

Daily Newswatch

Market Review

The FBMKLCI lost its momentum and ended lower yesterday (-0.2%), amid strong profit-taking activities on telecommunication and banking sector after the recent gains. Some of the index constituents that underperformed include SIME (-3.3%), CDB (-2.2%) and MAXIS (-1.7%). Most sectors were in the red, with the top 3 underperformers being Industrial Products & Services (-0.8%), Technology (-0.7%) and Telecommunication & Media (-0.7%). As for the broader market breadth, it turned negative, with 737 losers against 413 gainers.

Economics

- US:** Powell says recent data raise confidence inflation on path to 2%
- China:** Manufacturing outpaces economy for third straight quarter
- German:** Investor confidence sours for first time in a year
- EU:** Consumer loan demand rises for first time since 2022
- US:** Fed's Daly says confidence on inflation growing, not there yet
- US:** Retail sales unchanged in June, beating forecasts for slight drop

Companies

- Maxis:** Mulling U Mobile buyout
- Maybank:** Sign 5-year MoU to reforest ex-mining plot in Perak
- MAHB:** Takeover offer expected to be finalised in 3Q24
- Vestland:** Acquire office suites, warehouses for RM25m
- Sarawak Cable:** CFO resigns

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,626.0	(0.2)	11.8
Dow Jones	40,954.5	1.8	8.7
Nasdaq CI	18,509.3	0.2	23.3
S&P 500	5,667.2	0.6	18.8
FTSE 100	8,164.9	(0.2)	5.6
Nikkei 225	41,275.1	0.2	23.3
Shanghai CI	2,976.3	0.1	0.0
HSI	17,728.0	(1.6)	4.0
STI	3,487.9	(0.3)	7.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,659.6	(13.1)
Value traded (RM m)	3,519.0	(11.0)
Gainers	413	
Losers	795	
Unchanged	494	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
XOX	0.010	(33.3)	135.8
BINTAI	0.135	17.4	83.2
MLAB	0.240	17.1	70.8
WCT	1.160	4.5	61.7
EKOVEST	0.515	0.0	54.5

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	7.150	(0.4)	197.6
TNB	14.460	(0.1)	130.7
MAYBANK	10.100	(0.4)	123.2
YTLPOWR	4.960	0.6	101.7
TM	7.070	0.6	91.5

Currencies	Last Close	% Chg
USD/MYR	4.6768	(0.1)
USD/JPY	158.33	0.0
EUR/USD	1.09	0.0
USD/CNY	7.2685	(0.1)
US Dollar Index	104.27	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	83.7	(1.3)
Gold (USD/troy oz)	2,469	0.0
CPO (MYR/metric t)	3,995	0.7
Bitcoin (USD/BTC)	64,976	0.4

Economics

US: Powell says recent data raise confidence inflation on path to 2%

Federal Reserve Chair Jerome Powell said second-quarter economic data has provided policymakers greater confidence that inflation is heading down to the central bank's 2.0% goal, possibly paving the way for near-term interest-rate cuts. He also cemented a shift in tone toward emphasising potential risks to the labour market, alongside the Fed's continued focus on taming prices. *(Bloomberg)*

China: Manufacturing outpaces economy for third straight quarter

China's manufacturing sector grew faster than the overall economy for the third quarter in a row, underscoring how industry and exports are driving growth in the world's second-largest economy. Manufacturing expanded 6.2% last quarter, according to detailed gross domestic product data released Tuesday. That was faster than the 4.7% real growth in the overall economy and kept the sector's contribution to total activity at 27.0%, matching the previous quarter's one-year high. *(Bloomberg)*

German: Investor confidence sours for first time in a year

Investor confidence in Germany's economy worsened for the first time in a year as the industry fails to match a gradual recovery in other sectors. A barometer of expectations compiled by the Centre for European Economic Research, ZEW Institute, fell to 41.8 in July from 47.5 in June, data released Tuesday showed. German exports decreased more than expected in May, the political uncertainty in France and the lack of clarity regarding the future monetary policy by the ECB have contributed to this development, as stated by ZEW President Achim Wambach. *(Bloomberg)*

EU: Consumer loan demand rises for first time since 2022

Banks in the euro area reported the first increase in demand for consumer credit and housing loans since 2022, the European Central Bank (ECB) said. "Higher interest rates and lower fixed investment continued to exert dampening pressure on loan demand from firms," the ECB said Tuesday. "At the same time, improving housing market prospects, consumer confidence and spending on durables positively supported demand from households." *(Bloomberg)*

US: Fed's Daly says confidence on inflation growing, not there yet

Federal Reserve Bank of San Francisco President Mary Daly said inflation is coming down in a way that bolsters confidence it's on its way to 2%. While the economy is slowing and policymakers should pay attention to labour market risks and inflation, "we have a lot more information to get before we can make any real determination," the San Francisco Fed chief said. *(Bloomberg)*

US: Retail sales unchanged in June, beating forecasts for a slight drop

US retail sales were unchanged in June, and the underlying trend was strong, which could boost economic growth estimates for the second quarter. The flat reading in retail sales last month followed an upwardly revised 0.3% gain in May, the Commerce Department's Census Bureau said on Tuesday. Retail sales excluding automobiles, gasoline, building materials and food services surged 0.9% last month after rising 0.4% in May. *(The Edge)*

Companies

Maxis: Mulling U Mobile buyout

Maxis Bhd is considering buying out U Mobile Sdn Bhd to help it expand in the Asian country, according to people with knowledge of the matter. Pricing could be a hurdle to a potential buyout, with U Mobile's owners seeking a valuation of more than RM10bn, according to the people. In a message to *Bloomberg News* on Monday, Tan said U Mobile was rejecting the buyout offer and planning to file for an initial public offering (IPO) at the end of July. (*The Edge*)

Maybank: Sign 5-year MoU to reforest ex-mining plot in Perak

Malayan Banking Bhd (Maybank) has signed a five-year memorandum of understanding (MoU) with the Forest Research Institute Malaysia (FRIM) to reforest a five-hectare ex-mining plot at FRIM's Bidor Research Station in Perak, with an option to extend the MoU for another five years. Upon maturity, the project is expected to partially offset Maybank's annual Scope 1 and 2 emissions. Maybank will also engage Bureau Veritas Certification Sdn Bhd to verify the carbon removal capabilities of its five-hectare afforestation project, ensuring it meets greenhouse gas standards. (*The Star*)

MAHB: Takeover offer expected to be finalised in 3Q24

The takeover offer for Malaysia Airports Holdings Bhd is expected to be finalised in the third quarter of this year and must be approved by at least 90% of MAHB's existing shareholders, the Ministry of Finance (MOF) said. MAHB's takeover offer is a commercial transaction submitted by a consortium led by Khazanah Nasional Bhd and EPF. If the offer is accepted and agreed by the other MAHB shareholders, Khazanah will then own 40% of the shares in MAHB, while the EPF will have 30% ownership, whereas the Abu Dhabi Investment Authority and Global Infrastructure Partners will hold the remaining 30%. (*The Edge*)

Vestland: Acquire office suites, warehouses for RM25m

Vestland Bhd's (VLB) wholly owned subsidiary Vestland Resources Sdn Bhd had signed 10 sales and purchase agreements (SPAs) with Sg Besi Construction Sdn Bhd for the acquisition of 10 office suites at Subplace Boulevard, Shah Alam, Selangor, for RM7m to avoid RM20,934 in monthly rental commitment. In addition, Vestland also signed six SPAs for a sum of RM18m to acquire six semi-detached industrial warehouses to be constructed at Armani Business Park, Kota Kinabalu, Sabah. (*The Edge*)

Sarawak Cable: CFO resigns

On Tuesday, Sarawak Cable Bhd said its Chief Financial Officer Teoh Wen Jinq had resigned due to personal reasons, without elaboration. She has over 15 years of experience working in audit firms and commercial companies as an accountant, company secretary and group financial controller. (*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
KIP REIT	REIT	0.90	0.07	7.82
Bermaz Auto	Consumer	2.65	0.21	7.77
British American Tobacco (M)	Consumer	8.32	0.61	7.37
RHB Bank	Finance	5.66	0.40	7.14
Amway (M)	Consumer	7.04	0.50	7.06
CapitaLand Malaysia Trust	REIT	0.66	0.05	7.02
Hektar REITS	REIT	0.59	0.04	6.67
MBM Resources	Consumer	5.30	0.35	6.66
UOA REITS	REIT	1.11	0.07	6.49
Pavilion REIT	REIT	1.41	0.09	6.45
Ta Ann Holdings	Plantation	3.88	0.25	6.42
MAG Holdings	Consumer	1.18	0.07	6.36
Magnum	Consumer	1.18	0.07	6.36

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		
BWYS Group Berhad	ACE Market	0.22	256.3	100.0	5 Jul	22 Jul
Well Chip Group Berhad	Main Market	1.15	150.0	-	10 Jul	23 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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