



Daily Newswatch

Market Review

The FBM KLCI ended the session at its intraday high of 1,591.0 (+0.8%), as investors took advantage of recent declines to accumulate positions, driving a broad-based recovery. Index constituents that led the rebound are PCHEM (+11.9%), PETDAG (+6.4%), and PPB (+3.8%). Sectoral performance was strong, with Construction (+3.1%) leading gains, followed by Industrial Products & Services (+2.4%) and Consumer Products & Services (+1.0%). The overall market breadth turned positive, with 573 gainers outpacing 448 decliners.

Economics

- Malaysia:** Sarawak to spend RM6bn on rural water supply projects by 2030 — premier
- US:** Existing-home sales drop back again with mortgage rates at 7%
- US:** Business activity moderates as the service sector cools
- EU:** ECB's Villeroy reaffirms deposit rates could be at 2% by this summer
- EU:** Sees €28bn hit from Trump's steel and aluminium tariffs
- India:** RBI announces mega US\$10bn forex swap to infuse rupee liquidity
- US:** Consumers long-run inflation views rise to highest since 1995

Companies

- Petronas Chemicals:** Posts 4Q profit on forex gain, declares three sen dividend
- Petronas Gas:** 4Q net profit slips 5.6% as expenses, gas cost rise
- MISC:** Sinks into red for the first time in more than two years as provisions hurt
- CN Asia:** Plans capital reduction to pare accumulated losses
- Exsim Hospitality:** Secures RM13m interior design contract for D'Velada project in Bukit Jalil
- Master Tec:** Buys 43-acre land in Melaka for future expansion
- Mudajaya:** Files petition to wind up power producer THB Power over RM60.6m debt

Upcoming key economic data releases

| | Date |
|----------------------------------------|--------|
| 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 | 1,591.0 | 0.8 | (3.1) |
| Dow Jones | 43,428.0 | (1.7) | 2.1 |
| Nasdaq CI | 19,524.0 | (2.2) | 1.1 |
| S&P 500 | 6,013.1 | (1.7) | 2.2 |
| FTSE 100 | 8,659.4 | (0.0) | 6.0 |
| Nikkei 225 | 38,776.9 | 0.3 | (2.8) |
| Shanghai CI | 3,379.1 | 0.8 | 0.8 |
| HSI | 23,477.9 | 4.0 | 17.0 |
| STI | 3,929.9 | 0.1 | 3.8 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|-------|
| Vol traded (m shares) | 2,995.1 | (5.1) |
| Value traded (RM m) | 2,632.7 | 8.0 |
| Gainers | 573 | |
| Losers | 448 | |
| Unchanged | 506 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| INGENIEU | 0.050 | (9.1) | 118.7 |
| MYEG | 1.040 | 2.0 | 51.9 |
| TWL | 0.025 | 25.0 | 50.9 |
| INARI | 2.350 | (11.3) | 39.1 |
| VELESTO | 0.185 | 2.8 | 33.5 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| CIMB | 8.360 | 0.1 | 185.3 |
| MAYBANK | 10.500 | 0.6 | 116.6 |
| PCHEM | 4.140 | 11.9 | 115.8 |
| GAMUDA | 4.760 | 3.5 | 104.8 |
| INARI | 2.350 | (11.3) | 95.9 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.4183 | 0.3 |
| USD/JPY | 149.27 | 0.2 |
| EUR/USD | 1.0458 | (0.4) |
| USD/CNY | 7.2523 | (0.1) |
| US Dollar Index | 106.61 | 0.2 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 74.4 | (2.7) |
| Gold (USD/troy oz) | 2,936 | (0.1) |
| CPO (MYR/metric t) | 4,836 | 0.4 |
| Bitcoin (USD/BTC) | 96,128 | (0.6) |

Economics

Malaysia: Sarawak to spend RM6bn on rural water supply projects by 2030

Sarawak is set to spend approximately RM6bn by 2030 on rural water supply projects, said Premier Tan Sri Abang Johari Tun Openg. He said that the water supply grid construction project would also include the building of water treatment plants and the replacement of old pipes. "It has already begun. Under the people's project, it is RM4bn. This does not yet include the 13th Malaysia Plan, where we will add another RM600m. To replace the old pipes to prevent them from bursting, we estimate the cost to be RM1.1bn," he told reporters after launching the Batang Lassa Bridge in Daro on Saturday. (*The Edge*)

US: Existing-home sales drop back again with mortgage rates at 7%

Sales of existing US homes fell last month for the first time since September, as the combination of high mortgage rates and prices sets a grim backdrop heading into the crucial spring selling season. Contract closings in January decreased 4.9% to an annualised rate of 4.1m, data released on Friday by the National Association of Realtors (NAR) show. The median estimate in a Bloomberg survey of economists was 4.1m. Sales declined the most in the West and South, which were afflicted by destructive wildfires in Los Angeles and severe winter storms, respectively. To the extent weather played a role, those sales are just a matter of timing and will probably take place in subsequent months instead, NAR chief economist Lawrence Yun said on a call with reporters. (*Bloomberg*)

US: Business activity moderates as the service sector cools

US business activity expanded in February at the slowest pace since September 2023, dragged down by the service sector. The S&P Global preliminary February composite index for services and manufacturers decreased to 50.4, the lowest level in 17 months, as uncertainty around the Trump administration's policies weighed on orders and business expectations. Figures above 50 indicate expansion. The manufacturing index expanded for a second month after contracting in the second half of 2024. However, the upturn could be temporary as some factories boosted output to front-run tariffs, according to the report. (*Bloomberg*)

EU: ECB's Villeroy reaffirms deposit rates could be at 2% by this summer

The European Central Bank could cut its deposit rate down to 2% by this summer, said Bank of France head and ECB policymaker Francois Villeroy de Galhau in an interview published on Saturday. "Seen from where we are today, we could be at 2% by the coming summer," he told the magazine *Alternatives Economiques*. Villeroy also reaffirmed that sector consolidation among European banks could make them more competitive on a global level. (*Reuters*)

EU: Sees €28bn hit from Trump's steel and aluminium tariffs

The European Union estimates that the first wave of Donald Trump's steel and aluminium tariffs will hit as much as €28bn (US\$29.3bn or RM129.5bn) of the bloc's exports in what would be a massive escalation in the US president's trade war. The amount of goods — which the EU assesses will include derivative products as well — would be about 4 times larger than the last time Trump targeted the bloc's metals sector, according to people familiar with the EU's thinking. EU trade chief Maros Sefcovic debriefed the bloc's ambassadors on Friday after his visit to Washington to meet with his US counterparts. He cautioned that the situation is in flux and the details and the scope of any tariffs could still change, said the people, who spoke on the condition of anonymity. (*Reuters*)



India: RBI announces mega US\$10bn forex swap to infuse rupee liquidity

The Reserve Bank of India (RBI) will conduct a massive US\$10bn three-year dollar/rupee swap auction next week to infuse durable rupee liquidity into the banking system, which has been reeling under large cash deficits, the central bank said on Friday. The RBI will conduct the buy/sell swap on Feb 28, it said in a release. The first leg of the transaction would be settled on March 4 and could infuse around 870bn rupees (US\$10bn or RM44.4bn) into the banking system. Earlier this year, the RBI announced a six-month swap through which it infused US\$5.1bn into the system, however, cash conditions have remained tight despite the swap and several open-market bond purchases. (*Reuters*)

US: Consumers long-run inflation views rise to highest since 1995

U.S. consumers' long-term inflation expectations have risen to 3.5%, the highest since 1995, largely due to concerns that President Trump's tariffs will drive up prices, according to the University of Michigan's survey. As a result, consumer sentiment fell sharply to 64.7 from 71.7, with Democrats and independents driving the decline, while expectations for unemployment to rise hit their highest level since 2020. The Federal Reserve remains cautious, with officials indicating they will closely monitor inflation expectations before adjusting monetary policy, though some economists warn that prolonged concerns could prompt rate hikes to curb inflationary pressures. (*Bloomberg*)

Companies

Petronas Chemicals: Posts 4Q profit on forex gain, declares three sen dividend

Petronas Chemicals Group Bhd has swung back to the black in the fourth quarter thanks to foreign exchange (forex) gain, reversing its first-ever quarterly loss in the immediate preceding quarter. Net profit for the fourth quarter ended Dec 31, 2024 (4QFY2024) surged to RM519m from RM112m in 4QFY2023, as revenue increased 3.4% to RM7.46bn versus RM7.21bn previously, according to the group's bourse filing on Friday. The rise in profit was due to a hefty net forex gain of RM748m booked in 4QFY2024, versus 4QFY2023's RM115m net forex loss. It explained the forex gain was linked to a revaluation of shareholders loan to a joint venture entity. *(The Edge)*

Petronas Gas: 4Q net profit slips 5.6% as expenses, gas cost rise

Petronas Gas Bhd said on Friday its net profit slipped in the final quarter of 2024, as expenses rose from maintenance of its pipeline and regasification terminals while gas cost rose. Net profit for the three months ended Dec 31, 2024 (4QFY2024) was RM417m, down 5.6% from RM441.6m in the same period a year earlier, Petronas Gas said in an exchange filing. Revenue for the quarter however was up 3% year-on-year to RM1.6bn, thanks to higher tariffs. The company expects a "healthy" performance in 2025, with all segments expected to remain competitive, underpinned by stable-earning contracts and sustained operations. *(The Edge)*

MISC: Sinks into red for the first time in more than two years as provisions hurt

MISC Bhd sank into the red for the first time in more than two years, hurt by a surge in provisions for writedown in assets and lower revenue at all business segments. Net loss for the fourth quarter ended Dec 31, 2024 (4QFY2024) was RM446.2m, its first quarterly loss since 2QFY2022. The company booked RM735.5m in impairment provisions, while revenue for the quarter fell 23% year-on-year to RM3.3bn. MISC nevertheless maintained its dividend payout at 12 sen per share, payable on March 20, bringing its total distribution for FY2024 to 36 sen per share, and unchanged versus 2023. *(The Edge)*

CN Asia: Plans capital reduction to pare accumulated losses

Industrial storage tank maker CN Asia Corp Bhd has proposed a share capital reduction to pare its accumulated losses. The capital reduction exercise will involve reducing RM35m of its RM76m share capital, according to the group's bourse filing on Friday. The exercise is expected to slash the group's accumulated losses of RM43.4m as at September 2024 to RM8.7m. "The proposed share capital reduction will enable the group to rationalise its financial position by reducing the accumulated losses to more appropriately reflect the value of the underlying assets and the financial position of the group," CN Asia said. *(The Edge)*

Exsim Hospitality: Secures RM13m interior design contract for D'Velada project in Bukit Jalil

Exsim Hospitality Bhd, formerly known as Pan Malaysia Holdings Bhd, has secured a RM13m contract for interior design works at the D'Velada serviced apartment development in Bukit Jalil. According to a filing with Bursa Malaysia, the company's wholly owned subsidiary, Exsim Concepto Sdn Bhd, accepted the letter of appointment from building manager Taghill Projects Sdn Bhd on Friday. Under the contract, Exsim Concepto will serve as the nominated sub-contractor for interior design works covering common areas and unit carpentry for the 42-level serviced apartment, which features 508 residential units, three strata shop units, and various facilities. *(The Edge)*

Master Tec: Buys 43-acre land in Melaka for future expansion

Master Tec Group Bhd is acquiring a 42.6-acre freehold land in Jasin, Melaka, which the power cables manufacturer says presents an opportunity for the group's future expansion due to the property's prime location. The group is buying the land from 25 individual owners for RM10.2m, Master Tec said in a filing with Bursa Malaysia on Friday, adding that the acquisition will be funded through internally generated funds and bank borrowings. The group noted that the price is 0.9% below the land's market value of RM10.3m, as appraised by valuer Henry Butcher Malaysia (Malacca) Sdn Bhd in October 2024. *(The Edge)*

Mudajaya: Files petition to wind up power producer THB Power over RM60.6m debt

Mudajaya Group Bhd said it has filed a winding-up petition against THB Power Sdn Bhd over RM60.6m in outstanding payment for construction work. The filing against the independent power producer was filed in the Kuala Lumpur High Court on Feb 17, according to Mudajaya in a bourse filing on Friday. Case management for the winding-up petition is fixed for March 19, with the hearing fixed for June 11. The winding-up petition follows an adjudication decision dated April 25, 2024, and a supplemental settlement agreement dated Oct 8, 2024, Mudajaya said. Details of the adjudication and settlement agreement were not disclosed. *(The Edge)*



Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 1.17 | 0.16 | 13.93 |
| MBM Resources | Consumer | 5.55 | 0.52 | 9.46 |
| British American Tobacco (M) | Consumer | 6.94 | 0.57 | 8.27 |
| Sentral REIT | REIT | 0.78 | 0.06 | 8.21 |
| Ta Ann Holdings | Plantation | 3.84 | 0.30 | 7.84 |
| Datasonic Group | Technology | 0.32 | 0.03 | 7.81 |
| Amway (M) | Consumer | 6.81 | 0.53 | 7.74 |
| KIP REIT | REIT | 0.89 | 0.07 | 7.57 |
| CapitaLand Malaysia Trust | REIT | 0.66 | 0.05 | 7.33 |
| YTL Hospital REIT | REIT | 1.14 | 0.08 | 7.28 |
| Hektar REITS | REIT | 0.53 | 0.04 | 6.98 |
| Paramount Corporation | Property | 1.08 | 0.07 | 6.94 |
| Sports Toto | Consumer | 1.56 | 0.10 | 6.73 |
| REXIT | Technology | 0.75 | 0.05 | 6.71 |
| Genting Malaysia | Consumer | 2.35 | 0.16 | 6.68 |

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 | | |
| Pantech Global Bhd | Main Market | 0.68 | 262.2 | - | 19 Feb | 03 Mar |
| Saliran Group Bhd | Main Market | 0.27 | 80.4 | 38.3 | 28 Feb | 13 Mar |

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