



Daily Newswatch

Market Review

The FBM KLCI plunged below the 1,500 level to 1,484.8 (-2.3%) as investors fled risky equity assets but extended its buying streak in Malaysia's corporate bonds for the 5th consecutive month amid intensifying tariffs conflicts between the U.S. and its trading partners. Among index constituents, losses were led by GAMUDA (-7.1%), followed by SUNWAY (-5.7%) and YTLPOWR (-3.9%). Sector-wise, the Construction segment slid (-4.2%), Financial Services retreated (-3.0%), and Energy dipped (-1.6%). The selloff was broad-based, with market breadth showing 659 decliners against just 297 advancers.

Economics

- **Malaysia:** Industrial activity grows slower than expected in January
- **Malaysia:** Moody's predicts stable banking and 5% GDP growth for 2025
- **US:** Lambasts Japan's '700% rice tariff', hinting at levy target
- **EU:** Trade, defence shocks risk amplifying eurozone inflation, Lagarde warns
- **UK:** Splits with Europe by avoiding snap retaliation to US tariffs
- **Japan:** Major firms in Japan agree to big wage hikes; impact on central bank's policy in focus
- **Japan:** BOJ's Ueda signals little concern over highest yields since 2008
- **China:** China's commerce ministry met with Walmart on supplier pricing, state media says

Companies

- **Perdana Petroleum:** Bags three-year charter for two vessels from Sarawak Shell
- **IJM:** Expands UK portfolio with Finsbury Circus acquisition for £72.5m
- **Pertama Digital:** Netsec partner to strengthen cybersecurity in digital platforms
- **Pecca:** Acquires land in Rawang to expand manufacturing capacity
- **MN Holdings:** Secures RM168.9m data centre power infrastructure project, order book hits RM892.4m

| <u>Upcoming key economic data releases</u> | <u>Date</u> |
|--------------------------------------------|-------------|
| US – Feb 2025 PPI | 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 | 1,484.8 | (2.3) | (9.6) |
| Dow Jones | 41,350.9 | (0.2) | (2.8) |
| Nasdaq CI | 17,648.5 | 1.2 | (8.6) |
| S&P 500 | 5,599.3 | 0.5 | (4.8) |
| FTSE 100 | 8,541.0 | 0.5 | 4.5 |
| Nikkei 225 | 36,819.1 | 0.1 | (7.7) |
| Shanghai CI | 3,371.9 | (0.2) | 0.6 |
| HSI | 23,600.3 | (0.8) | 17.6 |
| STI | 3,833.1 | 0.0 | 1.2 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|--------|
| Vol traded (m shares) | 3,098.1 | (16.6) |
| Value traded (RM m) | 3,368.9 | 2.1 |
| Gainers | 297 | |
| Losers | 659 | |
| Unchanged | 469 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| SAPNRG | 0.040 | 14.3 | 183.6 |
| GAMUDA | 3.770 | (7.1) | 97.4 |
| CIMB | 7.000 | (3.6) | 70.3 |
| NATGATE | 1.170 | 1.7 | 56.0 |
| NEXG | 0.255 | (5.6) | 49.0 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| CIMB | 7.000 | (3.6) | 494.4 |
| GAMUDA | 3.770 | (7.1) | 373.9 |
| MAYBANK | 10.180 | (0.6) | 191.4 |
| PBBANK | 4.330 | (1.8) | 123.1 |
| SUNWAY BHD | 4.170 | (5.7) | 104.6 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.428 | (0.3) |
| USD/JPY | 148.250 | 0.0 |
| EUR/USD | 1.089 | (0.0) |
| USD/CNY | 7.238 | (0.1) |
| US Dollar Index | 103.612 | 0.2 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 71.0 | 2.0 |
| Gold (USD/troy oz) | 2,938.3 | 0.1 |
| CPO (MYR/metric t) | 4,785.0 | 0.5 |
| Bitcoin (USD/BTC) | 83,677.0 | 0.7 |

Economics

Malaysia: Industrial activity grows slower than expected in January

Malaysia's industrial production grew at a slower than expected pace in January as factory activity decelerated while mining and electricity output contracted, official data on Wednesday showed. The industrial production index — which measures output from factories, mines, and power plants — rose 2.1% in January from a year earlier, the Department of Statistics Malaysia said in a statement. That compares with the 2.7% gain predicted in a Bloomberg survey and December's 4.6% year-on-year rise. On a month-on-month basis, the index declined 0.4% in January, the same pace as in December. (*The Edge*)

Malaysia: Moody's predicts stable banking and 5% GDP growth for 2025

Malaysia's banking system remains stable, backed by strong economic performance and healthy bank fundamentals, according to Moody's Ratings. It has an A3 investment grade sovereign rating on Malaysia's credit. Moody's predicts Malaysia's real gross domestic product (GDP) growth will be 5% in 2025, following a 5.1% increase in 2024. Despite risks from trade tariffs and geopolitical tensions, Malaysia's diverse trade partnerships, including with Singapore, should help mitigate these challenges. (*The Edge*)

US: Lambasts Japan's '700% rice tariff', hinting at levy target

President Donald Trump's administration hit out at Japan's elevated rice tariffs, signalling that the grain and Tokyo will likely be targeted as the US seeks to apply reciprocal tariffs in the coming weeks. "Look at Japan, tariffing rice 700%," US press secretary Karoline Leavitt said Tuesday during a press conference. She pointed to a chart that appeared to list tariff percentages from countries including India and the EU. The chart also showed the tariff rates Japan applies on beef and dairy imports from the US. "President Trump believes in reciprocity," Leavitt said during the press conference largely focused on accusations that Canada applies unfair tariffs on US goods. "All he's asking for at the end of the day are fair and balanced trade practices." (*The Edge*)

EU: Trade, defence shocks risk amplifying eurozone inflation, Lagarde warns

The eurozone economy is facing exceptional shocks from trade, defence and climate issues, possibly amplifying inflation volatility and raising the risk that price growth becomes more persistent, European Central Bank (ECB) President Christine Lagarde said on Wednesday. These forces make it impossible for the ECB to signal policy intent but make it imperative the bank doubles down on its 2% inflation target and outlines how it reacts to various shocks, Lagarde said in a speech in Frankfurt. The ECB has cut interest rates six times since June but provided no clear hint about future policy last week, leaving markets guessing an era of particular uncertainty, driven by the Trump administration's challenge to established international cooperation. (*Bloomberg*)

UK: Splits with Europe by avoiding snap retaliation to US tariffs

The UK reaffirmed its commitment to US trade talks as British exports were swept up in President Donald Trump's global steel and aluminum tariffs, breaking with Europe in its decision to retaliate immediately. Business and Trade Secretary Jonathan Reynolds called the US decision to impose 25% levies on foreign metal products without exemptions on Wednesday morning "disappointing". Exchequer secretary to the Treasury James Murray told *Times Radio*: "We're not going to retaliate immediately in that way." (*Reuters*)



Japan: Major firms in Japan agree to big wage hikes; impact on central bank's policy in focus

Many of Japan's biggest companies from tech conglomerates to Toyota have met union demands for substantial wage hikes for a third consecutive year, seeking to help workers cope with inflation and retain staff amid labour shortages. As annual "shunto" or "spring labour offensive" negotiations at top firms concluded on Wednesday, electronics conglomerate Hitachi said it had agreed to a record 6.2% increase in monthly wages in line with union demands. Major Toyota auto parts supplier Denso also plans record pay hikes, while Toyota said the combined increase in pay for manufacturing staff would match that of last year, which was the highest since 1999. (*Reuters*)

Japan: BOJ's Ueda signals little concern over highest yields since 2008

Bank of Japan Governor Kazuo Ueda indicated he's not too concerned about the recent ascent of the nation's benchmark yield to the highest since 2008, adding that only a sudden, exceptional spike might warrant action. "My understanding is that the rising trend since last year reflects the market's views on the economy and inflation or shifts in interest rates overseas," Ueda said Wednesday morning in response to questions in parliament. "There is no major gap between our views and the market's." When the topic came up again in the afternoon, the governor calibrated his message with the assurance that officials will act if absolutely necessary, although he declined to comment directly on recent moves. "If long-term yields rose sharply in a way that differs from normal market movements, we would conduct operations swiftly and flexibly to promote stable interest rate formation in the market," he said. (*Reuters*)

China: Commerce ministry met with Walmart on supplier pricing, state media says

Chinese officials met with Walmart this week to discuss media reports that the US retailer has asked Chinese suppliers to slash prices to offset US tariffs on goods from China, according to CCTV-affiliated social media posts. The posts, published on Wednesday on the Weibo account of Yuyuantantian, which is affiliated with state-run CCTV, said the meeting between China's commerce ministry and Walmart representatives was held on March 11. The posts cited sources familiar with the meeting. Last week, *Bloomberg News* reported, also citing sources, that certain Chinese suppliers, including makers of kitchenware and clothing, had been asked to lower their prices by as much as 10% per round of tariffs, essentially shouldering the full cost of duties imposed by US President Donald Trump. (*Reuters*)

Companies

Perdana Petroleum: Bags three-year charter for two vessels from Sarawak Shell

Perdana Petroleum Bhd said it has secured a work order from Sarawak Shell Bhd for the charter of two accommodation work barges for an undisclosed sum. The barges are chartered by Perdana's wholly owned unit Perdana Nautika Sdn Bhd (PNSB) for three years beginning March 15 and April 7 respectively, with option to extend for one year, Perdana said in its filing. Each vessel can accommodate 300 people, the company said. "PNSB shall provide the accommodation work barges with crews and equipment to perform 24-hour services for assisting and/or servicing drilling rigs, offshore installation, derrick barges, towing and anchor jobs as per the scope of works agreed on to Sarawak Shell's project activities, it said. *(The Edge)*

IJM: Expands UK portfolio with Finsbury Circus acquisition for £72.5m

Conglomerate IJM Corp Bhd said on Wednesday it has secured a 143-year leasehold interest in 25 Finsbury Circus — formerly known as 1-5 London Wall Buildings — for £72.5m (RM407.9m) from private equity firm TPG Angelo Gordon. The property, located less than two minutes from Liverpool Street Station, is set for a £150m sustainability-focused refurbishment, increasing its gross internal area by 26% to 378,000 sq ft, IJM said in a statement. The conglomerate is also in advanced negotiations with a high-quality tenant to lease over 60% of the building's space. *(The Edge)*

Pertama Digital: Netsec partner to strengthen cybersecurity in digital platforms

Pertama Digital Bhd (PDB) has formed a strategic collaboration with Netsec Sdn Bhd to enhance the security, resilience, and performance of digital platforms serving both the government and private sectors. In a statement on Wednesday, the digital and mobile solutions company said that the partnership aims to address the increasing complexity of cyber threats, ensuring that organisations across industries can operate securely and with confidence. "As government agencies, financial institutions, and enterprises accelerate digital transformation, the need for advanced security frameworks has become more critical than ever. *(The Edge)*

Pecca: Acquires land in Rawang to expand manufacturing capacity

Automotive leather upholstery manufacturer Pecca Group Bhd said it is acquiring land measuring 25,350 sq m in Bandar Serendah, Rawang, to support its expansion plans. The group is purchasing the leasehold industrial land from Saraya Glove Industries Sdn Bhd for RM17.4m, according to Pecca's filing on Bursa Malaysia on Wednesday. Pecca said it plans to build a manufacturing facility on the land, enabling the group to "significantly increase its manufacturing and production capacity to cater for future orders". *(The Edge)*

MN Holdings: Secures RM168.9m data centre power infrastructure project, order book hits RM892.4m

MN Holdings Bhd a specialist in underground utilities and substation engineering, has secured a RM168.9m contract to design and construct a high-voltage substation in southern Peninsular Malaysia, bringing its total order book to RM892.4m. Mutu Nusantara Sdn Bhd (MNSB), a wholly owned subsidiary of MN Holdings, has received a letter of award for a contract from a US-based data centre operator. The client's identity remains confidential due to a non-disclosure agreement. "This award represents a significant step for MN Holdings as we secure our first project with a US-based international data centre operator," MN Holdings managing director Datuk Clement Toh said in a press release on Wednesday. *(The Edge)*

Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 1.04 | 0.16 | 15.38 |
| Hektar REITS | REIT | 0.49 | 0.04 | 8.87 |
| REXIT | Technology | 0.57 | 0.05 | 8.85 |
| British American Tobacco (M) | Consumer | 6.15 | 0.54 | 8.78 |
| Sentral REIT | REIT | 0.76 | 0.06 | 8.42 |
| YTL Hospital REIT | REIT | 1.01 | 0.08 | 8.22 |
| KIP REIT | REIT | 0.86 | 0.07 | 7.79 |
| CapitaLand Malaysia Trust | REIT | 0.64 | 0.05 | 7.50 |
| Amway (M) | Consumer | 6.27 | 0.47 | 7.50 |
| MBM Resources | Consumer | 5.30 | 0.39 | 7.34 |
| Taliworks Corporation | Utilities | 0.69 | 0.05 | 7.30 |
| Paramount Corporation | Property | 1.03 | 0.07 | 7.28 |
| Ta Ann Holdings | Plantation | 3.80 | 0.27 | 7.21 |
| MAG Holdings | Consumer | 1.20 | 0.08 | 6.83 |
| Magnum | Consumer | 1.20 | 0.08 | 6.83 |

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 | | |
| Saliran Group Bhd | Main 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 |
| Chemlite Innovation Bhd | ACE Market | 0.25 | 120.0 | 60.0 | 12 Mar | 26 Mar |
| Hi Mobility Bhd | Main Market | 1.22 | 95.0 | 35.0 | 19 Mar | 28 Mar |

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