



Daily Newswatch

Market Review

The FBMKLCI extended its losing streak for a third consecutive session on Friday, dipping by 0.1% to 1,612.88 and ending the week with a modest decline. Key decliners among index constituents include NESTLE (-5.0%), AXIATA (-1.7%), and SIME (-1.2%). Despite the overall downtrend, not all sectors saw losses. The sectors that experienced notable declines were Consumer Products and Services (-0.3%), Technology (-0.4%), and Plantations (-0.1%). The broader market breadth remained negative, with 569 losers against 455 gainers.

Economics

- US:** Inflation rises moderately, consumer spending cools
- US:** Yellen says US\$3tn needed annually for climate financing
- UK:** Britain is 'broke and broken', new government declares
- Malaysia:** Govt looking to plug leakage of subsidised diesel, RON95 petrol in Sabah, Sarawak
- Singapore:** Home prices slow, rents fall in cooling market

Companies

- Kumpulan Kitacon:** Bags RM54.5m job to build houses in Rawang
- Ekovest:** Agree to 6-month extension for merger discussion between subsidiary and Knusford
- Alam Maritim:** Submit regularisation plan to exit PN17 status
- AirAsia:** To take over Capital A's aviation business directly without setting up NewCo
- MGRC:** Plans private placement to raise up to RM5m
- Southern Acids:** Spend RM43.8m in FY2025 on planting, equipment and plant upgrades
- Datasonic:** Gets RM30m contract to supply smart cards to Indonesians

Upcoming key economic data releases

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,612.9	(0.1)	10.9
Dow Jones	40,589.3	1.6	7.7
Nasdaq CI	17,357.9	1.0	15.6
S&P 500	5,459.1	1.1	14.5
FTSE 100	8,285.7	1.2	7.1
Nikkei 225	37,667.4	(0.5)	12.6
Shanghai CI	2,890.9	0.1	(2.8)
HSI	17,021.3	0.1	(0.2)
STI	3,426.5	(0.1)	5.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,829.1	(15.9)
Value traded (RM m)	2,700.5	(13.3)
Gainers	455	
Losers	569	
Unchanged	556	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
KUCINGKO	0.570	90.0	158.2
CAPE EMS	0.710	(19.6)	142.3
OCR GROUP	0.095	(5.0)	75.9
HUBLINE	0.135	3.8	54.9
EKOVEST	0.465	0.0	51.8

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	14.020	0.1	117.7
CAPE EMS	0.710	(19.6)	107.2
KUCINGKO	0.570	90.0	103.1
PUBLIC BANK	4.210	0.0	90.8
CIMB	7.170	(0.3)	83.7

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

US: Inflation rises moderately, consumer spending cools

US prices rose modestly in June as falling goods costs offset rising service prices, indicating an improving inflation outlook that might prompt the Federal Reserve to cut interest rates in September. Last Friday, the Commerce Department reported consumer spending slowed last month, suggesting cooling demand and easing price pressures, which align with the Fed's 2% inflation target. The PCE price index edged up 0.1%, while core inflation rose 0.2%. The Fed will meet on July 30-31, and financial markets anticipate rate cuts starting in September. Consumer spending rose 0.3%, but when adjusted for inflation, it increased by only 0.2%. Personal income grew by 0.2%, and the savings rate fell to 3.4%. The economy grew at a 2.8% annualized rate in Q2, double the Q1 pace. (*Bloomberg*)

US: Yellen says US\$3tn needed annually for climate financing, far more than current level

US Treasury Secretary Janet Yellen stated on Saturday that transitioning to a low-carbon economy requires US\$3tn (RM13.9tn) annually through 2050, far exceeding current funding levels. Speaking in Belem, Brazil, Yellen emphasised that addressing climate change is crucial for both environmental and economic policy. She noted that in 2022, wealthy economies provided a record US\$116bn for climate finance to developing countries, with significant contributions from multilateral development banks (MDBs). Yellen highlighted this financing need as the "single-greatest economic opportunity of the 21st century" and stressed the importance of leveraging it for sustainable and inclusive growth. She also reaffirmed the US commitment to the IDB's Amazonia Forever platform, aimed at sustainable development in the Amazon region. Additionally, Yellen launched a new initiative with Amazon basin countries to combat nature crimes threatening biodiversity. (*Reuters*)

UK: Britain is 'broke and broken', new government declares

Britain's government declared the country "broke and broken" ahead of a public finance assessment on Monday, which the newly-elected Labour Party will use to blame their predecessors for a £20bn (US\$26bn or RM121bn) shortfall. Finance Minister Rachel Reeves will present a fiscal review in parliament, accusing the Conservative Party of making unfunded spending commitments. Prime Minister Keir Starmer's office highlighted the financial mess left by populist politics, while Conservatives dismissed Labour's claims as a pretext for undisclosed tax rises. Reeves will also announce the date for her first budget and set out plans for the formal spending review process. (*Reuters*)

Malaysia: Govt looking to plug leakage of subsidised diesel, RON95 petrol in Sabah, Sarawak

The Ministry of Domestic Trade and Cost of Living (KPDN) is launching a public movement to prevent the misuse of subsidised goods, especially diesel and RON95, in Sabah and Sarawak. This follows the government's plan to target diesel subsidies in Peninsular Malaysia, excluding these regions. Minister Datuk Armizan Mohd Ali emphasised that the movement aims to stop subsidy leakage through better enforcement and public awareness. Misusing subsidised goods is illegal and harms the economy. The government is continuing subsidies in Sabah, Sarawak, and Labuan, due to their high reliance on diesel and higher costs of goods. The government will enhance enforcement and urges the public to report any misuse of subsidised goods. (*The Star*)

Singapore: Home prices slow, rents fall in cooling market

Last Friday, Singapore's private home prices rose by 0.9% in the second quarter, less than the estimated 1.1%, while private rents dropped by 0.8%, continuing a three-quarter decline. Despite government measures to cool the market, prices have risen for four straight quarters, driven by second-hand home transactions and robust local spending power. Policies like a 60% stamp duty on foreigner property purchases aim to address housing affordability concerns. (*Bloomberg*)

Companies

Kumpulan Kitacon: Bags RM54.5m job to build houses in Rawang

Kumpulan Kitacon Bhd has secured an RM54.5m contract to undertake the construction of 186 terrace houses in Rawang, Selangor. In a bourse filing on Friday, the construction company said the contract to build the houses in Bandar Tasik Puteri was awarded to its subsidiary Kitacon Sdn Bhd by Rawang Lakes Sdn Bhd. The contract will commence on Aug 1 and be completed within 20 months, it said. Including the latest one, Kumpulan Kitacon has announced four contracts since the start of 2024, with a total value of RM335.6m. *(The Edge)*

Ekovest: Agree to 6-month extension for merger discussion between subsidiary and Knusford

Ekovest Bhd said it has agreed to a further extension of time to discuss a merger between its wholly owned subsidiary Ekovest Construction Sdn Bhd (ECSB) and Knusford Bhd. The six-month extension to Jan 27, 2025 will provide Ekovest and Knusford with additional time to evaluate and deliberate the terms of the definitive agreement for the proposed merger, Ekovest said in a bourse filing on Friday. The deadline was previously extended by two months from May 28, 2024 to from July 28, 2024. *(The Edge)*

Alam Maritim: Submit regularisation plan to exit PN17 status

Alam Maritim Resources Bhd, a PN17 company, announced a regularisation plan involving a RM440m share capital reduction to offset RM489.8m in accumulated losses. The plan includes a 10-to-one share consolidation, reducing 1.5bn shares to 153.2m, and a renounceable rights issue at 12 sen per share with warrants to raise RM13.8m for debt restructuring. Major shareholders Datuk Azmi Ahmad and Datuk Aloysius Albert Michael will fully subscribe to their rights shares. The debt settlement involves issuing 177.5m shares and 44.4m free settlement warrants, settling RM49.4m in debts. Completion is expected within 12 months, advised by Inter-Pacific Securities Sdn Bhd. *(The Edge)*

AirAsia X: To take over Capital A's aviation business directly without setting up NewCo

AirAsia X Bhd announced it will directly acquire Capital A Bhd's aviation business, bypassing the previously proposed internal reorganisation to expedite the takeover. Initially, AAX planned to acquire Capital A's aviation assets through a NewCo, but this plan was abandoned to ensure a quicker completion. AAX will acquire the aviation business for RM6.8bn by issuing RM3bn in new shares and assuming RM3.8bn of Capital A's debt. This acquisition includes Thai AirAsia, Philippines AirAsia, Indonesia AirAsia, and AirAsia Cambodia, valuing AAAGL at RM2.7-3.5bn and AAB at RM3.5-4.4bn. Additionally, Singapore-based Garynma Investments Pte Ltd will subscribe to 12% of AAX's enlarged share base post-acquisition. *(The Edge)*

MGRC: Plans private placement to raise up to RM5m

Malaysian Genomics Resource Centre Bhd has proposed a private placement to raise up to RM5m by issuing 13.7m new shares, equivalent to 10% of its issued shares. This proposal, approved by shareholders on April 29, prices the placement shares at 36.3 sen each, based on a five-day volume-weighted average market price of 40.3 sen per share up to July 12. The funds raised will be allocated as follows: RM2.6m for a pre-clinical study on ArteCells treatment, RM2.2m for working capital including staff costs and inventory, and RM200,000 for placement expenses. The placement is expected to be completed by Q4 2024, with M&A Securities as the principal adviser and placement agent. *(The Edge)*

Southern Acids: Spend RM43.8m in FY2025 on planting, equipment and plant upgrades

Southern Acids (M) Bhd has allocated RM43.8m for capex, with RM25.4m designated for planting in Indonesia as part of an RM85m plan to expand its planted area by 2,200 hectares over four years. Despite a cautious outlook on CPO prices, the company aims to improve production efficiency. The milling-and-cultivation segment, which contributed 46% of total revenue, saw a 68% drop in core profit-before-tax last fiscal year. Southern Acids will also invest RM10.7m in its Sri Kota Specialist Medical Centre for equipment and renovations, RM3.5m in its oleochemical business, and the rest in upgrading hospital infrastructure and systems. *(The Edge)*



Datasonic: Gets RM30m contract to supply smart cards to Indonesians

Datasonic Group Bhd has secured an RM30m contract to supply smart cards to Perum Percetakan Negara Republik Indonesia (PNRI), a unit of the Indonesian Ministry of State-Owned Enterprises. In a statement on Friday, the information and communications technology provider said that its unit, PT Datasonic Teknologi Indonesia (DTI), had signed a sales and purchase agreement with PNRI to supply smart cards over a period of one to three years. "This collaboration is crucial for positioning Datasonic as a strategic partner of PNRI, and will mutually benefit both parties in the rapidly growing smart card industry in Indonesia," said Azwan Omar, the president director of DTI. (*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
Bermaz Auto	Consumer	2.43	0.21	8.48
KIP REIT	REIT	0.92	0.08	8.31
YTL Hospital REIT	REIT	1.23	0.10	7.89
RHB Bank	Finance	5.69	0.40	7.10
Amway (M)	Consumer	7.02	0.50	7.08
Hektar REITS	REIT	0.58	0.04	6.72
Pavilion REIT	REIT	1.40	0.09	6.71
MBM Resources	Consumer	5.30	0.35	6.66
British American Tobacco (M)	Consumer	8.36	0.55	6.52
CapitaLand Malaysia Trust	REIT	0.67	0.04	6.42
Ta Ann Holdings	Plantation	3.95	0.25	6.30
Gas Malaysia	Utilities	3.57	0.22	6.30
Malayan Banking	Finance	10.14	0.62	6.13
Sunway REIT	REIT	1.61	0.10	6.09

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		
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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