

Daily Newswatch

Market Review

The FBMKLCI edged up sharply, closing higher (1.1%) on Tuesday due to strong buying interest on blue chips counters after US Fed remarked that the interest rate cut is not off the radar this year. Of the 30 index constituents, 26 are gainers, and 3 are decliners. Top gainers include GAMUDA (8.1%), YTLPOWR (+5.0%) and YTL (+4.7%). Gains are seen across all of the sectors, with Construction (+4.7%), Utilities (+2.9%) and Telecommunication & Media (+1.6%) leading the outperformance. Likewise, the broader market sentiment turned more positive, with 894 gainers against 319 losers.

Economics

- US:** Powell welcomes recent data, but Fed needs more confidence to cut
- South Korea:** Hikes growth forecast sharply as demand for AI booms
- Japan:** Tax revenue sets another record amid weak yen, inflation
- Japan:** Launch new floating-rate bonds as BOJ eyes rate hikes
- Canada:** Consider blocking factories in pushback on Chinese EVs

Companies

- Petronas Dagangan:** PLUS, PetDag ink MOU to develop hybrid stations along highways
- Scanwolf:** Diversify into construction and construction-related activities
- Mah Sing:** Buys RM108m land in Taman Desa with estimated GDV of RM1.01bn
- CIMB:** Completes target-setting exercise for high-emitting sectors
- MYEG:** Teams up with Credit Bureau Malaysia to offer self-check service for individual credit reports
- Minetech:** Secures RM16.1m contract for KL road, drainage upgrading work
- Naim:** Unit to dispose of Samarahan land for RM223.4m
- Siab:** Bags RM176m construction job in Penang

Upcoming key economic data releases

	Date
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	1,615.3	1.1	11.2
Dow Jones	39,308.0	(0.1)	4.2
Nasdaq CI	18,188.3	0.9	23.2
S&P 500	5,537.0	0.5	16.7
FTSE 100	8,171.1	0.6	5.8
Nikkei 225	40,580.8	1.3	21.9
Shanghai CI	2,982.4	(0.5)	0.7
HSI	17,978.6	1.2	7.1
STI	3,415.5	1.4	5.7

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,467.9	1.4
Value traded (RM m)	3,991.0	0.1
Gainers	894	
Losers	319	
Unchanged	450	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
GOHUB	0.950	171.4	143.1
AIMFLEX	0.200	14.3	128.0
WCT	0.985	10.7	111.7
UUE	0.705	1.4	79.7
SNS	0.880	6.0	77.8

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
GAMUDA	7.240	8.1	153.0
CIMB	6.960	1.2	152.9
TENAGA	14.180	1.3	143.2
GOHUB	0.950	171.4	135.9
WCT	0.985	10.7	110.0

Currencies	Last Close	% Chg
USD/MYR	4.7195	(0.0)
USD/JPY	161.63	0.2
EUR/USD	1.0789	0.4
USD/CNY	7.2703	(0.0)
US Dollar Index	105.40	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	87.34	1.3
Gold (USD/troy oz)	2,358.7	1.1
CPO (MYR/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	60,290.5	(3.8)

Economics

US: Powell welcomes recent data but Fed needs more confidence to cut

Federal Reserve Chair Jerome Powell said recent data shows inflation is decreasing, but more evidence is needed before lowering interest rates. Speaking at a European Central Bank Forum, Powell highlighted the strong US economy and job market, allowing for careful decision-making. He expressed concerns about balancing inflation control with preventing unemployment from rising. While other central banks have started lowering rates, Powell emphasised a cautious, data-driven approach. Despite some signs of economic resilience, there are indications that restrictive Fed policies are affecting the economy. *(Bloomberg)*

South Korea: Hikes growth forecast sharply as demand for AI booms

South Korea has raised its economic growth forecast to 2.6% for this year, up from 2.2%, driven by strong global demand for artificial intelligence boosting semiconductor exports, according to a statement Wednesday from the Finance Ministry. The inflation forecast remains at 2.6%. The revised GDP forecast is slightly higher than the Bank of Korea's projection. The economy grew by 1.3% in the first quarter, fueled by a surge in memory chip sales from companies like SK Hynix. June saw record semiconductor exports, leading to an \$8.0bn trade surplus. However, the government is concerned about slow private consumption recovery and credit risks in the construction industry despite expected rebounds in export-related investments. *(Bloomberg)*

Japan: Tax revenue sets another record amid weak yen, inflation

Japan's tax revenues reached a new high in the fiscal year ending March, totalling ¥72.1tn (\$446bn), up from ¥71.1tn the previous year, as reported by the Finance Ministry on Wednesday. Income tax revenue declined slightly to ¥22.1tn, while corporate tax revenue increased to ¥15.9tn. The weak yen boosted earnings for exporters like Toyota, aiding corporate tax receipts. Inflation also contributed, allowing companies to pass on higher costs to consumers. A portion of the surplus tax revenue, ¥851.7bn, will go towards defense spending amid regional tensions. Despite fiscal challenges, including significant public debt exceeding 250% of GDP, Japan aims to balance its budget by fiscal year 2026. *(Bloomberg)*

Japan: Launch new floating-rate bonds as BOJ eyes rate hikes

Japan is set to introduce a new type of floating-rate note aimed at helping investors manage risks associated with rising bond yields, according to government sources. This initiative is part of Japan's strategy to maintain smooth debt sales amid potential interest rate hikes by the Bank of Japan (BOJ). The new notes will feature short-term durations and floating interest rates that adjust with market rates, minimising potential investor losses if the BOJ raises rates. This move is significant as Japan navigates away from its long-standing ultra-loose monetary policies, signalling a shift towards more normal monetary conditions. *(Reuters)*

Canada: Consider blocking factories in pushback on Chinese EVs

Canada is exploring ways to prevent Chinese-made electric vehicles (EVs) from entering its market, focusing on imposing tariffs on imported finished vehicles. A consultation paper highlights concerns about unfair subsidies and practices that could undercut Canada's EV industry. Feedback is sought on tariff rates, eligibility for federal incentives, and data security for connected vehicles. This mirrors actions by the US and EU, aiming to safeguard domestic EV markets amidst global competition and geopolitical tensions. *(Bloomberg)*

Companies

Petronas Dagangan: PLUS, PetDag ink MOU to develop hybrid stations along highways

PLUS Malaysia Bhd and Petronas Dagangan Bhd are partnering to develop Malaysia's first commercial hybrid stations along national highways, starting in the Klang Valley. The stations, which will offer comprehensive mobility services including petrol, diesel, and fast-charging stations for electric vehicles, aim to set a new standard for highway services by enhancing user experience and promoting sustainable practices. This collaboration aligns with the nation's Low Carbon Mobility Development Blueprint and emphasises sustainability through energy-efficient designs, green spaces, and renewable energy sources, transforming the highway landscape. *(The Edge)*

Scanwolf: Diversify into construction and construction-related activities

Scanwolf Corp Bhd is diversifying into construction and related activities, having secured shareholder approval in an extraordinary general meeting. Known for its plastic extrusions, PVC compounding, and industrial consumables, Scanwolf is entering this sector through a joint venture with Ratna Bina Sdn Bhd to develop land in Selangor. This move aligns with Scanwolf's strategy to build a resilient and diversified business model, aiming to tap into the growing demand for construction services in Malaysia and create new revenue streams for long-term sustainability. *(The Edge)*

Mah Sing: Buys RM108m land in Taman Desa with estimated GDV of RM1.0bn

Mah Sing Group Bhd has acquired land in Taman Desa, Kuala Lumpur for RM108m to develop serviced apartments and residential projects with a gross development value of RM1.0bn. The development will be in two phases: M Aspira, comprising 1,600 serviced apartments, and Residensi Madani offering 800 affordable housing units. M Aspira is set for registration in 3Q2024 with indicative prices starting at RM448,800. This marks Mah Sing's third land acquisition in 2024, following deals in Sepang and Pulaui. With strong financials and strategic goals, the group aims to cater to demand from working professionals, young investors, small families, and the M40 income group in Kuala Lumpur's matured neighbourhoods. *(The Edge)*

CIMB: Completes target-setting exercise for high-emitting sectors

CIMB Group Holdings Bhd has announced climate targets for its oil and gas (O&G) and real estate sectors, completing its 2030 decarbonisation goals for six high-emitting sectors in its portfolio. For the O&G sector, CIMB plans to cease financing new upstream oil fields approved for development post-2021, aligning with international net zero emissions scenarios. The bank aims to reduce emissions intensity in its O&G portfolio by 16% by 2030, focusing on Scope 1, 2, and 3 emissions. Meanwhile, in commercial real estate, CIMB targets a 34% reduction in operational emissions intensity by 2030, emphasising energy efficiency improvements and renewable energy installations. The bank remains committed to sustainable finance practices, having recorded over RM80bn in sustainable finance as of December 2023, with a target of RM100bn by 2024. *(The Edge)*

MYEG: Teams up with Credit Bureau Malaysia to offer self-check service for individual credit reports

MyEG Services Bhd is partnering with Credit Bureau Malaysia (CBM) to offer a self-check service for individual credit reports through MyEG's portal. Users can now easily obtain their MySCoRE credit reports, which include their credit score, CCRIS information, trade credit references, and litigation information. This service aims to help users support loan applications, monitor credit health, plan finances, and secure better rental or job opportunities. MyEG's managing director, Wong Thean Soon, and CBM's CEO, Leong Weng Choong, both emphasised the benefits of this partnership for providing essential financial information to a broader audience. *(The Edge)*

Minetech: Secures RM16.1m contract for KL road, drainage upgrading work

Minetech Resources Bhd has secured an RM16.1m contract to upgrade and construct an external road and drainage system for a subsidiary of Mah Sing Group Bhd in Mukim Batu, Kuala Lumpur. The project, awarded by MyVilla Development Sdn Bhd through Minetech's subsidiary Minetech Construction Sdn Bhd, will be executed in two phases and is expected to be completed within 21 months. *(The Edge)*

Naim: Unit to dispose of Samarahan land for RM223.4m

Property developer Naim Holdings Bhd is disposing of a parcel of land in Samarahan, Sarawak to Onlyee Flora Sdn Bhd for RM223.4m. The transaction price represents a 4% premium over the current market value of RM215m, as appraised by independent valuer VPC Alliance (Sarawak) Sdn Bhd. Onlyee Flora is primarily engaged in holding companies and growing of oil palm estate, with its base in Kuching, Sarawak. Proceeds from the sale will be used to partially repay existing bank borrowings (approximately RM67.5m) while RM155.9m will be allocated for working capital purposes and estimated expenses and associated taxes related to the disposal. *(The Edge)*

Siab: Bags RM176m construction job in Penang

Construction outfit Siab Holdings Bhd has bagged an RM176.2m contract from property developer Exsim Noordin Sdn Bhd to build a heritage building and a 29-storey serviced apartment building in George Town, Penang. The 30-month projects entails the addition of seven units to the existing four of a two-storey heritage building, and the conversion of two units from residential to commercial, as well as the construction of a 29-storey serviced apartment building in George Town, Penang. *(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
YTL Hospital REIT	REIT	1.21	0.10	8.02
Bermaz Auto	Consumer	2.55	0.20	8.00
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.30	0.61	7.39
RHB Bank	Finance	5.52	0.40	7.32
Amway (M)	Consumer	7.05	0.50	7.05
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.92
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64
Pavilion REIT	REIT	1.38	0.09	6.59
MBM Resources	Consumer	5.30	0.35	6.58
Hektar REITS	REIT	0.60	0.04	6.55
Ta Ann Holdings	Plantation	3.82	0.25	6.52
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		
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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MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my