing rates remain near record highs, despite the Fed's 2024 rate cuts offering only modest relief. Meanwhile, stronger auto sales, boosted by lower loan rates and manufacturer incentives, contributed to the rise in non-revolving credit. (*Bloomberg*)

Companies

Public Bank: MGO for LPI Capital closes without fulfilling 50% acceptance level

Public Bank Bhd (PBB) failed to secure more than 50% of voting shares in LPI Capital Bhd, with only 49.57% of shares held by PBB and parties acting in concert as of the offer's closing on Jan 9. Consequently, the mandatory general offer (MGO) for remaining shares at RM9.80 per share lapsed, and all previously accepted shares will be returned to shareholders. The MGO followed PBB's earlier RM1.72bn acquisition of a 44.15% stake in LPI from the late Tan Sri Teh Hong Piow's estate and Consolidated Teh Holdings Sdn Bhd. *(The Edge)*

T7 Global: Gets a six-month contract from Hibiscus Petroleum

T7 Global Bhd has secured a six-month contract for maintenance, construction, and modification (MCM) services for Hibiscus Petroleum's production asset, with the option for a six-month extension. The work will be conducted offshore in the PM3 Commercial Arrangement Area between Malaysia and Vietnam. This is T7 Global's second MCM contract this week, following a recent award from Carigali Hess Operating Company. *(The Edge)*

Green Packet: Secures digital lending licence from Housing and Local Govt Ministry

Technology company Green Packet Bhd said its wholly owned Packet Interactive Sdn Bhd (PISB) has obtained a digital lending licence from the Ministry of Housing and Local Government. In a filing with Bursa Malaysia, Green Packet said the licence will enable PISB to expand its range of financial products and services. Same as PISB's existing money-lending licence, the new digital lending licence is valid until Aug 15, 2026. PISB's digital lending solutions are expected to introduce features such as flexible loan options, competitive interest rates, and enhanced security measures, to provide customers with a seamless borrowing experience while improving user satisfaction. *(The Edge)*

Parkson: Inks 10-year lease deal in Guizhou, China

Parkson Holdings Bhd's subsidiary, Liupanshui Parkson Retail Co Ltd, signed a 10-year tenancy agreement for a department store in Liupanshui, Guizhou province, China, with Guizhou Hanhua Real Estate Development Co Ltd, occupying 26,723 square meters of space. The agreement, valued at 46.3 million yuan (RM28.2m), will begin on January 1, 2027, and end on December 31, 2036. *(The Edge)*

Dialog: Secures US\$235m final investment decision for Baram Junior Cluster Small Field Asset PSC

Dialog Group Bhd secured the final investment decision (FID) for its Baram Junior Cluster Small Field Asset Production Sharing Contract (PSC), valued at US\$235m (RM1.02bn). Dialog Resources Sdn Bhd, a wholly-owned subsidiary of Dialog, holds a 70% stake in the PSC, while Petroleum Sarawak Exploration and Production Sdn Bhd holds 30%. The project aims for first gas production within two years, with financing through a mix of internal funds and/or external borrowings, aligning with Dialog's strategy to diversify and expand across various energy sectors. *(The Edge)*

Yinson: FPSO Atlanta in Brazil hits first oil

Yinson Production, the offshore business arm of Yinson Holdings Bhd, said on Thursday that its floating production storage and offloading (FPSO) vessel, FPSO Atlanta, has achieved first oil in Brazil. Yinson said it has successfully completed a 72-hour test, and final acceptance of the asset has been obtained from Brava Energia SA, one of Latin America's largest independent oil and gas producers, which is formerly known as Enauta Energia SA. The asset has now been officially delivered to Brava, Yinson said in a statement. FPSO Atlanta is the third asset in Yinson Production's fleet to operate in Brazil, following the deployment of FPSO Maria Quitéria in October 2024 and FPSO Anna Nery in May 2023. Yinson Production chief executive officer Flemming Grønnegaard highlighted the accomplishment showcases the group's commitment to delivering "exceptional operational performance" while prioritising sustainability and safety. *(The Edge)*



Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 1.51 | 0.17 | 11.46 |
| MBM Resources | Consumer | 6.36 | 0.53 | 8.25 |
| British American Tobacco (M) | Consumer | 7.23 | 0.60 | 8.24 |
| Amway (M) | Consumer | 6.80 | 0.53 | 7.75 |
| Sentral REIT | REIT | 0.79 | 0.06 | 7.72 |
| KIP REIT | REIT | 0.87 | 0.07 | 7.70 |
| Ta Ann Holdings | Plantation | 4.15 | 0.30 | 7.25 |
| Genting Malaysia | Consumer | 2.19 | 0.16 | 7.17 |
| Datasonic Group | Technology | 0.41 | 0.03 | 7.16 |
| Paramount Corporation | Property | 1.05 | 0.07 | 7.14 |
| YTL Hospital REIT | REIT | 1.18 | 0.08 | 7.03 |
| CapitaLand Malaysia Trust | REIT | 0.67 | 0.04 | 6.77 |
| Sports Toto | Consumer | 1.51 | 0.10 | 6.62 |
| UOA REITS | REIT | 0.93 | 0.06 | 6.56 |
| RHB Bank | Finance | 6.35 | 0.41 | 6.38 |

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 |

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