

Daily Newswatch

Market Review

The FBMKLCI reversed the early gain and closed flat, as mild profit-taking activities offset bargain-hunting in selective stocks. Index constituents that registered gains include IJM (+8.6%), SUNWAY (+3.2%), and YTLPOWR (+3.1%). On the flipside, sectors that ended in a negative note include Telecommunications & Media (-0.8%), Transportation & Logistics (-0.4%), and Plantation (-0.4%). The broader market sentiment remained positive, with 567 gainers against 415 losers.

Economics

- Europe:** Euro-Zone inflation slows as Lagarde plays for time on rates
- US:** Fed's Goolsbee says policymakers should prepare for rate cuts
- Russia:** Russia ends mortgage subsidy program amid economic uncertainty
- Argentina:** Officials Move to Shore Up Bank Support for Debt Plan

Companies

- Tropicana:** Unveils key tenants for SouthPlace Shoppes and Residences
- Perdana Petroleum:** Dayang chairman quits Perdana Petroleum's board
- Pecca:** Hungry for more acquisitions as it shifts into higher gear
- Sunway:** Compete with IHH for Island Hospital Acquisition
- Malton:** Buy land in Genting Highlands to build apartments and luxury villas
- Pertama Digital:** Secures online ID onboarding services contract from MyDigital ID

Upcoming key economic data releases

	<u>Date</u>
EU – May 2024 Unemployment rate	2 Jul
US – Jun 2024 Unemployment rate	5 Jul
US – Jun 2024 CPI	11 Jul
Malaysia – Jun 2024 CPI	24 Jul

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,598.0	(0.0)	10.0
Dow Jones	18,028.8	1.7	22.1
Nasdaq CI	5,509.0	0.9	16.2
S&P 500	8,121.2	(0.5)	5.2
FTSE 100	40,074.7	1.2	20.4
Nikkei 225	2,997.0	1.0	1.2
Shanghai CI	17,769.1	0.3	5.8
HSI	3,367.9	1.1	4.3
STI	18,028.8	1.7	22.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,393.6	47.3
Value traded (RM m)	3,988.2	44.2
Gainers	567	
Losers	415	
Unchanged	470	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
UUE	0.695	189.6	212.3
VELESTO	0.275	3.8	115.5
HIAPTEK	0.465	5.7	98.2
PWRWELL	0.535	8.1	77.0
MYEG	0.995	0.0	64.2

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.880	0.7	162.4
UUE	0.695	189.6	147.6
TENAGA	14.000	0.0	111.7
GAMUDA	6.700	1.5	111.5
MAYBANK	9.990	0.2	89.6

Currencies	Last Close	% Chg
USD/MYR	4.7212	0.1
USD/JPY	161.51	0.3
EUR/USD	1.0748	0.3
USD/CNY	7.2712	0.1
US Dollar Index	105.72	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	86.24	(0.2)
Gold (USD/troy oz)	2,330.3	0.1
CPO (MYR/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	62,038.6	3.0

Economics

EU: Euro-Zone inflation slows as Lagarde plays for time on rates

Euro-zone inflation slowed in June, indicating that price pressures are gradually moving toward the ECB's 2% target. After trimming interest rates by a quarter-point in June, officials are determining whether inflation for the 20-nation currency bloc is moderating enough to allow further cuts. At this week's annual ECB retreat in Sintra, Portugal, President Christine Lagarde and Chief Economist Philip Lane said there's no convincing evidence yet that the threat has passed. Those remarks are the latest to signal that policymakers will take a break from lowering borrowing costs this month and wait until September, when new economic projections are available, to ponder a second step. Markets anticipate one or two more moves this year, a scenario that Governing Council members, including Gediminas Simkus, Martins Kazaks and Olli Rehn describe as reasonable. (*Bloomberg*)

US: Fed's Goolsbee says policymakers should prepare for rate cuts

Federal Reserve Bank of Chicago President Austan Goolsbee said policymakers should cut interest rates if US inflation continues to fall back to the 2% target. The Chicago Fed chief, speaking Tuesday on Bloomberg TV in Sintra, Portugal, said he feels "we are on a path to 2%" inflation and "if you just hold the rates where they are while inflation comes down, you are tightening — so you should do that by decision, not by default." Goolsbee's comments follow data from last week that showed the Fed's preferred gauge of underlying inflation increased by 0.1% in May, the slowest pace in six months. (*Bloomberg*)

Russia: Ends mortgage subsidy program amid economic uncertainty

Russia is winding down its mortgage subsidy program, which offered mortgages at 8% interest to counter inflation and support the housing market during the pandemic and the war in Ukraine. This program, criticised for inflating property prices and decreasing affordability, ends Monday for most groups, leading to higher mortgage rates of 17%-20%. Analysts predict a market slowdown and potential stalemate as new construction and sales decline. The program's end comes after boosting Russia's economy and construction sector, with property prices in Moscow rising 15% year-on-year in June. Current borrowers retain subsidies, with special programs for families and IT specialists continuing. (*Bloomberg*)

Argentina: Officials move to shore up bank support for debt plan

In response to Argentina's economic challenges, senior government officials, including Economy Minister Luis Caputo and Central Bank Chief Santiago Bausili, met with private bank executives to outline a new phase of their economic plan. This phase involves measures such as swapping central bank-held notes for newly issued Treasuries to combat rampant inflation, currently exceeding 276%. The plan also includes introducing new short-term Treasury notes with floating coupons, exempting banks from certain taxes, and ensuring liquidity through direct purchases if needed. This initiative aims to stabilise the economy amid ongoing financial pressures and market uncertainties. (*Bloomberg*)

Companies

Tropicana: Unveils key tenants for SouthPlace Shoppes and Residences

Property developer Tropicana Corp Bhd announced six key tenants for its SouthPlace Shoppes & Residences development: Mercato, Anytime Fitness, Health Lane Family Pharmacy, myNEWS, Swimology, and Hattitude Salon. With a GDV of approximately RM142m, the 69-unit SouthPlace Shoppes in Tropicana Metropark is 95% taken up and set for completion this month. Managing Director of Marketing and Sales, Ixora Ang, emphasised the company's commitment to the retail component's success and highlighted that the 656-unit SouthPlace Residences will be handed over to buyers in 3Q2024. *(The Edge)*

Perdana Petroleum: Dayang chairman quits Perdana Petroleum's board

Datuk Hasmi Hasnan has resigned from Perdana Petroleum Bhd's board of directors, effective Monday, to concentrate on his role as the executive chairman of Dayang Enterprise Holdings Bhd. Perdana Petroleum, where Dayang holds a 63.5% stake, acknowledged Hasmi's decision, citing his need to focus on strategic initiatives amid heightened activities in the oil and gas sector. Hasmi, known for his leadership since his initial appointment in 2008, has been instrumental in guiding Dayang's growth. *(The Edge)*

Pecca: Hungry for more acquisitions as it shifts into higher gear

PECCA Group Bhd is aggressively pursuing acquisitions to elevate its position in both the automotive and aviation sectors after navigating through the challenges posed by the Covid-19 pandemic. CEO Foo Ken Nee outlines the company's strategy to move up from its current Tier-2 status in automotive upholstery to become a Tier-1 supplier, eyeing acquisitions in seat assembly. The firm, buoyed by a robust balance sheet with RM133.6m in net cash, aims to secure at least one major acquisition deal by FY2025. Concurrently, PECCA seeks to diversify its aviation segment beyond upholstery services following its landmark EASA certification, targeting broader market penetration and enhanced profitability. The company anticipates sustained growth in both sectors, driven by expanding TIV in Malaysia and strategic international expansions into markets like the US and Australia. *(The Edge)*

Sunway: Sunway and IHH Compete for Island Hospital Acquisition

The bidding war for Island Hospital in Penang, valued between RM3.8bn to RM4.7bn, highlights intense interest from healthcare giants like IHH Healthcare Bhd and Sunway Healthcare. With its robust earnings and strategic location in George Town, the hospital's potential acquisition offers a gateway to expanding footprints in Malaysia's lucrative medical tourism sector. Despite the hefty price tag, prospective buyers are eyeing long-term benefits, including future development opportunities like the Island Medical City project, underscoring the hospital's pivotal role in regional healthcare offerings. *(The Star)*

Malton: Buy land in Genting Highlands to build apartments and luxury villas

Malton Bhd has announced its acquisition of 30.17 acres of freehold land in Genting Highlands from Global Oriental Bhd's subsidiary, Sering Manis Sdn Bhd, for RM65.0m cash, equating to RM49.46 per square foot. The purpose of this acquisition is to develop serviced apartments and luxury villas, with an estimated gross development value of RM1.29bn. Malton plans to finance the project through internal funds and bank borrowings. The adjacent 248 acres owned by Sering Manis, the master developer of the area, will benefit from shared infrastructure development costs totalling RM26m, to be completed over 42 months. Global Oriental views this sale as an opportunity to realise capital appreciation and intends to use the proceeds to reduce debt and secure working capital for future projects. *(The Edge)*

Pertama Digital: Secures online ID onboarding services contract from MyDigital ID

Pertama Digital Bhd has secured a contract to provide public online digital identity (ID) onboarding registration services for the national digital ID platform, MyDigital ID. The digital solutions provider said the contract was awarded to its subsidiary Dapat Vista (M) Sdn Bhd by My Digital ID Sdn Bhd. "Dapat is responsible and accountable for user support and the continuous availability of the service," Pertama Digital said. The duration of the contract is four months, with an option to extend for an additional three months. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.07	8.81
Bermaz Auto	Consumer	2.53	0.20	8.06
YTL Hospital REIT	REIT	1.21	0.10	8.02
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.30	0.61	7.39
RHB Bank	Finance	5.50	0.40	7.33
Amway (M)	Consumer	7.20	0.50	6.90
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.87
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64
MBM Resources	Consumer	5.28	0.35	6.61
Hektar REITS	REIT	0.60	0.04	6.55
Pavilion REIT	REIT	1.39	0.09	6.55
Ta Ann Holdings	Plantation	3.83	0.25	6.50
UOA REITS	REIT	1.11	0.07	6.49

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		
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
Well Chip Group Berhad	Main Market	1.15	150.0	-	10 Jul	23 Jul
BWYS Group Berhad	ACE Market	0.22	256.3	100.0	4 Jul	24 Jul
Kucingko Berhad	ACE Market	0.30	100.0	100.0	12 Jul	26 Jul
EPB Group Berhad	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug

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