



Daily Newswatch

Market Review

The FBMKLCI closed lower by -0.4% to 1,615.18 on Thursday amid the downbeat performance on Wall Street overnight which spilled over into regional markets. Key decliners among the index constituents include TENAGA (-2.8%), AXIATA (-2.4%) and YTLPOWR (-1.5%). The majority of sectors also ended in negative territory, with notable underperformers including Construction (-2.2%), Technology (-2.0%) and Property (-1.7%). Similarly, the broader market breadth turns more negative with 954 losers against 255 gainers.

Economics

- **Canada:** Bank of Canada cuts rates again, frets about low growth
- **Malaysia:** Nominal GDP for 2023 amounts to RM1.8tn
- **US:** Economy grew faster than expected last quarter on firm demand
- **China:** Allocate USD41bn bonds for trade-ins to boost consumption
- **US:** New home sales unexpectedly decline to seven-month low

Companies

- **JAKS Resources:** Inks land lease MOU with TDM unit for LSS5 project
- **Bumi Armada:** JV inks MOU to explore carbon storage provision in the UK
- **Ahmad Zaki:** Gets RM152m contract to build Port Dickson specialist hospital
- **Persona Metro:** Plans to establish RM185m sukuk Wakalah programme
- **SCIB:** Secures RM162m contract for civil servant housing programme in Perak

Upcoming key economic data releases

Date

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	1,615.2	(0.4)	11.0
Dow Jones	39,935.1	0.2	6.0
Nasdaq CI	17,181.7	(0.9)	14.5
S&P 500	5,399.2	(0.5)	13.2
FTSE 100	8,186.4	0.4	5.9
Nikkei 225	37,869.5	(3.3)	13.2
Shanghai CI	2,886.7	(0.5)	(3.0)
HSI	17,005.0	(1.8)	(0.2)
STI	3,430.5	(0.9)	5.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,554.9	3.7
Value traded (RM m)	3,114.8	11.2
Gainers	255	
Losers	954	
Unchanged	465	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZENTECH	0.015	50.0	79.9
OCR	0.100	(4.8)	69.1
EKOVEST	0.465	(5.1)	60.6
HUBLINE	0.130	0.0	60.1
AZRB	0.330	6.5	50.1

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	14.000	(2.8)	219.7
GAMUDA	7.850	(3.0)	145.4
CIMB	7.190	(0.1)	106.4
YTLPOWR	4.720	(1.5)	85.2
INARI	3.700	(2.4)	71.3

Currencies	Last Close	% Chg
USD/MYR	4.6613	0.2
USD/JPY	153.65	0.2
EUR/USD	1.0849	0.0
USD/CNY	7.2469	0.2
US Dollar Index	104.36	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.4	0.8
Gold (USD/troy oz)	2,363	(0.1)
CPO (MYR/metric t)	4,032	0.6
Bitcoin (USD/BTC)	65,732	0.7

Economics

Canada: Bank of Canada cuts rates again, frets about low growth

The Bank of Canada cut its key policy rate by 25 basis points to 4.5% on Thursday, marking the second consecutive month of cuts, with more likely if inflation continues to cool as forecasted. Previously, the rate was held at 5% for almost a year to combat high inflation. Governor Tiff Macklem expressed confidence in achieving the 2% inflation target by the second half of 2025. The bank lowered its 2024 growth forecast to 1.2% from 1.5%, citing increased household debt payments. Despite easing consumer prices, inflation faces opposing forces from a weak economy and high shelter and service costs. The bank projects 2.6% inflation this year and 2.4% next year, with growth improving in the second half due to stronger exports and recovering household spending. The growth forecast for 2025 is slightly revised to 2.1%, with 2.6% expected in 2026. *(Bloomberg)*

Malaysia: Nominal GDP for 2023 amounts to RM1.8tn

The 2023 Malaysia's nominal GDP reached RM1.8tn, with growth moderating to 1.6% from 15.9% in 2022, according to the Department of Statistics Malaysia (DOSM) on Thursday. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin attributed this resilience to a 6.7% increase in private final consumption expenditure, driven by employment and wage improvements following the new RM1,500 minimum wage in May 2023. The GDP components included a 4.2% rise in compensation of employees (CE), a 1.8% decline in gross operating surplus (GOS), and a significant increase in net taxes. Sectorally, CE grew in services (4.3%), manufacturing (3.3%), and construction, while GOS declined due to drops in mining, agriculture, and manufacturing profits. Net taxes grew by 242%, reflecting higher taxation revenue. Internationally, Malaysia's CE share of GDP is lower compared to advanced economies, with GOS contributing more significantly. *(The Edge)*

US: Economy grew faster than expected last quarter on firm demand

In the second quarter of 2024, the US economy grew at a faster-than-expected pace, with gross domestic product (GDP) rising by 2.8% on an annualised basis, fueled largely by robust consumer and business spending. Despite higher borrowing costs, personal spending increased by 2.3%, outpacing earlier forecasts, while core inflation, as measured by the PCE price index, rose 2.9%, slightly higher than anticipated but down from the previous quarter. Looking ahead, there are concerns about a potential economic slowdown in the second half of the year due to a cooling labour market and signs of consumer restraint amid rising financial pressures, as indicated by recent corporate earnings reports and credit card delinquency rates. *(Bloomberg)*

China: Allocate US\$41bn in bonds for trade-ins to boost consumption

China announced a 300bn yuan (USD41.4bn) allocation of ultra-long treasury bonds to boost equipment upgrades and consumer goods trade-ins. Half of the funds will support consumer goods, with subsidies up to 20,000 yuan for new energy cars and 15%-20% off for home appliances, capped at 2,000 yuan per item. The funds will be fully disbursed by the end of August. This measure aims to revive consumption, which grew only 2% in June, and stimulate investment amid a fragile economic recovery. Additionally, China will ease project application requirements for small and medium-sized firms and ensure the bonds are not used for local debt repayment. *(Bloomberg)*

US: New home sales unexpectedly decline to seven-month low

Sale of new US homes unexpectedly fell 0.6% in June to a 617,000 annual pace, the slowest since November, according to data released Thursday. High mortgage rates and home prices are deterring buyers, even though rates have dipped below 7% recently. Builders are keeping inventory high at 476,000 homes due to low existing home availability, resulting in a 9.3-month supply. This has helped keep median home prices steady at USD417,300. Sales dropped in the Midwest and Northeast but rose slightly in the South and West. *(Bloomberg)*

Companies

JAKS Resources: Inks land lease MOU with TDM unit for LSS5 project

JAKS Resources Bhd announced the signing of a memorandum of understanding (MOU) with TDM Bhd's subsidiary, TDM-YT Plantation Sdn Bhd, for a land lease as part of its bid for the fifth Large Scale Solar (LSS5) programme. JAKS Solar Power Holdings Sdn Bhd, a wholly-owned unit of JAKS, will conduct feasibility studies and negotiate lease terms for land in the Merang sub-district in Setiu, Terengganu. The MOU is non-binding and will be included in the LSS5 tender to demonstrate JAKS's intent and capability. Earlier, JAKS partnered with China Power Engineering Consulting Group International Engineering Co Ltd (CPECC INT'L) to bid for up to 500 megawatts of solar photovoltaic plants under LSS5. (*The Edge*)

Bumi Armada: JV inks MOU to explore carbon storage provision in the UK

Bumi Armada Bhd's joint venture, Bluestreak CO2 Ltd, signed an MOU with Uniper (UK) Ltd to explore jetty-moored floating liquid CO2 storage and carrier solutions. Established in June 2023, Bluestreak CO2 Ltd, a 50:50 JV between Bumi Armada and Navigator Holdings Ltd, aims to support the UK's 2030 decarbonisation goals and facilitate CO2 export from Uniper's grain carbon capture project. The partnership will design a CO2 value chain, including shuttle tankers for transport and storage units. (*The Edge*)

Ahmad Zaki: Gets RM152m contract to build Port Dickson specialist hospital

Ahmad Zaki Resources Bhd announced it secured an RM152m contract to design and build the Port Dickson Specialist Hospital in Negeri Sembilan. The contract, awarded to its wholly-owned subsidiary Ahmad Zaki Sdn Bhd (AZSB) by the public works department, will start on August 6 and last for 156 weeks. This is AZRB's second contract win from the department in 2024, following an RM315.9m project for Istana Abu Bakar in April. (*The Edge*)

Persona Metro: Plans to establish RM185m sukuk Wakalah programme

Pesona Metro Holdings Bhd announced its 70%-owned SEP Resources (M) Sdn Bhd lodged with the Securities Commission Malaysia (SC) to establish a sukuk Wakalah programme up to RM185m based on the shariah principle of 'Wakalah Bi Al-Istithmar'. The one-off issuance of the ASEAN Sustainability SRI Sukuk Wakalah will have a tenure of up to 12 years and comply with SC's Sustainable and Responsible Investment (SRI) Sukuk Framework. It will be secured against a corporate guarantee from Pan Malaysia Holdings Bhd and a preliminary AA1 rating with a stable outlook from RAM Rating Services Bhd. (*The Edge*)

SCIB: Secures RM162m contract for civil servant housing programme in Perak

Sarawak Consolidated Industries Bhd (SCIB), via its wholly-owned SCIB Properties Sdn Bhd, has secured an RM162m contract from Awana JV Suria Sdn Bhd for the development, infrastructure and main building works of the civil servant housing programme (PPAM) in Kualim, Perak. The project involves the construction of both affordable housing and commercial units across two phases in a land spanning about 48.56ha. Phase 1A of the project will consist of 346 units of single-storey affordable terrace houses (Type B) and 28 units of two-storey shop offices. Phase 1B, meanwhile, will include 455 units of double-storey affordable terrace houses (Type A). (*The Star*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
KIP REIT	REIT	0.91	0.08	8.84
Sentral REIT	REIT	0.80	0.07	8.75
Bermaz Auto	Consumer	2.45	0.21	8.41
British American Tobacco (M)	Consumer	8.34	0.68	8.15
YTL Hospital REIT	REIT	1.23	0.10	7.89
Amway (M)	Consumer	7.00	0.50	7.10
RHB Bank	Finance	5.70	0.40	7.09
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
Pavilion REIT	REIT	1.39	0.09	6.76
MBM Resources	Consumer	5.31	0.35	6.65
Hektar REITS	REIT	0.59	0.04	6.61
UOA REITS	REIT	1.12	0.07	6.43
Ta Ann Holdings	Plantation	3.96	0.25	6.29
Gas Malaysia	Utilities	3.61	0.23	6.23
Malayan Banking	Finance	10.14	0.62	6.13

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		
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
Sik Cheong Berhad	ACE Market	0.27	66.0	20.0	30 Jul	13 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