

# Daily Newswatch

## Market Review

The FBMKLCI stayed in cautious mode, declining by 0.2% on Wednesday amid selective selling in counters such as PMETAL (-1.4%) and MISC (-1.3%). The broader market sentiment also turned negative, with 758 losers against 550 gainers. Nonetheless, with the AI theme continuing to dominate headlines, the technology sector (+2.1%) saw heavy trading interest with significant gains, led by Inari (+9.2%) and SNS (+15.9%).

## Economics

- **US** inflation slows in May, with consumer prices up 3.3% from a year ago
- **India:** Inflation ease slightly, keeping RBI on guard
- **China:** Weaker-than-expected inflation fuels demand concerns
- **South Korea:** Jobs growth cools to slowest pace since 2021

## Companies

- **Ecoscience (0255)** secures RM62m contract
- **Petra Energy (5122)** Gets LOA from Petronas
- **YNH Property (3158):** Appoints UHY as “special independent reviewer”
- **HSS Engineers (0185):** Bags RM21m water treatment plant project
- **LYC Healthcare (0075):** Makes U-turn on subsidiary's Singapore Exchange IPO
- **BHIC (8133):** Gets RM1.1bn MINDEF contract

### Upcoming key economic data releases

	<u>Date</u>
US - PPI	13 June
EU – HICP (Inflation data)	18 June
Malaysia - CPI	25 June
Malaysia - GDP	27 June
US - GDP	27 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,609.0	(0.2)	10.7
Dow Jones	38,712.2	(0.1)	2.6
Nasdaq CI	17,608.4	1.5	19.3
S&P 500	5,421.0	0.9	14.3
FTSE 100	8,215.5	0.8	6.4
Nikkei 225	38,876.7	(0.7)	16.8
Shanghai CI	3,037.5	0.3	2.5
HSI	17,937.8	(1.3)	6.8
STI	3,307.4	(0.1)	2.4

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	7,591.8	8.8
Value traded (RM m)	5,277.9	3.2
Gainers	550	
Losers	758	
Unchanged	468	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DNEX	0.495	4.2	364.1
HM	0.100	(4.8)	240.3
SNS	0.875	15.9	235.7
JAKS	0.180	(5.3)	154.6
JCY	0.780	(1.9)	131.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
INARI	3.800	9.2	246.8
SNS	0.875	15.9	206.2
TM	6.700	1.7	185.2
DNEX	0.495	4.2	180.2
TENAGA	13.880	0.6	128.3

Currencies	Last Close	% Chg
USD/MYR	4.7172	(0.0)
USD/JPY	156.78	(0.3)
EUR/USD	1.0815	0.6
USD/CNY	7.2405	(0.2)
US Dollar Index	104.65	(0.6)

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.60	0.8
Gold (USD/troy oz)	2,321.9	0.3
CPO (USD/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	68,226.9	1.2

## Economics

### **US: Inflation slows in May, with consumer prices up 3.3% from a year ago**

According to the US Bureau of Labor Department, the US consumer price index held flat in May, though it increased 3.3% from a year ago. Both numbers were 0.1 percentage points below market expectations. Excluding volatile food and energy prices, core CPI increased 0.2% on the month and 3.4% from a year ago, compared with respective estimates of 0.3% and 3.5%. Price increases were held in check by a 2% drop in the energy index and just a 0.1% increase in food. (*Bloomberg*)

### **India: Inflation eased slightly, keeping RBI on guard**

India's inflation eased only slightly in May, staying above the central bank's target and justifying the need for policymakers to remain cautious. India's consumer price index rose 4.75% from a year earlier, compared with 4.83% in April 2024. The Reserve Bank of India is finding it difficult to bring inflation down to its 4% target, given food price pressures. A severe heat wave across the country has renewed fears of a price spike, even though monsoon rains, which irrigate half of India's farmlands, have arrived on time, providing some relief to farmers. (*Bloomberg*)

### **China: China's Weaker-Than-Expected Inflation Fuels Demand Concerns**

China's consumer prices in May 2024 increased less than anticipated, rising by 0.3% year-on-year, while factory prices continued to decline for the 20th consecutive month, indicating persistent weak demand. The prolonged deflationary trend has prompted calls for increased government intervention to stimulate demand and address economic concerns. Besides, core inflation, which strips out volatile food and energy prices, rose 0.6 while the producer price index slid 1.4% in May from a year earlier after a 2.5% decline in April, largely due to rises in commodity prices. The government faces challenges in stimulating household spending amidst a protracted real estate downturn and a sluggish job market, with falling producer prices affecting corporate profits and potentially dampening consumer spending due to expectations of future price declines. (*Bloomberg*)

### **South Korea: Jobs growth cools to the slowest pace since 2021**

South Korea's labour market exhibited a slowdown in May, with employment growth hitting its lowest point in over three years, with only 80,000 new jobs added compared to 261,000 the previous month. Despite a stable unemployment rate of 2.8%, concerns arise regarding the need for policy adjustments as the job market's weakening momentum contrasts with the economy's faster-than-expected growth driven by semiconductor exports. (*Bloomberg*)

## Companies

### **Ecoscience (0255): Secures RM62m contract for palm oil plant construction**

Ecoscience International Bhd (Ecoscience), an integrated palm oil milling services provider, via its wholly owned subsidiary Ecoscience Manufacturing & Engineering Sdn Bhd has secured an RM61.8m contract from Oiltek Sdn Bhd for the construction of a crude palm oil (CPO) pretreatment plant and a plant, machinery, and equipment (PME) plant in Port Dickson. (*The Edge*)

### **Petra Energy (5133): Gets LOA from Petronas for Banang Late Life Asset PSC**

Petra Energy Bhd's unit, Petra Energy Development Sdn Bhd (PEDSB), has secured a 10-year letter of award (LOA) from Petronas for the Banang Late Life Asset Production Sharing Contract (PSC) until June 2034, with no fixed value specified. The award reflects PEDSB's strategic progression into an upstream PSC Operator, enhancing its operatorship portfolio and expected to positively contribute to Petra Energy's earnings over the contract's duration. (*The Edge*)

### **YNH Property (3158): Appoints UHY as "special independent reviewer"**

YNH Property Bhd (YNH Property) has appointed UHY as a special independent reviewer to independently assess "certain joint ventures and turnkey contracts" entered into by its subsidiary, Kar Sin Bhd. The independent assessment was initiated following the qualified opinion issued by YNH's former statutory auditor, Baker Tilly Monteiro Heng PLT, over an RM1.1bn sum the group paid to JV parties or landowners for property development work. (*The Edge*)

### **HSS Engineers (0185): HSS Engineers bags RM21m water treatment plant project**

HSS Engineers Bhd's associate, SMHB Sdn Bhd (SMHB), has agreed to conduct engineering consultancy services for the phase one construction project of the Sungai Karangan water treatment plant in Kulim, Kedah, with an estimated service value of RM20.9m. The contract is set to commence in June 2024, with an expected completion date of June 2027. Under the contract, SMHB will conduct a detailed study, detailed engineering investigation, detailed design, tender preparation and supervision during the construction of the water treatment plant. (*The Edge*)

### **LYC Healthcare (0075): Makes U-turn on subsidiary's Singapore Exchange IPO**

LYC Healthcare Berhad (LYC Healthcare) has dropped the plan to list its subsidiary on the Singapore Exchange, less than three months after it filed the preliminary offer document with the exchange. The proposed listing of LYC Medicare Singapore Ltd on the Catalyst Board will be withdrawn in view of the prevailing market conditions in the Singapore equity market. LYC Healthcare is considering the possibility of listing its subsidiary in other exchanges (*The Star*)

### **BHIC (8133): Gets RM1.1b MINDEF contract**

Boustead Heavy Industries Corp Bhd (BHIC) via its wholly-owned subsidiary, BHIC Submarine Engineering Services Sdn Bhd has accepted a letter of award worth RM1.1bn from the Ministry of Defence Malaysia for the in-service support 2 performance-based contract for the Royal Malaysian Navy Prime Minister class submarines. (*The Star*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.64
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.24	0.10	7.82
Bermaz Auto	Consumer	2.53	0.20	7.75
British American Tobacco (M)	Consumer	8.38	0.64	7.68
RHB Bank	Finance	5.49	0.40	7.30
Amway (M)	Consumer	7.23	0.50	6.87
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
MAG Holdings	Consumer	1.11	0.08	6.76
Magnum	Consumer	1.11	0.08	6.76
MBM Resources	Consumer	5.28	0.35	6.61
UOA REITS	REIT	1.12	0.07	6.43
Sports Toto	Consumer	1.55	0.10	6.39
Ta Ann Holdings	Plantation	3.91	0.25	6.37
Gas Malaysia	Utilities	3.63	0.23	6.34

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		
<a href="#">KTI Landmark</a>	ACE Market	0.30	160.0	45.0	4 Jun	19 Jun
Agricore CS	ACE Market	0.50	51.7	6.1	7 Jun	21 Jun
<a href="#">UUE Holdings</a>	ACE Market	0.24	124.9	37.5	18 Jun	2 Jul
Go Hub Capital Berhad	ACE Market	0.35	107.2	-	20 Jun	3 Jul
Ocean Fresh Berhad	ACE Market	0.28	50.1	-	20 Jun	4 Jul
Johor Plantations Group Berhad	Main Market	0.84	464.0	411.0	24 Jun	9 Jul

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