

Daily Newswatch

Market Review

The FBMKLCI continue the momentum from last week and starts the week with a gain, closing 0.2% higher prior to the Overnight Policy Rate (OPR) decision by Bank Negara Malaysia last this week. PBBANK (+1.7%), TENAGA (+1.4%) and HLBANK (+0.3%) are some of the constituents that ends in positive notes. Technology is the best performing sector (+1.3%), with major gains seen in VITROX (+5.8%), MPI (+2.2%) and GREATEC (+2.2%). On the flipside, the broader market sentiment was negative, with 666 losers against 528 gainers.

Economics

- EU:** ECB's Panetta plays down high services inflation concerns
- Korea:** Bank of Korea's Rhee flags disinflation ahead of rate decision
- Canada:** Canada to reveal plan to reach NATO's 2% Goal, minister says
- Switzerland:** Swiss government adopts more EU sanctions against Russia

Companies

- Tex Cycle:** Partner with waste manager Econas
- IJM:** Progressture Solar sign MoU on solar deployment
- MMC:** Senai Airport City attracts RM7.5bn investments
- Johor Plantations:** New revenue streams from unutilised land
- Theta Edge:** Unit wins RM674m IoT contract
- Maxim:** Unit buys Subang Jaya land for RM95m

<u>Upcoming key economic data releases</u>	<u>Date</u>
US – Jun 2024 CPI	11 Jul
US – Jun 2024 PPI	12 Jul
EU – May 2024 Industrial Production	15 Jul
EU – June 2024 CPI	17 Jul
Malaysia – Jun 2024 CPI	24 Jul
US – Q2 GDP	25 Jul
Malaysia – Jun 2024 PPI	29 Jul
US – Jul 2024 Consumer Confidence	30 Jul
EU – Jun 2024 Unemployment Rate	1 Aug

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,614.4	0.2	11.0
Dow Jones	39,292.0	(0.1)	4.3
Nasdaq CI	18,429.3	0.1	22.8
S&P 500	5,577.0	0.1	16.9
FTSE 100	8,139.8	(0.7)	5.3
Nikkei 225	41,580.2	2.0	24.3
Shanghai CI	2,959.4	1.3	(0.5)
HSI	17,523.2	(0.0)	2.8
STI	3,426.1	0.6	5.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,655.5	7.3
Value traded (RM m)	3,842.6	30.0
Gainers	528	
Losers	666	
Unchanged	480	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
JPG	0.900	7.1	178.2
HUBLINE	0.080	14.3	65.3
ARMADA	0.600	3.4	6.7
ATAIMS	0.555	11.0	22.1
K1	0.325	10.2	7.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.970	0.3	228.9
JPG	0.900	7.1	159.4
MAYBANK	10.060	0.2	153.8
TENAGA	14.420	1.4	153.5
PBBANK	4.110	1.7	147.4

Currencies	Last Close	% Chg
USD/MYR	4.707	0.0
USD/JPY	161.34	(0.0)
EUR/USD	1.0816	0.0
USD/CNY	7.2726	(0.1)
US Dollar Index	105.13	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	84.7	(1.3)
Gold (USD/troy oz)	2,366	0.1
CPO (MYR/metric t)	3,999	(0.4)
Bitcoin (USD/BTC)	57,949	0.0

Economics

EU: ECB's Panetta plays down high services inflation concerns

European Central Bank member Fabio Panetta advises not to worry too much about high service inflation and wage growth. Speaking in Rome, he explained that services prices differ from goods prices and that recent data supports a gradual reduction in borrowing costs. While euro-zone inflation fell to 2.5% in June, services inflation stayed at 4.1%. Panetta emphasised that previous rate hikes are still working to reduce demand and inflation, with a bigger impact expected in 2024. Italian Finance Minister Giancarlo Giorgetti wants interest rate cuts to happen faster to help Italy's economy. Panetta also noted that Italian banks are doing well but should be cautious due to potential credit issues. The central bank predicts Italy's economy will grow 0.8% this year, possibly reaching 1%, according to Giorgetti. *(Bloomberg)*

Korea: Bank of Korea's Rhee flags disinflation ahead of rate decision

Bank of Korea Governor Rhee Chang-yong noted that inflation is slowing down because the central bank has kept its interest rate high at 3.5% since early last year. As the bank's board meets on Thursday, most of them think the rates will stay the same, but there could be a rate cut in August. Some lawmakers want the bank to lower rates to help people financially. Rhee said any decision to lower rates will depend on inflation continuing to decrease, pointing out that consumer prices grew at a slower rate of 2.4% in June. *(Bloomberg)*

Canada: Reveal plan to reach NATO's 2% Goal, minister says

According to Defence Minister Bill Blair, Canada will soon reveal a plan to increase its military spending to meet NATO's goal of 2% of GDP. Currently, Canada spends only 1.33%. Prime Minister Justin Trudeau, who attended the NATO summit in Washington, faced pressure to boost spending. Blair said the new plan aims to enhance security amid rising global threats. NATO leaders and US lawmakers have urged Canada to act. Blair is confident the plan will meet the target and improve Canada's defence capabilities. *(Bloomberg)*

Switzerland: Swiss government adopts more EU sanctions against Russia

Switzerland has decided to increase its sanctions against Russia, following similar actions by the European Union. They've imposed sanctions on 69 individuals and 86 entities, including businesspeople, military members, and others involved in Russia's activities. This includes banning ads from Russian media like Voice of Europe and RIA Novosti due to concerns about spreading propaganda. These measures are aimed at responding to Russia's ongoing actions in Ukraine and took effect on Tuesday evening Swiss time. *(Reuters)*

Companies

Tex Cycle: Partner with waste manager Econas

Tex Cycle Technology (M) Bhd's subsidiary, Tex Cycle (P2) Sdn Bhd, has partnered with Econas Resource to Energy Sdn Bhd to utilise their advanced waste disposal facilities in Pengerang. This collaboration is expected to positively impact Tex Cycle's revenue by extending its waste management services to include Econas's landfill and incineration facilities, allowing for more efficient waste processing. Tex Cycle aims to secure up to 5,000 tonnes of scheduled waste management works monthly for Econas and will provide technical support and transportation services. Tex Cycle Group CEO Gary Dass Anthony Francis believes this partnership will enhance their market presence and contribute to a more sustainable future while boosting revenue. *(The Star)*

IJM: IJM Land, Progressture Solar sign MoU on solar deployment

IJM Land Bhd has signed a memorandum of understanding with Progressture Power Sdn Bhd (Progressture Solar) to explore deploying 40 megawatt peak (MWp) of solar energy in IJM Land's future developments. The partnership includes pre-installing 25 MWp solar rooftop photovoltaic (PV) systems for residential projects and developing a 15 MWp floating solar farm at IJM Rimbayu, expected to reduce 40,997 tonnes of carbon dioxide annually. This initiative aligns with the National Energy Transition Roadmap and aims to maximise solar adoption in residential spaces, supporting Malaysia's goal of a 40% renewable energy mix by 2035. *(The Star)*

MMC: Senai Airport City attracts RM7.5bn investments

Senai Airport City Sdn Bhd, a subsidiary of MMC Corporation Bhd, attracted RM7.5bn in investments from 150 investors, including major companies like Wiwynn Technology Service Malaysia Sdn Bhd, Hershey, Mercedes-Benz, DHL, Dyson, FedEx, Haitian, Fiffy, and Supermicro. These investments are expected to create 28,000 job opportunities. Johor Menteri Besar Datuk Onn Hafiz Ghazi highlighted that this influx of investments will boost job opportunities, improve local socio-economic conditions, and stimulate sustainable economic activities. He also noted the potential positive impact of the Johor-Singapore Special Economic Zone (JS-SEZ) on the state's economy. *(The Star)*

Johor Plantations: Eyes new revenue streams from unutilised land

Johor Plantations Group Bhd is exploring alternative revenue sources from its unutilised land, including leasing it for large-scale solar (LSS) ventures, according to managing director Mohd Faris Adli Shukery. This shift aims to boost revenue and note that LSS could generate significantly higher operating profits compared to oil palm. The company, owning 56,000 hectares of plantation land, will assess the best schemes for solar power generation. Meanwhile, Johor Plantations' chairman Tan Sri Dr Ismail Bakar noted that the proposed windfall profit levy on palm oil could impact earnings, though the specific rate has not yet been discussed with the government. *(The Edge)*

Theta Edge: Unit wins RM674m IoT contract

Theta Edge Bhd's subsidiary, Theta Telecoms Sdn Bhd, has secured an RM673.8m contract from the Ampang Jaya Municipal Council for IoT technology in smart business initiatives. The contract spans 240 months, from July 15, 2024, to July 14, 2044. This deal will bolster Theta Edge's standing in digital telecommunication services and smart city projects, positively affecting earnings per share and net assets per share from the financial year ending December 31, 2024, until the project's completion. *(The Star)*



Maxim: Maxim Global unit buys Subang Jaya land for RM95m

Maxim Global Bhd's subsidiary, Maxim Icon Sdn Bhd, has acquired 2.35 hectares of freehold land in Mukim Damansara, Selangor, for RM95m. The purchase price is RM375.25 per square foot. This acquisition, made through an agreement with the joint administrators of the estate of Low Teck Choon, will enhance Maxim's land bank in strategic locations. The commercial land, located near the South Quay-USJ 1 BRT station in a transit-oriented development zone, aligns with Maxim's goal to bolster its property development and construction activities for sustainable long-term income. The acquisition is expected to be completed within nine months. *(The Star)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
Bermaz Auto	Consumer	2.56	0.20	7.97
YTL Hospital REIT	REIT	1.22	0.10	7.95
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.31	0.61	7.38
RHB Bank	Finance	5.54	0.40	7.29
Amway (M)	Consumer	7.08	0.50	7.02
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.92
MBM Resources	Consumer	5.25	0.35	6.65
Hektar REITS	REIT	0.59	0.04	6.61
Pavilion REIT	REIT	1.39	0.09	6.55
UOA REITS	REIT	1.11	0.07	6.49
Ta Ann Holdings	Plantation	3.88	0.25	6.42
Gas Malaysia	Utilities	3.61	0.23	6.37
MAG Holdings	Consumer	1.19	0.07	6.30

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		
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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