MERCURY SECURITIES SDN BHD
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Daily Newswatch

Market Review

The FBM KLCI closed lower at 1,574.7 (-0.8%) as heightened risk-off sentiment triggered last-minute selling pressure. Investor concerns were exacerbated by Trump's confirmation of impending tariffs on Mexico, Canada, and China, set to take effect on March 4. Among index constituents, the laggards were MRDIY (-12.7%), PETDAG (-5.7%), and CIMB (-5.0%). Sector-wise, Technology led the decline (-5.9%), with the negative performance led by D&O (-17.9%), VITROX (-11.4%) and MYEG (-8.4%), followed by Consumer Products & Services (-4.6%) and Health Care (-2.5%). Overall, the broader market was notably bearish and cautious with 862 decliners outpacing 257 gainers.

Economics

- **Malaysia:** EPF's strong performance reflects investor confidence in govt's growth-friendly policies — PM
- **US:** Treasury rally sends yields back below 4% as inflation cools
- **US:** Trump orders new tariff probe into US lumber imports
- **US:** Consumer spending declines; annual inflation subsides
- **EU:** Inflation at four-year low gives case for ECB to cut rates
- **China:** Central bank, regulators vow financial support for private companies
- **China:** Factory activity returns to expansion but trade risks grow

Companies

- **CIMB:** Annual net profit exceeds RM7b in FY2024; declares 20 sen more dividend
- **TNB:** To pay out four-year high dividend for FY2024
- **KLK:** Posts slightly lower 1Q profit, expects improved full-year results
- **FGV:** To explore other options for dairy farm expansion after lapsed RM4.5bn Chuping plan
- **PPB:** Lower Wilmar contribution drags 4Q net profit down 17%
- **Guan Chong:** To raise RM470m via bonus issue of warrants
- **Malakoff:** Completes RM133m stake buy in E-Idaman after several cut-off date extensions
- **Exsim Hospitality:** To raise up to RM250.8m via rights issue, partly for hotel purchase in Empire City
- **Inta Bina:** Clinches RM181m mixed development construction contract

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	1,574.7	(0.8)	(4.1)
Dow Jones	43,840.9	1.4	3.0
Nasdaq CI	18,847.3	1.6	(2.4)
S&P 500	5,954.5	1.6	1.2
FTSE 100	8,809.7	0.6	7.8
Nikkei 225	37,155.5	(2.9)	(6.9)
Shanghai CI	3,320.9	(2.0)	(0.9)
HSI	22,941.3	(3.3)	14.4
STI	3,895.7	(0.7)	2.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,398	52.0
Value traded (RM m)	6,457	163.2
Gainers	257	
Losers	862	
Unchanged	380	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
GENM	1.900	(19.5)	356.8
INARI	2.070	(5.5)	275.1
CIMB	7.810	(5.0)	108.0
MYEG	0.875	(8.4)	92.6
GAMUDA	4.360	(1.8)	83.9

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	7.810	(5.0)	854.0
GENM	1.900	(19.5)	694.8
INARI	2.070	(5.5)	571.5
GAMUDA	4.360	(1.8)	365.5
MAYBANK	10.720	0.6	306.9

Currencies	Last Close	% Chg
USD/MYR	4.5	(0.4)
USD/JPY	150.6	(0.5)
EUR/USD	1.0	(0.2)
USD/CNY	7.3	0.1
US Dollar Index	107.6	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	72.8	(1.0)
Gold (USD/troy oz)	2,857.8	(0.7)
CPO (MYR/metric t)	4,729.0	0.7
Bitcoin (USD/BTC)	85,846.9	(0.2)

Economics

Malaysia: EPF's strong performance reflects investor confidence in govt's growth-friendly policies — PM

The Employees Provident Fund's (EPF) strong performance reflects investor confidence in the Madani government's growth-friendly policies, Prime Minister Datuk Seri Anwar Ibrahim said on Saturday. He added that fiscal reforms under the Madani Economy framework had further strengthened this confidence, ultimately benefiting the people through universal and sustainable growth. His remarks followed the EPF's announcement of a 6.3% dividend rate for conventional savings, with a total distribution of RM63.1bn, and also 6.3% for shariah savings, with RM10.2bn. *(The Edge)*

US: Treasury rally sends yields back below 4% as inflation cools

The U.S. Treasury market posted its strongest monthly gain since July, with short-term yields dropping below 4% as weaker economic data fueled expectations of Federal Reserve rate cuts, now fully pricing in a 25bps cut by July and 66bps by year-end. The 10-year yield fell to 4.21%, its lowest level since December, as concerns over economic growth outweighed inflation fears, further supported by Trump's tariff policies and government job cuts. Market sentiment remains focused on upcoming employment data, with analysts expecting slower growth and moderating inflation to drive Treasury yields lower. *(Bloomberg)*

US: Trump orders new tariff probe into US lumber imports

US President Donald Trump on Saturday ordered a new trade investigation that could heap more tariffs on imported lumber, adding to existing duties on Canadian softwood lumber and 25% tariffs on all Canadian and Mexican goods due next week. In his third new tariff probe in a week, Trump signed a memo ordering Commerce Secretary Howard Lutnick to initiate a national security investigation into US lumber imports under Section 232 of the Trade Expansion Act of 1962. The probe covers derivative products made from lumber which could include furniture such as kitchen cabinets, which in some cases are made of US lumber that had been exported. *(Bloomberg)*

US: Consumer spending declines; annual inflation subsides

US consumer spending unexpectedly fell in January while the annual increase in inflation slowed, supporting financial market expectations that the Federal Reserve would resume cutting interest rates in June. But the moderation in annual inflation, which partly reflected last year's high readings dropping out of the calculation, is unlikely to be sustained as President Donald Trump's administration ratchets up tariffs on imports, which economists warned would raise prices. Consumers' one-year inflation expectations soared in February. Consumer spending, which accounts for more than two-thirds of US economic activity, dropped 0.2% last month after an upwardly revised 0.8% increase in December, the Commerce Department's Bureau of Economic Analysis said on Friday. *(Bloomberg)*

EU: Inflation at four-year low gives case for ECB to cut rates

French inflation retreated to its lowest level in four years, bolstering the case for further interest-rate cuts by the European Central Bank (ECB), whose next move is likely to arrive next week. Consumer prices in the euro area's second-largest economy rose 0.9% from a year ago in February after a 1.8% increase in January, statistics agency Insee said on Friday. Analysts polled by Bloomberg had forecast an advance of 1.1%. European bonds rallied at the open. French yields fell three basis points (bps) across the curve, while those on two-year Bunds dropped below 2% for the first time in more than a year. Money markets boosted wagers on ECB rate cuts now favour four more quarter-point reductions this year for the first time in almost three weeks. *(Reuters)*

China: Central bank, regulators vow financial support for private companies

China's central bank and financial regulators held a meeting with private enterprises and financial institutions, vowing to increase lending to private enterprises and expand their fundraising channels, the People's Bank of China (PBOC) said on Sunday. The meeting was held on Friday to study Chinese President Xi Jinping's speech at a symposium last month attended by some of the country's biggest private business leaders, the statement said. PBOC governor Pan Gongsheng said at Friday's meeting that the central bank will guide financial institutions to increase investment in the private economy, and will adopt an "appropriately loose" monetary policy to maintain ample market liquidity, the official China Securities Journal reported on Sunday. (*Reuters)*

China: Factory activity returns to expansion but trade risks grow

China's factory activity returned to expansion in February, a sign of resilience in an economy hit by higher US tariffs and suffering from weak domestic demand. The official manufacturing purchasing managers index (PMI) was 50.2, versus 49.1 in January, the National Bureau of Statistics said on Saturday. The median forecast of economists surveyed by Bloomberg was 49.9. A number above 50 points signals growth. The non-manufacturing measure of activity in construction and services rose to 50.4 from 50.2 last month, the statistics office said. That's in line with the forecast of 50.4. (*Reuters)*

Companies

CIMB: Annual net profit exceeds RM7bn in FY2024; declares 20 sen more dividend

CIMB Group Holdings Bhd's net profit for the fourth quarter grew nearly 5% to RM1.8bn, from RM1.72bn a year ago, lifting its annual net profit to a record high of RM7.7bn in the financial year ended Dec 31, 2024 (FY2024). CIMB, the country's second biggest bank by assets, declared a second interim dividend of 20 sen, bringing the total annual dividends declared for the full year to a record high of 47 sen per share, according to a filing with Bursa Malaysia on Friday. The banking group's net interest income rose marginally to RM2.8bn in 4QFY2024, while non-interest income was down 5.72% to RM782.3m. Income from Islamic banking operations grew 7.29% to RM1.2bn *(The Edge)*

TNB: To pay out four-year high dividend for FY2024

TNB said on Friday a reversal on impairment in receivables and financial instruments lifted its net profit by 64% in the final quarter of 2024. Net profit for the three months ended Dec 31, 2024 (4QFY2024) was RM954.5m, TNB said in an exchange filing. Revenue was 5% higher year-on-year at RM14.4bn from increased electricity sales. A dividend per share of 26 sen was declared, bringing its total dividend per share for FY2024 to 51 sen — the highest since FY2020. *(The Edge)*

KLK: Posts slightly lower 1Q profit, expects improved full-year results

KLK on Friday reported a 2.9% year-on-year fall in its first-quarter net profit, as the plantation group's other businesses — manufacturing, property and investments — recorded subdued results. The net profit for the three months ended Dec 31, 2024 (1QFY2025) was RM220.5m, against RM226.9m a year ago. Earnings per share slipped to 20.1 sen from 21 sen. Corporate expenses of RM50.6m and foreign exchange losses of RM33.9m also weighed on the group's earnings, KLK said in a bourse filing. *(The Edge)*

FGV: To explore other options for dairy farm expansion after lapsed RM4.5bn Chuping plan

FGV Holdings Bhd is considering alternative options to expand its dairy farming business, after its RM4.5bn plan to develop an integrated dairy farm in Chuping, Perlis, lapsed two months ago. "Dairy is a promising business. We are constantly exploring opportunities to expand, and will consider other options, as the land in Chuping is quite good in terms of terrain and so on," said group chief financial officer Datuk Mohd Hairul Abdul Hamid during a press briefing on Friday, following FGV's fourth-quarter earnings announcement. "Any venture that offers good returns within a shorter time frame is something we are keen to pursue," he added. *(The Edge)*

PPB: Lower Wilmar contribution drags 4Q net profit down 17%

PPB Group Bhd's net profit fell 17.3% to RM365.2m in the fourth quarter ended Dec 31, 2024 (4QFY2024), from RM441.4m a year ago, dragged by lower contributions from its 18.8%-owned associate Wilmar International Ltd, despite a strong performance by the group's core business segments. Wilmar's profit contribution fell by more than half to RM277m from RM572m in 4QFY2023, while the group's core business segments turned into a pre-tax profit of RM145m from a pre-tax loss of RM130m previously. Quarterly revenue for PPB rose 13.3% year-on-year to RM1.4bn from RM1.3bn, as all its segments except for property registered higher revenue. *(The Edge)*

Guan Chong: To raise RM470m via bonus issue of warrants

Guan Chong Bhd said it plans to undertake a bonus issue on the basis of four bonus shares for every three existing shares held (four-for-three) to reward its shareholders and enhance the trading liquidity of its shares. After the bonus issue of shares, the cocoa grinder will undertake a bonus issue of warrants to raise RM470m in fresh funds over the coming three years for its working capital. The bonus issue of warrants will be on the basis of one warrant for every four shares held, based on the enlarged share capital. *(The Edge)*

Malakoff: Completes RM133m stake buy in E-Idaman after several cut-off date extensions

Malakoff Corp Bhd on Friday completed the acquisition of a 49% stake in solid waste management company, E-Idaman Sdn Bhd, after multiple extensions of the cut-off dates. Malakoff's wholly owned unit Tuah Utama Sdn Bhd had agreed to buy the stake from Metacorp Bhd for RM133.2m on Oct 27, 2023. The acquisition was initially scheduled to be completed within six months. However, the deadline for fulfilling the conditions precedent has been extended four times — first to July 6, 2024, then to Oct 28, 2024, followed by Jan 28, 2025, and most recently by April 25, 2025. *(The Edge)*

Exsim Hospitality: To raise up to RM250.8m via rights issue, partly for hotel purchase in Empire City

Exsim Hospitality Bhd is raising up to RM250.8m via a rights issue with warrants, to partly fund the RM240.3m acquisition of a new five-star hotel in Empire City, Petaling Jaya, Selangor. The RM250.8m proceeds from the rights issue represents about 71% of the group's market capitalisation of RM353m based on Friday's closing price of 38 sen. Based on the illustrative exercise price of 20.3 sen per warrant, the full exercise of the warrants would raise approximately RM63.0m. *(The Edge)*

Inta Bina: Clinches RM181m mixed development construction contract

Inta Bina Group Bhd secured a RM181m contract from Eco Sanctuary Sdn Bhd for the construction of a mixed commercial development in Kuala Langat, Selangor, spanning 33 months and funded through internal funds and external borrowings. The contract is expected to enhance the company's earnings, following a strong financial performance in FY2024. *(The Edge)*

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Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.04	0.16	15.67
British American Tobacco (M)	Consumer	6.72	0.57	8.54
Hektar REITS	REIT	0.51	0.04	8.43
Sentral REIT	REIT	0.78	0.06	8.26
MBM Resources	Consumer	5.41	0.42	7.84
KIP REIT	REIT	0.87	0.07	7.70
YTL Hospital REIT	REIT	1.09	0.08	7.61
Ta Ann Holdings	Plantation	3.70	0.27	7.41
CapitaLand Malaysia Trust	REIT	0.65	0.05	7.38
Amway (M)	Consumer	6.44	0.47	7.30
REXIT	Technology	0.70	0.05	7.14
Paramount Corporation	Property	1.06	0.08	7.08
Taliworks Corporation	Utilities	0.73	0.05	6.85
Genting Malaysia	Consumer	1.90	0.12	6.47
MAG Holdings	Consumer	1.27	0.08	6.46

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	ACE Market	0.27	80.4	38.3	28 Feb	13 Mar
Lim Seong Hai Capital Bhd	ACE Market	0.88	132.0	59.0	06 Mar	21 Mar
Wawasan Dengkil Holdings Bhd	ACE Market	0.25	108.0	54.0	11 Mar	25 Mar

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