

Daily Newswatch

Market Review

The FBMKLCI concluded last week with a gain and closed higher (+0.2%) amid strong selective buying interest on index-related counters. Outperformance was seen in some of the index constituents with the performance led by SDG (+4.7%), KLK (+2.9%) and AXIATA (+1.5%). Sectors that ended in gain last week include Plantation (+1.7%), Telecommunication & Media (+0.7%) and Energy (+0.3%). Nevertheless, the broader market breadth remained negative with 736 losers against 445 gainers.

Economics

- UK:** Finance minister hints at above-inflation pay rises for public sector workers
- Japan:** Core inflation perks up in June
- EU:** No rush to decide on rate Cuts, Makhoul tells examiner
- UK:** Record second-highest company insolvencies since 2009
- Canada:** May retail sales down 0.8% on groceries; seen down 0.3% in June

Companies

- SunCon:** Bags RM76m construction job in JB
- Genting Plantations:** Buys two Indonesian plots for RM593m
- EG Industries:** Bags RM547m purchase order from key customer
- Fima Corp:** Bags RM94m printing contract
- Masteel:** Plans to raise up to RM32m via placement
- MCE Holdings:** Bags RM19.6m contract to supply parts for Perodua's first EV

Upcoming key economic data releases

	Date
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	1,636.6	0.2	12.3
Dow Jones	40,287.5	(0.9)	9.3
Nasdaq CI	17,726.9	(0.8)	19.9
S&P 500	5,505.0	(0.7)	17.2
FTSE 100	8,155.7	(0.6)	5.9
Nikkei 225	40,063.8	(0.2)	22.8
Shanghai CI	2,982.3	0.2	(0.4)
HSI	17,417.7	(2.0)	4.1
STI	3,447.6	(0.7)	7.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,486.7	(15.8)
Value traded (RM m)	3,510.0	(16.9)
Gainers	445	
Losers	736	
Unchanged	495	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HUBLINE	0.100	0.0	84.7
ALPHA	0.325	0.0	81.2
EKOVEST	0.565	(1.7)	68.2
MYEG	0.985	(1.5)	59.6
BJCORP	0.400	2.6	57.3

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	7.150	0.0	130.5
YTLPOWR	4.800	0.0	126.0
MAYBANK	10.100	0.0	107.1
PBBANK	4.240	(0.2)	95.5
GAMUDA	8.200	(1.0)	89.3

Currencies	Last Close	% Chg
USD/MYR	4.688	0.5
USD/JPY	157.52	1.1
EUR/USD	1.089	(0.5)
USD/CNY	7.2695	0.1
US Dollar Index	104.37	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.6	(2.5)
Gold (USD/troy oz)	2,399	(2.5)
CPO (MYR/metric t)	3,960	(0.2)
Bitcoin (USD/BTC)	66,941	4.1

Economics

UK: Finance minister hints at above-inflation pay rises for public sector workers

Britain's new finance minister Rachel Reeves said she will consider giving inflation-busting pay increases for almost 2 million government employees later this month to avoid crippling public sector strikes. Two pay review bodies who advise the government have recommended a 5.5% wage rise for 460,000 teachers and 1.4 million staff in the state-run National Health Service, according to media reports. Reeves said she would set out her plans for public sector pay deals and announce the date of next budget before the end of this month. *(Reuters)*

Japan: Core inflation perks up in June, keeps BOJ rate hike hopes alive

Japan's core inflation accelerated for a second straight month in June, data showed on Friday, extending a more than two-year run above the central bank's 2% target and keeping alive market expectations of a near-term interest rate hike. The core consumer price index (CPI), which strips away the effect of volatile fresh food prices, rose 2.6% in June from a year earlier. A separate index that excludes the effects of fresh food and fuel costs, closely watched by the BOJ as a broader price trend indicator, rose 2.2% in June after a 2.1% reading in May. BOJ Governor Kazuo Ueda has dropped hints the central bank will push up rates further if rising wages and services prices heighten prospects for durably achieving its 2% inflation target. *(Reuters)*

EU: No rush to decide on rate Cuts, Makhlouf tells examiner

"There's no need to actually rush to make decisions," Governing Council member Gabriel Makhlouf told the Irish Examiner in an interview published on Sunday. "we've got no predetermined rate path" and that "we're adopting a meeting-by-meeting approach" he added. Asked about consumer-price growth, Makhlouf acknowledged that "in particular on the services side, we've got inflation that is just stronger and continues to be strong," according to the paper. *(Bloomberg)*

UK: Record second-highest company insolvencies since 2009

England and Wales recorded the second-highest number of company insolvencies since 2009 last month, government figures showed, reflecting high interest rates and increased costs caused by rapid inflation in 2022 and 2023. June saw 2,361 company insolvencies on a seasonally adjusted basis, Britain's Insolvency Service agency said, 17% more than a year earlier and the most since May 2023. Scotland and Northern Ireland - which have different insolvency laws to England and Wales - reported a 4% annual fall and a 13% annual rise in insolvencies respectively in June. *(Reuters)*

Canada: May retail sales down 0.8% on groceries; seen down 0.3% in June

Canadian retail sales fell by 0.8% in May from April at C\$66.13bn (\$48.23bn), led by lower sales at food and beverage retailers, Statistics Canada said on Friday. Sales were likely down 0.3% in June, the agency said in a flash estimate. In May, sales were down in eight of nine subsectors, representing 73.1% of retail trade. In volume terms, retail sales decreased 0.7%. *(Reuters)*

Companies

SunCon: Bags RM76m construction job in JB

Sunway Construction Group Bhd, which in March won an RM747.8m contract from a US-based multinational technology corporation for the construction of a data centre in Selangor, on Friday announced the award of a sub-contract relating to the project worth RM417.8m. The sub-contract work is expected to be completed by the second quarter of 2027, said SunCon in a bourse filing. *(The Edge)*

Genting Plantations: Buys two Indonesian plots for RM593m for property development

Genting Plantations Bhd (GenP) is planning to buy two plots of land in Indonesia for RM593m, for property development. The plots, measuring 152ha, are in Sentul City, in the Bogor Regency of the West Java Province in Jakarta, according to GenP's bourse filing on Friday. It is buying the first plot of land, which measures 80ha at RM509.8m. The second, measuring 72ha, is being bought for RM83.2m. *(The Edge)*

EG Industries: Bags RM547m purchase order from key customer

EG Industries Bhd said its wholly owned subsidiary SMT Technologies Sdn Bhd has secured a US\$117m (RM547.2m) confirmed purchase order for 5G photonics-related products from an existing key customer. In a filing with Bursa Malaysia, it said the customer is a global industry leader with expertise in industry-leading research and development and cutting-edge manufacturing for, among others, optical modules, wireless access broadband, carrier ethernet and edge computing. *(The Star)*

Fima Corp: Bags RM94m printing contract from Education Ministry

Fima Corp Bhd has secured an RM93.9m contract from the Ministry of Education to print and supply confidential documents to the ministry. The group, which is involved in manufacturing, plantation, and property management, said the two-year contract was awarded to its wholly owned subsidiary Percetakan Keselamatan Nasional Sdn Bhd. *(The Edge)*

Masteel: Plans to raise up to RM32m via placement for working capital

Malaysia Steel Works (KL) Bhd plans to raise up to RM31.7m by placing out 10% of its enlarged share base, primarily to fund its working capital. The company intends to issue up to 90.6m shares to third-party investors who will be identified later. The sum to be raised is based on an indicative issue price of 35 sen per share, a discount of 6.52% (or 2.44 sen) to the stock's five-day volume-weighted average price of 37.44 sen as of July 12. *(The Edge)*

MCE Holdings: Bags RM19.6m contract to supply parts for Perodua's first EV

MCE Holdings Bhd (MCEHLDG) said it had clinched an RM19.6m contract to supply electronic and mechatronic components for Perusahaan Otomobil Kedua Sdn Bhd's (Perodua) first electric vehicle (EV). The three-year contract, it said, will commence in the second quarter of the group's next financial year ending July 31, 2026. *(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	1.22	0.10	7.95
KIP REIT	REIT	0.90	0.07	7.82
Bermaz Auto	Consumer	2.66	0.21	7.74
British American Tobacco (M)	Consumer	8.31	0.61	7.38
RHB Bank	Finance	5.68	0.40	7.11
Amway (M)	Consumer	7.05	0.50	7.05
CapitaLand Malaysia Trust	REIT	0.66	0.05	7.02
Hektar REITS	REIT	0.59	0.04	6.67
MBM Resources	Consumer	5.31	0.35	6.65
UOA REITS	REIT	1.11	0.07	6.49
Pavilion REIT	REIT	1.41	0.09	6.45
Ta Ann Holdings	Plantation	3.91	0.25	6.37
Gas Malaysia	Utilities	3.62	0.23	6.22
Malayan Banking	Finance	10.08	0.62	6.17

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 Bhd	ACE Market	0.22	256.3	100.0	5 Jul	22 Jul
Well Chip Group Bhd	Main Market	1.15	150.0	-	10 Jul	23 Jul
Kucingko Bhd	ACE Market	0.30	100.0	100.0	12 Jul	26 Jul
Sik Cheong Bhd	ACE Market	0.27	66.0	20.0	30 Jul	13 Aug
EPB Group Bhd	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug

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