



Daily Newswatch

Market Review

The FBM KLCI slipped further to 1,576.5 (-0.6%), marking its lowest close since June 2024, as sentiment turned bearish. Investor concerns over policy uncertainty ahead of the Trump administration's first day weighed heavily on the market. Heavy losses in SUNWAY (-5.3%), YTL (-5.2%), and YTLPOWR (-4.7%) pressured the index. Sector-wise, Construction (-2.0%) led the declines, followed by Technology (-0.8%) and Industrial Products & Services (-0.8%). The broader market remained subdued, with 588 decliners outnumbering 400 gainers.

Economics

- Malaysia:** With UAE partnership to unfold new opportunities in trade, economic cooperation
- US:** Trump's team studying gradual tariff hikes under emergency powers
- US:** Biden administration finalises US crackdown on Chinese vehicles
- China:** To cut pay by half for staff at top financial regulators
- China:** New loans drop for first time in 13 years on weak demand
- Japan:** BOJ deputy governor flags chance of rate hike next week

Companies

- Kawan Food:** Bins IT equipment JV after failed talks
- YTL Power:** Sea digital bank secures regulatory nod for operations
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- AYS Ventures:** Oh family transfers AYS Ventures stake to new vehicle
- Carzo:** Seeks to strike out China-based supplier's claim over alleged outstanding debt
- Mah Sing:** Confident data center projects will pass through potential US chip export restrictions

| Upcoming key economic data releases | Date |
|-------------------------------------|--------|
| 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 | 1,576.5 | (0.6) | (4.0) |
| Dow Jones | 42,518.3 | 0.5 | (0.1) |
| Nasdaq CI | 19,044.4 | (0.2) | (1.4) |
| S&P 500 | 5,842.9 | 0.1 | (0.7) |
| FTSE 100 | 8,201.5 | (0.3) | 0.3 |
| Nikkei 225 | 38,474.3 | (1.8) | (3.6) |
| Shanghai CI | 3,240.9 | 2.5 | (3.3) |
| HSI | 19,219.8 | 1.8 | (4.2) |
| STI | 3,788.8 | (0.1) | 0.0 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|-------|
| Vol traded (m shares) | 3,451.9 | 21.0 |
| Value traded (RM m) | 2,725.8 | 7.1 |
| Gainers | 400 | |
| Losers | 588 | |
| Unchanged | 529 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| TWL | 0.030 | 0.0 | 78.1 |
| VELOCITY | 0.080 | 0.0 | 75.8 |
| EAH | 0.005 | 0.0 | 67.2 |
| MYEG | 0.935 | (1.1) | 52.3 |
| HM | 0.195 | 5.4 | 51.1 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| MAYBANK | 10.200 | 1.2 | 204.5 |
| YTLPOWR | 3.810 | (4.8) | 161.7 |
| GAMUDA | 4.720 | (1.5) | 156.0 |
| TENAGA | 13.820 | (0.6) | 133.8 |
| NATGATE | 2.350 | 0.9 | 120.2 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.5068 | 0.1 |
| USD/JPY | 158 | (0.0) |
| EUR/USD | 1.0305 | (0.0) |
| USD/CNY | 7.3311 | 0.0 |
| US Dollar Index | 109.27 | (0.6) |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 79.9 | (1.3) |
| Gold (USD/troy oz) | 2,675 | (0.1) |
| CPO (MYR/metric t) | 4,638 | (0.6) |
| Bitcoin (USD/BTC) | 96,529 | 0.1 |

Economics

Malaysia: With UAE partnership to unfold new opportunities in trade, economic cooperation

Malaysia and the United Arab Emirates (UAE) signed the Malaysia-UAE Comprehensive Economic Partnership Agreement (CEPA) on Tuesday to unlock new opportunities in trade, investment and economic cooperation between both countries. The ceremony was witnessed by Prime Minister Datuk Seri Anwar Ibrahim and UAE President and Abu Dhabi Ruler Sheikh Mohamed bin Zayed Al Nahyan at the ADNEC Centre here. As Malaysia's first free trade agreement with a Gulf Cooperation Council (GCC) member country, it is expected to be a catalyst for stronger trade and investment relations, not only between Malaysia and the UAE, but also other Gulf countries, Anwar said. "The Malaysia-UAE CEPA will open up opportunities for a deeper economic cooperation, including tariff elimination or reduction, as well as enhanced market access, which will drive exports and create new investment opportunities for key sectors," he added. (*The Edge*)

US: Trump's team studying gradual tariff hikes under emergency powers

Members of US President-elect Donald Trump's incoming economic team are discussing slowly ramping up tariffs month by month, a gradual approach aimed at boosting negotiating leverage while helping avoid a spike in inflation, according to people familiar with the matter. One idea involves a schedule of graduated tariffs increasing by about 2% to 5% a month, and would rely on executive authorities under the International Emergency Economic Powers Act, the people said. The proposal is in its early stages and has not yet been presented to Trump, the people said — a sign that a monthly stepped approach is early in the deliberation process. Advisers working on the plan include Scott Bessent, the nominee for the Treasury secretary, Kevin Hassett, set to be a director of the National Economic Council, and Stephen Miran, nominated to lead the Council of Economic Advisers, said the people, who requested anonymity to discuss internal deliberations. (*Bloomberg*)

US: Biden administration finalises US crackdown on Chinese vehicles

US President Joe Biden's outgoing administration is finalising rules on Tuesday that will effectively bar nearly all Chinese cars and trucks from the US market, as part of a crackdown on vehicle software and hardware from China. Washington's latest move against Chinese vehicles comes after the Commerce Department said this month it was considering a similar crackdown on Chinese-made drones, in the wake of last year's steep tariff hikes on imports of its electric vehicles. "It's really important because we don't want two million Chinese cars on the road and then realise...we have a threat," Commerce Secretary Gina Raimondo told Reuters in an interview, citing national security concerns. (*Bloomberg*)

China: To cut pay by half for staff at top financial regulators

China is set to slash pay for staff at its top three financial regulators, including the central bank, by about half, as part of a regulatory revamp unveiled in 2023 to bring their salaries in line with other civil servants, sources said. Starting from this month, staff at the People's Bank of China (PBOC), National Financial Regulatory Administration (NFRA) and China Securities Regulatory Commission (CSRC) will see total income slashed by about half, said four sources. The sources, who have knowledge of the matter, declined to be identified due to the sensitivity of the matter. The hefty pay cuts would come against the backdrop of China's current focus on boosting consumption, including spending by millions of civil servants, as part of its efforts to maintain a stable growth rate in 2025. (*Bloomberg*)



China: New loans drop for first time in 13 years on weak demand

New loans extended by Chinese banks posted their first decline since 2011 last year, underscoring weak demand for financing in the economy plagued by lingering deflation and a housing slump. Financial institutions offered 18.1tn yuan (RM11.1tn) of new loans in 2024, according to data released by the People's Bank of China on Tuesday. That compares with a median forecast of 17.9tn yuan by economists in a Bloomberg survey. It was lower than the previous year's volume of 22.8tn yuan, representing the first annual drop in 13 years. Aggregate financing, a broad measure of credit, rose 32.3tn yuan, less than the 35.6tn yuan recorded in 2023, PBOC figures showed. The median forecast was 31.6tn yuan. *(Reuters)*

Japan: BOJ deputy governor flags chance of rate hike next week

The Bank of Japan will debate whether to raise interest rates next week as prospects of sustained wage gains heighten and the US policy outlook becomes clearer in President-elect Donald Trump's inaugural address, Deputy Governor Ryozi Himino said. In a speech to business leaders in the city of Yokohama, Himino said on Tuesday it would "not be normal" for real interest rates to remain negative once Japan had overcome shocks and factors that caused deflation. Various surveys and reports from the central bank's regional branches had heightened hopes that wage growth would remain strong this year, he said. *(Bloomberg)*

Companies

Kawan Food: Bins IT equipment JV after failed talks

Kawan Food Bhd's plan to set up an information technology equipment joint venture (JV) with several individuals, including its founder cum major shareholder, and current chairman, has fallen through. Talks ceased after Kawan Food and Sun Cheng Leng, Huang Er-Wen, Gan Thiam Chai and Lim Hun Soon @ David Lim failed to arrive at a consensus on revised terms for the JV, according to the frozen food manufacturer's bourse filing on Tuesday. "The board of directors of the company wishes to announce that all parties were unable to reach an agreement on the revised terms of the JV. Hence, all negotiations have ceased," the filing read. (*The Edge*)

YTL Power: Sea digital bank secures regulatory nod for operations

The digital bank jointly owned by YTL Power International Bhd and Singapore-based Sea Ltd has received approval from the Ministry of Finance (MOF) to commence operations, effective Dec 20, 2024. The bank, operating under the name Ryt Bank, will be launched in phases to the public to ensure a smooth rollout, according to a statement on Tuesday. The YTL Power-Sea joint venture was one of five successful applicants that had secured digital bank licences approved by the MOF, Bank Negara Malaysia (BNM) announced in April 2022. "By harnessing the power of artificial intelligence (AI) to provide an unequalled customer experience, we will deliver financial services that are meaningful and inclusive while helping customers achieve their financial goals," said Ryt Bank CEO Melvin Ooi. (*The Edge*)

Yinson: Secures US\$1bn investment from Abu Dhabi consortium

Yinson Production, an indirect subsidiary of Yinson Holdings Bhd, has secured US\$1bn (RM4.51bn) worth of funding from a consortium of international investors, led by a wholly owned subsidiary of Abu Dhabi Investment Authority (Adia), for expansion. Adia's Platinum Lily B 2024 RSC Ltd, together with funds managed by British Columbia Investment Management Corp (BCI) and RRJ Group, will subscribe to redeemable convertible preference shares (RCPS) and warrants issued by Yinson Production, giving the unit a post-money valuation of US\$3.7bn, according to Yinson in a bourse filing. The agreement also includes an option for the investors to invest US\$500m more by taking up an additional 500,000 RCPS within the next 24 months, subject to mutual agreement. Of the proceeds, which will primarily go towards supporting Yinson Production's growth in the floating, production, storage and offload (FPSO) vessel market, US\$2m will be distributed to its controlling shareholder, which is a wholly owned subsidiary of Yinson. (*The Edge*)

AYS Ventures: Oh family transfers AYS Ventures stake to new vehicle

AYS Ventures Bhd said Chiew Ho (L) Foundation has become the steel product manufacturer's largest shareholder after acquiring the entire equity interest in Chiew Ho Holding Sdn Bhd (CHH). CHH is the registered shareholder of 239.7m shares of AYS Ventures shares, representing a 57.3% stake. With the acquisition, Chiew Ho (L) Foundation now has an indirect interest in the 239.7m shares, according to CHH's bourse filing on Tuesday. (*The Edge*)

Carzo: Seeks to strike out China-based supplier's claim over alleged outstanding debt

Carzo Holdings Bhd is seeking to strike out a claim filed by China-based supplier Yantai Huijia Fruits and Vegetable Co Ltd over an alleged outstanding payment of US\$117,470.50 (RM538,015) for fruits supplied to its subsidiary. In a bourse filing, the LEAP Market-listed fruit supplier said the claim against its wholly owned subsidiary Carzo Import (M) Sdn Bhd (CISB), and its director Datuk Seri Delon Lee Kean Yip, is baseless. Carzo further clarified that Lee is not a guarantor for the alleged debt. The company said the financial impact of the lawsuit would be limited to potential litigation losses. The suit is scheduled for case management at the Sessions Court on Jan 21. (*The Edge*)



Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 1.41 | 0.17 | 12.06 |
| MBM Resources | Consumer | 6.17 | 0.52 | 8.51 |
| British American Tobacco (M) | Consumer | 7.26 | 0.60 | 8.21 |
| Amway (M) | Consumer | 6.72 | 0.53 | 7.84 |
| Sentral REIT | REIT | 0.79 | 0.06 | 7.72 |
| KIP REIT | REIT | 0.87 | 0.07 | 7.70 |
| Datasonic Group | Technology | 0.40 | 0.03 | 7.34 |
| Paramount Corporation | Property | 1.04 | 0.07 | 7.21 |
| Ta Ann Holdings | Plantation | 4.20 | 0.30 | 7.17 |
| Genting Malaysia | Consumer | 2.20 | 0.16 | 7.14 |
| YTL Hospital REIT | REIT | 1.17 | 0.08 | 7.09 |
| CapitaLand Malaysia Trust | REIT | 0.67 | 0.05 | 6.72 |
| RHB Bank | Finance | 6.27 | 0.40 | 6.46 |
| UOA REITS | REIT | 0.95 | 0.06 | 6.46 |
| Sports Toto | Consumer | 1.55 | 0.10 | 6.45 |

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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