

Daily Newswatch

Market Review

The FBMKLCI closed flat on Monday as profit-taking activities on selective heavyweights continued to drag the index. These index constituents include YTLPOWER (-3.9%), YTL (-3.9%) and CIMB (-1.6%). Healthcare (-2.4%) and Technology (-1.8%) sectors suffered the most losses, while Construction (+0.4%) and Industrial Product & Services (+0.3%) were the only sectors that registered positive gains. The broader market sentiment turned more negative, with 914 losers against 302 gainers.

Economics

- Japan:** Yen is under pressure even as Japan steps up its verbal warnings
- Singapore:** Core inflation unchanged on stable energy, food costs
- China:** Fiscal income drops at quickest pace in more than a year
- Indonesia:** Bank Indonesia sees no urgent need for rate hikes to aid Rupiah

Companies

- EA Technique (5259):** Gets shareholders' nod for white knight and regularisation plan
- Kinergy (0193):** Teams up with Permodalan Kedah for sustainable energy projects
- Solarvest (0215):** Partners GreenRock Energy to further RE goals
- VS (6963):** Rewards shareholders with proposed 1-for-10 bonus issue of warrants
- Catcha Digital (0173):** Partners with KJ and Shahril to launch KS Lagi
- Systech (0050):** Partners with EISSB for AI data centers and solutions
- Sunway (5211):** Acquire shares in Daiwa Sunway Development for RM25m

Upcoming key economic data releases

	<u>Date</u>
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	1,589.7	(0.0)	9.4
Dow Jones	39,411.2	0.7	4.5
Nasdaq CI	17,496.8	(1.1)	18.5
S&P 500	5,447.9	(0.3)	14.9
FTSE 100	8,281.6	0.5	7.3
Nikkei 225	38,804.7	0.5	16.6
Shanghai CI	2,963.1	(1.2)	0.0
HSI	18,027.7	(0.0)	7.4
STI	3,314.1	0.2	2.6

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,008.9	(14.1)
Value traded (RM m)	3,781.6	(37.6)
Gainers	302	
Losers	914	
Unchanged	447	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	0.995	(1.5)	136.2
INGENIEU	0.065	0.0	100.6
TECHBASE	0.235	14.6	71.9
K1	0.300	1.7	68.4
GDB	0.370	12.1	64.4

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	13.720	0.0	222.6
MYEG	0.995	(1.5)	135.5
CIMB	6.680	(1.6)	133.3
MAYBANK	9.880	0.2	121.7
TM	6.730	0.3	120.0

Currencies	Last Close	% Chg
USD/MYR	4.7130	0.0
USD/JPY	159.65	(0.1)
EUR/USD	1.0732	0.4
USD/CNY	7.2594	(0.0)
US Dollar Index	105.47	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	86.01	0.9
Gold (USD/troy oz)	2,331.6	0.5
CPO (MYR/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	60,056.3	(7.3)

Economics

Japan: Yen is under pressure even as Japan steps up its verbal warnings

The Japanese yen remained weak against the US dollar despite warnings from Vice Finance Minister Masato Kanda about potential currency interventions to stabilise exchange rates. Kanda mentioned Japan's readiness to act if speculative movements disrupt the economy, though his remarks had minimal immediate impact on the yen's trading range just below 160 per dollar. Japan had previously intervened significantly in April and May, spending ¥9.8 tn (\$61.3bn) to mitigate yen appreciation, yet the currency remains near its weakest level in about 34 years. (*Bloomberg*)

Singapore: Core inflation unchanged on stable energy, food costs

Singapore's core inflation held steady at 3.1% year-on-year in May, driven by stable global energy and food prices which countered higher costs of services. The overall inflation rate accelerated to 3.1% from 2.7% previously, influenced by increased private transportation expenses. Despite a slight weakening earlier in the year, the Singapore dollar strengthened in May, potentially dampening imported inflation going forward. The Monetary Authority of Singapore (MAS) is expected to maintain its current tight monetary policy stance amid geopolitical uncertainties and the risk of supply chain disruptions affecting energy and food prices. (*Bloomberg*)

China: Fiscal income drops at quickest pace in more than a year

China's fiscal revenue saw its sharpest decline in over a year, dropping 4.1% year-on-year to 11.36 tn yuan from January to May, driven by reduced tax income amidst slowing economic growth and a stagnant property market. Concurrently, government spending decreased by 2.2% to 13.61 tn yuan during the same period, widening the fiscal shortfall to 2.25 tn yuan compared to last year. To bolster the economy, Beijing has expedited bond sales and faces increasing pressure from economists to raise the budget deficit and issue additional sovereign debt to sustain economic recovery efforts. (*Bloomberg*)

Indonesia: Bank Indonesia sees no urgent need for rate hikes to aid Rupiah

Bank Indonesia, led by Governor Perry Warjiyo, currently sees no immediate need to further raise the BI rate due to low inflation and concerns over potential negative impacts on economic growth. The central bank prefers using market interventions to stabilise the rupiah, alongside SRBI instruments, reserving rate hikes as a last resort. Despite the rupiah trading near a four-year low, BI remains confident in its ability to restore stability, aiming for the currency to return to a stronger fundamental value. Economic growth is expected to range between 4.7% and 5.5% this year, below the ambitious target set by President-elect Prabowo Subianto. (*Bloomberg*)

Companies

EA Technique (5259): Gets shareholders' nod for white knight and regularisation plan

EA Technique (M) Bhd successfully obtained shareholder approval for its regularisation plan at an extraordinary general meeting, a crucial step to lift its Practise Note 17 (PN17) status. The plan involves issuing 795.8m new shares to raise RM79.6m, with Voultier Sdn Bhd (VSB) emerging as the largest shareholder holding a 51% stake. The proceeds will primarily settle financial obligations and enhance working capital over the next 24 months, aiming to improve the company's financial health significantly. Following this development, EA Technique plans to exit PN17 status and capitalise on anticipated growth in demand for its marine transportation and offshore services. (*The Edge*)

Kinergy (0193): Teams up with Permodalan Kedah for sustainable energy projects

Kinergy Advancement Bhd (KAB) has entered into a memorandum of understanding (MOU) with Permodalan Kedah Bhd (PKB) to collaborate on sustainable energy projects in Kedah. KAB will leverage its technical expertise in the energy sector, while PKB will facilitate land identification and project licensing for initiatives like solar farms and waste-to-energy generation. The partnership aims to promote clean energy and enhance environmental sustainability, aligning with Kedah's development goals. (*The Star*)

Solarvest (0215): Partners GreenRock Energy to further RE goals

Solarvest Holdings Bhd has entered into a strategic partnership with Taiwan's GreenRock Energy to accelerate the development of renewable energy solutions in Taiwan and Malaysia. The partnership aims to achieve 1GW of renewable energy projects over the next five years, marking GreenRock Energy's entry into Malaysia's green energy sector. Solarvest will leverage its expertise in the Southeast Asian market to support GreenRock Energy's regional expansion efforts. Both companies are aligned in their commitment to promoting sustainable development and advancing the energy transformation towards a low-carbon future. (*The Star*)

VS (6963): Rewards shareholders with proposed 1-for-10 bonus issue of warrants

V.S. Industry Bhd has announced plans for a bonus issue of up to 395.7m free new warrants, distributed at a ratio of one warrant for every ten existing shares held. The warrants, with a two-year tenure, aim to reward shareholders and provide them an opportunity to increase their equity in the company without cost. Managing director Datuk S.Y. Gan highlighted that the issuance could potentially generate additional funds for working capital through warrant exercises, benefiting from potential capital appreciation tied to the company's growth prospects. (*The Star*)

Catcha Digital (0173): Partners with KJ and Shahril to launch KS Lagi

Catcha Digital Bhd has partnered with Keluar Sekejap Sdn Bhd founders Khairy Jamaluddin (KJ) and Shahril Hamdan to launch KS Lagi, a new digital media venture. The collaboration aims to leverage Catcha Digital's expansive reach and Keluar Sekejap's success in the digital media and podcasting sectors in Malaysia. KS Lagi will focus on creating and distributing diverse media content across Catcha Digital's extensive network, targeting a broad audience of approximately 20m Malaysians monthly. (*The Star*)

Systech (0050): Partners with EISSB for AI data centers and solutions

Systech Bhd has forged a collaboration with EH Integrated Systems Sdn Bhd (EISSB) to establish and operate AI data centers in Malaysia. The partnership aims to leverage EISSB's expertise in industrial-grade servers and storage solutions to enhance Systech's capabilities in providing generative AI digital solutions. Systech will focus on managing and deploying applications through the AI data centers, while EISSB will handle the infrastructure design, implementation, and monitoring. (*The Star*)



Sunway (5211): Acquire shares in Daiwa Sunway Development for RM25m

Sunway Iskandar Sdn Bhd (SISB), a subsidiary of Sunway Bhd, plans to acquire a 70% stake in Daiwa Sunway Development Sdn Bhd (DSD) from Daiwa House Malaysia Sdn Bhd for RM25.5m. This acquisition will make DSD a wholly-owned subsidiary of SISB and is part of their strategy to develop residential properties using advanced prefabricated housing technologies in Johor. Sunway Bhd sees this move as integral to enhancing the development of Sunway City Iskandar Puteri into their next flagship township. *(The Star)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.07	8.81
Bermaz Auto	Consumer	2.49	0.20	8.19
YTL Hospital REIT	REIT	1.22	0.10	7.95
KIP REIT	REIT	0.89	0.07	7.91
RHB Bank	Finance	5.52	0.40	7.26
British American Tobacco (M)	Consumer	8.36	0.60	7.12
Amway (M)	Consumer	7.19	0.50	6.91
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.76
MBM Resources	Consumer	5.18	0.35	6.74
MAG Holdings	Consumer	1.12	0.08	6.70
Magnum	Consumer	1.12	0.08	6.70
Pavilion REIT	REIT	1.38	0.09	6.59
Hektar REITS	REIT	0.60	0.04	6.50
UOA REITS	REIT	1.11	0.07	6.49
Ta Ann Holdings	Plantation	3.87	0.25	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		
UUE Holdings	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
Ocean Fresh	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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