

# Daily Newswatch

## Market Review

FBMKLCI extended losses and closed lower yesterday (-0.4%), as investors took profits while adopting a wait-and-see attitude in the current market environment. Among the index constituents, PETDAG (-2.2%), PMETAL (-1.7%) and TENAGA (-1.1%) are some of the underperformers. All sectors are in the red with healthcare (-1.7%) and technology (-1.6%) being the most underperformed sectors. The broader market sentiment stayed negative, with 341 gainers against 907 losers.

## Economics

- UK:** Inflation falls to 2% goal for first time in three years
- US:** Fed officials urge patience on rate cuts, offer hints on timing
- Japan:** Exports grow most since 2022 on boost from weak Yen
- UK:** BOE rate-cut bets in August fade as services inflation runs high

## Companies

- Binastra (7195):** Bags RM314m building contract
- Matrix Concepts (5236):** Enters 1,000-acre land JV with NS Corp
- KLK (2445):** Subsidiary ends contract with recruitment agency
- KTI Landmark (0308):** To launch two residential projects in Sabah with GDV of RM600m by 2028
- L&P Global (3174):** Eyes acquisitions in quest for earnings, revenue growth

<u>Upcoming key economic data releases</u>	<u>Date</u>
US – Housing Data (May 2024)	20 Jun
Malaysia - CPI	25 Jun
US – Consumer Confidence (June 2024)	25 Jun
Malaysia - GDP	27 Jun
US - GDP	27 Jun
US - Purchasing Manager Index	28 Jun

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,599.8	(0.4)	10.1
Dow Jones	38,834.9	0.0	2.3
Nasdaq CI	17,862.2	0.0	19.8
S&P 500	5,487.0	0.0	14.5
FTSE 100	8,205.1	0.2	6.3
Nikkei 225	38,570.8	0.2	15.9
Shanghai CI	3,018.0	(0.4)	1.9
HSI	18,430.4	2.9	9.8
STI	3,304.0	0.1	2.3

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,573.7	(6.0)
Value traded (RM m)	4,064.2	(2.0)
Gainers	341	
Losers	907	
Unchanged	451	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TOPGLOV	1.140	(2.6)	164.9
JAKS	0.190	5.6	124.7
JCY	0.825	(0.6)	113.5
MYEG	1.060	(0.9)	103.5
DNEX	0.495	(1.0)	90.2

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.790	(0.6)	192.7
TOPGLOV	1.140	(2.6)	188.0
TENAGA	13.860	(1.1)	154.7
MAYBANK	9.940	0.1	139.6
TM	6.730	(1.2)	115.0

Currencies	Last Close	% Chg
USD/MYR	4.7065	(0.1)
USD/JPY	158.00	0.1
EUR/USD	1.0746	0.0
USD/CNY	7.2570	0.0
US Dollar Index	105.25	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	85.07	(0.3)
Gold (USD/troy oz)	2,330.3	(0.1)
CPO (USD/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	64,872.8	(0.1)

## Economics

### **UK: Inflation falls to 2% goal for first time in three years**

Inflation in the UK has returned to the Bank of England's 2% target after nearly three years, easing to 2% in May from 2.3% in April, primarily due to lower consumer price increases. Despite this milestone, the Bank of England is expected to hold off on interest rate cuts amidst an election campaign. Persistent inflation in the services sector, particularly in areas like restaurants and hotels, suggests that price pressures remain, potentially complicating future monetary policy decisions. *(Bloomberg)*

### **US: Fed officials urge patience on rate cuts, offer hints on timing**

The Federal Reserve officials are cautious about reducing interest rates despite recent economic data suggesting mixed signals. Adriana Kugler and Alberto Musalem hinted at potential rate cuts later in the year, contingent on sustained economic conditions. However, other policymakers like Susan Collins emphasized the importance of not overreacting to short-term improvements in economic indicators. Overall, the Fed appears reluctant to lower borrowing costs quickly, preferring to await more concrete evidence of sustained inflation moderation and economic stability. *(Bloomberg)*

### **Japan: Exports grow most since 2022 on boost from weak Yen**

Japan's exports surged by 13.5% in May, the fastest growth since late 2022, benefiting from a weaker yen that boosted their value. This marks the sixth consecutive month of export gains, driven particularly by increased shipments to the US and China. However, the trade deficit widened to ¥1.22 trillion as imports also rose by 9.5%, in line with expectations. The weaker yen has bolstered profits for Japanese exporters but has raised concerns about increased import costs and potential inflationary pressures going forward. *(Bloomberg)*

### **UK: BOE rate-cut bets in August fade as services inflation runs high**

Following data indicating that services sector inflation in the UK remained higher than anticipated in May, traders have reduced their expectations of imminent monetary easing by the Bank of England (BOE). Market sentiment now reflects a 30% probability of a rate cut in August, down from 45% previously, with one cut fully priced in by November. Despite headline inflation meeting the BOE's target for the first time in nearly three years, concerns about persistent services sector inflation are keeping policymakers cautious. Economic indicators continue to shape expectations, with markets closely watching developments ahead of the BOE's upcoming meetings. *(Bloomberg)*

## Companies

### **Binastra (7195): Bags RM314m building contract**

Binastra Corporation Bhd's wholly-owned subsidiary Binastra Builders Sdn Bhd has secured a contract for building works in Kota Kinabalu valued at RM313.7m. The contract covers the external works outside site boundary works, piling works and main building works in respect of two apartment towers. (*The Stars*)

### **Matrix Concepts (5236): Enters 1,000-acre land JV with NS Corp**

Matrix Concepts Holdings Bhd, through its subsidiary Megah Sedaya Sdn Bhd (Megah Sedaya), has secured a significant land development agreement with NS Corp for 1,000 acres in the MVV2.0 development corridor. This agreement involves a total consideration of RM435.6m, with Megah Sedaya acting as the master developer. Additionally, Matrix Concepts and NS Corp have formed a strategic joint venture, granting Matrix 85% equity in the project. The development aims to create a sustainable township in Mukim Labu, Seremban, complemented by adjacent land, resulting in an RM12bn gross development value featuring diverse residential, commercial, and institutional components. (*The Stars*)

### **KLK (2445): Subsidiary ends contract with recruitment agency**

Kuala Lumpur Kepong Bhd (KLK) has terminated its contractual relationship with Agency Pekerjaan UKHWAH Sdn Bhd and consequently ceased any affiliation with SOS Manpower Service due to recent allegations of unethical recruitment practices in Nepal. An independent assessment has recommended improvements in due diligence, standard operating procedures, and grievance management, which KLK and its subsidiary, KL-Kepong Rubber Products Sdn Bhd, are committed to implementing. KLK emphasises its adherence to international standards and local labour laws, including a strict no-recruitment fee policy to ensure the welfare of guest workers, and encourages whistleblowing to address issues effectively. (*The Stars*)

### **KTI Landmark (0308): To launch two residential projects in Sabah with GDV of RM600m by 2028**

KTI Landmark Bhd, a Sabah-based property developer recently listed on the ACE Market, announced plans to launch two new residential projects in Sabah by 2028. The projects include a 310-unit double-storey terrace house development in Sandakan with an estimated GDV of RM107.9m, and a 1,269-unit apartment project in Kota Kinabalu with a GDV of RM491.7m. These initiatives are expected to provide earnings visibility over the next five financial years, complementing KTI's current unbilled sales of approximately RM300m, which extend visibility for up to four financial years. Despite a flat trading debut, KTI remains optimistic about Sabah's property market outlook and is open to expansion opportunities beyond Sabah if they arise. (*The Edge*)

### **L&P Global (3174): Eyes acquisitions in quest for earnings, revenue growth**

L&P Global Bhd, an industrial packaging firm, aims to nearly double its revenue within the next three to five years through a combination of organic growth and strategic acquisitions. The company is actively pursuing acquisitions, particularly in eco-friendly packaging materials that can serve multiple sectors beyond traditional packaging. Despite challenges like reduced demand in the solar energy sector due to overcapacity in China, L&P reported a 6.3% increase in net profit in 1QFY2024, driven by improved margins and higher sales in other segments. Looking forward, L&P is optimistic about leveraging its capabilities to capitalize on the expected recovery in the semiconductor industry and mitigate risks associated with geopolitical tensions. (*The Edge*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.07	8.75
YTL Hospital REIT	REIT	1.21	0.10	8.02
Bermaz Auto	Consumer	2.50	0.20	7.92
KIP REIT	REIT	0.89	0.07	7.91
British American Tobacco (M)	Consumer	8.33	0.64	7.73
RHB Bank	Finance	5.50	0.40	7.29
Amway (M)	Consumer	7.22	0.50	6.88
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64
MBM Resources	Consumer	5.34	0.35	6.54
Hektar REITS	REIT	0.60	0.04	6.50
Pavilion REIT	REIT	1.41	0.09	6.45
Gas Malaysia	Utilities	3.57	0.23	6.44
UOA REITS	REIT	1.12	0.07	6.43

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		
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	ACE Market	0.35	107.2	-	20 Jun	3 Jul
<a href="#">Ocean Fresh</a>	ACE Market	0.28	50.1	-	20 Jun	4 Jul
Johor Plantations Group	Main Market	0.84	464.0	411.0	24 Jun	9 Jul
BWYS Group Berhad	ACE Market	0.22	256.3	100.0	4 Jul	24 Jul

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