



Daily Newswatch

Market Review

The FBM KLCI closed lower at 1,580.9 (-0.3%) today, rebounding slightly from its intraday low as investors continued to stay risk averse. Among index constituents, MRDIY (-6.7%), PPB (-5.5%), and 99SMART (-3.3%) led the decline. Sector-wise, Health Care (-2.0%) remained the key laggard, as selling pressure continued on glovemakers such as TOPGLOV (-3.0%) and HARTA (-6.5%). Consumer Products & Services (-1.7%) and Technology (-1.5%) also posted losses. The broader market breadth remained weak, with 754 decliners overwhelmingly outpacing 274 gainers.

Economics

- Malaysia:** State govt drafting masterplan for Johor-Singapore Special Economic Zone
- UK:** Inflation at 10-month high as value-added tax hits private schools
- China:** New home prices stagnate in January as sector struggles
- China:** Proposes new rules to tighten control over rare earth sector
- New Zealand:** Delivers third big rate cut to revive economy
- Japan:** Exports rise again ahead of Trump's tariff measures
- Indonesia:** Central bank pauses easing cycle, but says more cuts to come
- EU:** ECB nears point of pausing or halting cuts, Schnabel says

Companies

- Ni Hsin:** Teams up with Beijing Zhongke, Shenzhen United Aircraft to assemble, distribute drones in Malaysian, Asean markets
- Hektar REIT:** Buys industrial asset in Penang for RM30m from MQ Tech's unit
- Managepay Systems:** Secures contract to provide ferry ticketing system for Penang Port
- Southern Cable:** Bags RM403.6m underground cable supply job from TNB
- EA Technique:** Bursa approves EA Technique's exit from PN17 status
- Salcon:** Bags RM70.5m pipe replacement contract
- Yinson:** Production completes acquisition of Stella Maris CCS

| <u>Upcoming key economic data releases</u> | <u>Date</u> |
|--|-------------|
| US – Jan 2025 FOMC | Feb 20 |
| Malaysia – Jan 2025 Inflation Rate | Feb 21 |
| US – Feb 2025 Manufacturing PMI | Mar 03 |
| Malaysia – Interest Rate Decision | Mar 06 |
| US – Feb 2025 NFP, Unemployment Rate | Mar 07 |
| Malaysia – Jan 2025 Unemployment Rate | Mar 11 |
| US – Feb 2025 CPI | Mar 12 |
| US – Feb 2025 CPI | Mar 13 |
| US – Fed Interest Rate Decision & FOMC | Mar 20 |
| Malaysia – Jan 2025 Inflation Rate | Mar 21 |

| Key Indices | Last Close | Daily chg % | YTD chg % |
|-------------|------------|-------------|-----------|
| FBM KLCI | 1,580.9 | (0.2) | (3.7) |
| Dow Jones | 44,627.6 | 0.2 | 4.9 |
| Nasdaq CI | 20,056.3 | 0.1 | 3.9 |
| S&P 500 | 6,144.2 | 0.2 | 4.5 |
| FTSE 100 | 8,712.5 | (0.6) | 6.6 |
| Nikkei 225 | 38,853.7 | (0.8) | (2.6) |
| Shanghai CI | 3,351.5 | 0.8 | (0.0) |
| HSI | 22,944.2 | (0.1) | 14.4 |
| STI | 3,934.0 | 0.2 | 3.9 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|-------|
| Vol traded (m shares) | 3,434.5 | (5.1) |
| Value traded (RM m) | 2,654.4 | 0.3 |
| Gainers | 274 | |
| Losers | 754 | |
| Unchanged | 496 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| HARTA | 2.440 | (6.5) | 103.9 |
| TOPGLOV | 0.970 | (3.0) | 99.7 |
| MYEG | 1.000 | (2.9) | 87.0 |
| INGENIEU | 0.055 | (8.3) | 71.1 |
| KOSSAN | 1.910 | (3.0) | 43.5 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| HARTA | 2.440 | (6.5) | 261.1 |
| CIMB | 8.290 | (1.3) | 126.6 |
| MAYBANK | 10.500 | (0.4) | 122.5 |
| TOPGLOV | 0.970 | (3.0) | 98.5 |
| MYEG | 1.000 | (2.9) | 88.0 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.4447 | (0.0) |
| USD/JPY | 151.02 | 0.3 |
| EUR/USD | 1.0423 | 0.0 |
| USD/CNY | 7.2788 | (0.0) |
| US Dollar Index | 107.17 | 0.1 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 76.0 | 0.3 |
| Gold (USD/troy oz) | 2,940 | 0.2 |
| CPO (MYR/metric t) | 4,801 | (1.0) |
| Bitcoin (USD/BTC) | 96,458 | 0.1 |



Economics

Malaysia: State govt drafting masterplan for Johor-Singapore Special Economic Zone

The Johor state government is currently drafting a masterplan for the Johor-Singapore Special Economic Zone (JS-SEZ). Johor Menteri Besar Datuk Onn Hafiz Ghazi said the masterplan involves key agencies such as the Iskandar Regional Development Authority (Irda) and would outline the state's plans to develop the JS-SEZ over the next few years. "We are working on the JS-SEZ Masterplan and expect to finalise it by June," he said during a fireside chat session at the Singapore Business Federation Business Mission conference. *(The Edge)*

UK: Inflation at 10-month high as value-added tax hits private schools

UK inflation climbed to the highest level in 10 months in January, boosted by the cost of airfares, motor fuel, food and the imposition of value-added tax (VAT) on private school fees. Consumer prices increased 3.0% from a year earlier, accelerating from a 2.5% pace in December, the Office for National Statistics said on Wednesday; this was above the 2.8% forecast by economists and the Bank of England. The figures are likely to entrench caution at the BOE over cutting interest rates to support a moribund economy, with officials warning that "second-round effects" may keep underlying pressures higher for longer. *(Bloomberg)*

China: New home prices stagnate in January as sector struggles

China's new home prices stalled month-on-month in January, official data showed on Wednesday, suggesting the crisis-hit property sector is struggling to stabilise despite continued government efforts to prop up the market. Prices were unchanged for the second straight month, according to Reuters calculations based on National Bureau of Statistics data; on a year-on-year basis, new home prices fell 5.0%, narrowing a 5.3% drop the previous month. Official data from January showed unsold new homes totalled 390.9m square metres in 2024, marking a 16.2% increase from the previous year. *(Bloomberg)*

China: Proposes new rules to tighten control over rare earth sector

China on Wednesday began public consultation on new regulations designed to protect its domestic rare earth industry, a sector where Beijing has previously weaponised its dominance via export controls and other restrictions. The draft regulations were released by the Ministry of Industry and Information Technology late on Wednesday and touched issues including quotas for mining, smelting and separating as well as monitoring and enforcement. The rules are the latest in a series of attempts to bring the globally critical sector under tighter state control. *(Bloomberg)*

New Zealand: Delivers third big rate cut to revive economy

New Zealand's central bank cut interest rates by 50 basis points for the third straight meeting to help revive the ailing economy and signalled more easing in coming quarters. The Reserve Bank's Monetary Policy Committee lowered the Official Cash Rate to 3.8% from 4.3% in Wellington, as anticipated by all 23 economists in a Bloomberg survey, with new forecasts showing the average OCR falling to 3.5% in the second quarter. "If economic conditions continue to evolve as projected, the Committee has scope to lower the OCR further through 2025," the RBNZ said. *(Reuters)*

Japan: Exports rise again ahead of Trump's tariff measures

Japan's exports rose at a faster clip in January as businesses ramped up orders just as US President Donald Trump unleashed a barrage of protectionist policies expected to take effect in coming months. Exports measured by value increased 7.2% from a year earlier, led by shipments of cars and ships, as reported by the Ministry of Finance on Wednesday; this compared with the consensus estimate of a 7.7% gain, while shipments to China fell due to disrupted trade flows during the lunar new year. Imports surged 16.7% led by communication machinery and computers, and beat the median estimate of a 9.3% increase, with Japan's trade balance swinging back into the red, recording a deficit of ¥2.8tn, the largest in two years. *(Reuters)*



Indonesia: Central bank pauses easing cycle, but says more cuts to come

Indonesia's central bank held interest rates steady on Wednesday to manage inflation and support the currency, but said further easing to prop up economic growth is a matter of timing. The benchmark seven-day reverse repurchase rate was kept at 5.75%, as expected by 26 out of 35 economists polled by Reuters. The remaining nine had predicted a cut. Wednesday's decision followed a rate cut in January that markets had not expected. In the current cycle, BI has cut rates twice since September. (*Reuters*)

EU: ECB nears point of pausing or halting cuts, Schnabel says

European Central Bank (ECB) Executive Board member Isabel Schnabel suggested that the ECB may need to pause or halt interest rate cuts, as uncertainty remains over whether monetary policy is still restrictive. Traders adjusted expectations slightly, pricing in 72 basis points of cuts in 2025, while analysts predict rates could fall to 1.75% by 2026 amid ongoing economic weakness. Inflation remains a concern, with risks from energy prices and wage growth, while euro-zone economic growth continues to stagnate, making future rate decisions increasingly complex. (*Reuters*)

Companies

Ni Hsin: Teams up with Beijing Zhongke, Shenzhen United Aircraft to assemble, distribute drones in Malaysian, Asean markets

Ni Hsin Group Bhd has partnered with Beijing Zhongke Huizhi Special Information Co Ltd and Shenzhen United Aircraft Technology Co Ltd to assemble, promote, market and distribute United Aircraft unmanned aerial vehicles (UAVs) or drones in the Malaysian and Asean markets. Under the memorandum of understanding, the group's wholly-owned subsidiary Ni Hsin EV Tech Sdn Bhd, Beijing Zhongke Huizhi Special Information Co Ltd and Shenzhen United Aircraft Technology Co Ltd agreed to exercise their best efforts to forge a strategic alliance. This would include executing a definitive agreement to appoint Ni Hsin EV Tech Sdn Bhd to assemble on a completely knocked-down basis, promote, market and distribute professional drones, services and training to drone industry customers, including government, institutions and enterprises. *(The Edge)*

Hektar REIT: Buys industrial asset in Penang for RM30m from MQ Tech's unit

Hektar Real Estate Investment Trust is acquiring a light industrial asset in the Bayan Lepas Free Industrial Zone, Penang, for RM30m from Microlead Precision Technology Sdn Bhd (MPT), a wholly owned subsidiary of MQ Technology Bhd. The property, designed to meet the stringent demands of semiconductor manufacturing and logistics, is being purchased at a 9.1% discount to its market value, which is derived based on the income method approach, according to the REIT's statement. The acquisition brings Hektar REIT's portfolio to eight properties, which currently include shopping malls and an educational facility. *(The Edge)*

Manageway Systems: Secures contract to provide ferry ticketing system for Penang Port

Manageway Systems Bhd has secured a contract to design, develop, install and maintain a ferry ticketing system for Penang Port. The contract was secured by the e-payment solutions provider's wholly owned Manageway Services Sdn Bhd from port operator Penang Port Sdn Bhd on Feb 17, according to the company's bourse filing on Wednesday. Manageway said the ferry ticketing system involves open payment devices at ferry ticketing barriers as well as integrated self-service kiosks for self-print QR ticket purchases. *(The Edge)*

Southern Cable: Bags RM403.6m underground cable supply job from TNB

Southern Cable Group Bhd has secured an RM403.6m contract from Tenaga Nasional Bhd to supply underground cables and conductors to the utility giant's distribution network division. The contract, awarded to the cable and wire maker's wholly-owned unit Southern Cable Sdn Bhd, took effect on Feb 12, according to Southern Cable's bourse filing on Wednesday. The contract period spans one year, with an option to extend for an additional year at the same contract price — an additional RM403.6m. *(The Edge)*

EA Technique: Bursa approves EA Technique's exit from PN17 status

Marine transportation and offshore storage company EA Technique (M) Bhd is to be rid of its Practice Note 17 (PN17) status, effective from Thursday, Feb 20. EA Technique, which will trade under its new name of Avangaad Bhd next Monday, said in a filing that Bursa Malaysia Securities had approved its application for the upliftment of its PN17 status after the company regularised its financial condition. The company fell into PN17 status in February 2022, after its shareholders' equity of RM6.0m as at end-December 2021 was noted to be less than 50% of its share capital of RM179.8m. *(The Edge)*

Salcon: Bags RM70.5m pipe replacement contract

Water and wastewater engineering company Salcon Bhd has secured a pipe replacement contract worth RM70.5m from Malaysia's water asset custodian Pengurusan Aset Air Bhd (PAAB). The project, covering Kota Bharu in Kelantan, has a tenure of 24 months and is due for completion on March 16, 2027, its bourse filing on Wednesday showed. Salcon said its wholly-owned subsidiary Salcon Engineering Bhd had accepted the letter of acceptance dated Feb 14 issued by PAAB. (*The Edge*)

Yinson: Production completes acquisition of Stella Maris CCS

Yinson Holdings Bhd's offshore business arm, Yinson Production, has completed the acquisition of 100% shares in Norway-based Stella Maris CCS AS from Altera Infrastructure. In a statement on Wednesday, Yinson Production said Stella Maris is a carbon capture and storage (CCS) company developing a full CCS value chain, including carbon capture, intermediate storage, offshore transportation, and permanent carbon dioxide sequestration from industrial sources. Stella Maris holds a 40% stake in the Havstjerne Reservoir on the Norwegian Continental Shelf. (*The Edge*)

Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 1.15 | 0.16 | 14.17 |
| MBM Resources | Consumer | 5.70 | 0.52 | 9.21 |
| Datasonic Group | Technology | 0.33 | 0.03 | 9.09 |
| Sentral REIT | REIT | 0.78 | 0.06 | 7.95 |
| British American Tobacco (M) | Consumer | 7.23 | 0.57 | 7.94 |
| Ta Ann Holdings | Plantation | 3.86 | 0.30 | 7.80 |
| Amway (M) | Consumer | 6.90 | 0.53 | 7.64 |
| KIP REIT | REIT | 0.88 | 0.07 | 7.61 |
| CapitaLand Malaysia Trust | REIT | 0.66 | 0.05 | 7.27 |
| YTL Hospital REIT | REIT | 1.20 | 0.08 | 6.92 |
| REXIT | Technology | 0.75 | 0.05 | 6.71 |
| Hektar REITS | REIT | 0.53 | 0.04 | 6.67 |
| Sports Toto | Consumer | 1.58 | 0.11 | 6.65 |
| Genting Malaysia | Consumer | 2.38 | 0.16 | 6.60 |
| Paramount Corporation | Property | 1.09 | 0.07 | 6.42 |

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 | | |
| Techstore Bhd | ACE Market | 0.20 | 125.0 | 25.0 | 04 Feb | 18 Feb |
| ES Sunlogy Bhd | ACE Market | 0.30 | 140.0 | 70.0 | 05 Feb | 20 Feb |
| Pantech Global Bhd | Main Market | 0.68 | 262.2 | - | 19 Feb | 03 Mar |

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