



# Daily Newswatch

## Market Review

Bursa Malaysia ended marginally higher yesterday, with the FBMKLCI edging up 0.02% to close largely unchanged, as investors navigated a cautious trading environment shaped by heightened geopolitical tensions and ongoing trade uncertainties. Sentiment remained broadly defensive, mirroring regional markets, as the escalation in the Israel-Iran conflict continued to dampen risk appetite. On the domestic front, attention turned to the progress of U.S.-Malaysia trade negotiations. The arrival of Investment, Trade and Industry Minister Tengku Zafrul Aziz and his delegation in Washington to engage with U.S. Trade Representative Jamieson Greer and senior officials marks a pivotal moment in addressing tariff-related uncertainties that have clouded investor outlook in recent weeks. Among key index constituents, notable losers are PPB (-3.5%), 99SMRT (-0.9%), and SDG (-0.9%). Sector wise, Telecommunications & Media (-1.0%) was the top laggards, followed by REIT (-0.3%) and Plantation (-0.2%). Market breadth remained in bearish mode, with 361 gainers and 488 losers.

Asian stocks ended mixed on Wednesday as Middle East unrest deepened, and focus shifted to the Federal Reserve's interest-rate decision later in the day. Risk sentiment worsened after reports claimed that the U.S. may consider joining Israel in striking Iranian nuclear sites. SHANGHAI CI finished marginally higher at 3,388.8 as speeches by top financial regulators at the opening of the annual Lujiazui Forum delivered few fresh policy signals. Hong Kong led regional losses, with the benchmark HSI tumbling 1.1% to 23,710.7 amid growing fears of U.S.-Iran conflict.

European equities ended mixed on Wednesday as investors assessed rising geopolitical risks, regional inflation data, and forthcoming central bank decisions. Tensions between Iran and Israel have intensified, drawing market attention to the Strait of Hormuz, a key global oil transit route. Concerns are mounting that any disruption to oil shipments through the strait could weigh heavily on the global economy and fuel inflationary pressures. In economic developments, U.K. consumer price inflation eased in May, driven primarily by a decline in transportation costs, according to data released by the Office for National Statistics. The STOXX 50 ended lower (-0.4%) and closed at 5,266.9.

US equities closed broadly flat on Wednesday, as early gains faded through the trading session following a widely anticipated decision from the Federal Reserve and a batch of mixed economic data. The Federal Open Market Committee (FOMC) opted to keep the federal funds rate unchanged in the 4.25% to 4.50% range, maintaining its dual mandate of maximum employment and long-term inflation targeting at 2%. The Fed acknowledged continued solid expansion in economic activity, while noting that volatility in net exports has contributed to swings in recent data. Policymakers retained their median expectation for two rate cuts by year-end, which would bring the benchmark rate down to a range of 4.00% to 3.75% by end-2025. The policy stance reflects a measured approach to navigating inflation moderation without derailing economic momentum. On the macro front, weekly jobless claims declined slightly. The Labor Department reported that initial claims fell by 5,000 to 245,000 for the week ended June 14, aligning with consensus expectations and easing from a revised 250,000 the prior week. In terms of market performance, the NASDAQ eked out a gain of 25.18 points (+0.1%) to close at 19,546.27, the S&P 500 slipped marginally by 1.85 points to 5,980.87, and the Dow shed 44.14 points (-0.1%) to settle at 42,171.66.

## Macro Snapshots

- **MY:** Scores record flows as bond investors favour Asia
- **UK:** Inflation slows in May but food prices jump
- **MY:** Govt expects RM10bn additional revenue from expanded SST in July-December 2025

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,512.0	0.0	(7.9)
Dow Jones	42,171.7	(0.1)	(0.9)
Nasdaq CI	19,546.3	0.1	1.2
S&P 500	5,980.9	(0.0)	1.7
SX5E	5,266.9	(0.4)	7.6
FTSE 100	8,843.5	0.1	8.2
Nikkei 225	38,885.2	0.9	(2.5)
Shanghai CI	3,388.8	0.0	1.1
HSI	23,710.7	(1.1)	18.2
STI	3,920.8	(0.3)	3.5

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,429.4	(19.9)
Value traded (RM m)	1,798.4	(6.8)
Gainers	361	
Losers	488	
Unchanged	503	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TANCO	0.980	0.5	41.7
SNS	0.535	8.1	33.0
MAGMA	0.460	7.0	32.3
NEXG	0.345	(4.2)	28.8
ALAM	0.030	(14.3)	23.6

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAYBANK	9.620	0.7	82.7
RHBBANK	6.290	0.0	74.2
TENAGA	14.220	(0.6)	70.8
CIMB	6.650	(0.2)	69.0
IHH	6.850	(0.6)	67.8

Currencies	Last Close	% Chg
USD/MYR	4.253	(0.2)
USD/JPY	145.020	0.1
EUR/USD	1.148	(0.0)
USD/CNY	7.189	(0.0)
US Dollar Index	98.905	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	76.7	0.3
Gold (USD/troy oz)	3,375.1	0.2
CPO (MYR/metric t)	4,086.0	0.0
Bitcoin (USD/BTC)	104,894.1	0.1



- **CN:** Central bank chief sees currency competition as dollar dominance falters
- **MY:** BNM governor aims to reduce high medical inflation through Reset health financing initiative
- **US:** House tax bill boosts US deficit by US\$2.8tn, analysis shows

## Corporate Snapshots

- **Guocoland:** Faces RM5.5m impact after arbitration loss to contractor
- **MN Holdings:** Wins RM40m data centre-linked job
- **DNeX:** Clinches RM104m iGFMAS contract from MoF
- **Farm Price:** Acquires assets and business for RM4.5m
- **KPJ Healthcare:** To undertake RM32m renovation works

## Macro News

### **MY: Scores record flows as bond investors favour Asia**

Bond investors fleeing the US are finding a haven in stable and lucrative Asian debt markets, with Malaysia leading the pack as the destination for foreign money. Foreign ownership of government bonds from Indonesia to India is soaring, becoming a tailwind for markets that have traditionally been dominated by domestic players. The biggest appeal is the combination of monetary easing and currency appreciation they are offering for the first time in four years, precipitated by US President Donald Trump's policies and a weakening dollar. Malaysian bonds recorded their biggest monthly foreign inflows since 2014 last month, around US\$3.2bn (RM13.4bn). India and Indonesia also got significant inflows. Across Asia, low inflation and policy rates at their peak contrast with the US, Europe or Japan, where fiscal profligacy has undermined the value of long-term debt. Subdued growth and expected rate cuts further enhance the appeal of locking in peak rates, with the potential for capital appreciation on bonds as yields decline. A weaker dollar also gives investors scope to profit from currency appreciation. (*Reuters*)

### **UK: Inflation slows in May but food prices jump**

British inflation slowed as expected in May, pulled down by air fares which leapt in April and the correction of a tax data error, although food prices shot up at the fastest rate in more than a year. Consumer prices rose in annual terms by 3.4% in May, the Office for National Statistics (ONS) said on Wednesday, just as a *Reuters* poll of economists and the Bank of England (BOE) had predicted. Services price inflation — a crucial metric for the BOE — cooled to 4.7% from 5.4% in April, matching the BOE's forecast for May. The *Reuters* poll had pointed to a reading of 4.8%. Earlier this month the ONS said April's headline consumer price inflation reading of 3.5% had been overstated by 0.1 percentage points due to an error in car tax data from the government. April's figures were not amended, but the correct data was used for May's readings. Air fares fell sharply after an Easter holiday spike in April's readings. The data are unlikely to shift interest rate expectations among economists and investors who think the BOE will leave borrowing costs on hold when it announces its June policy decision on Thursday. Sterling rose slightly against the US dollar after the ONS data release. (*Reuters*)

### **MY: Govt expects RM10bn additional revenue from expanded SST in July-December 2025**

The government expects the expanded sales and service tax (SST) to generate an estimated RM10bn additional revenue in six months starting July, according to Finance Ministry secretary general of Treasury Datuk Johan Mahmood Merican, noting the move is part of its strategy to strengthen fiscal resilience. Johan added that the SST expansion — which comes into effect on July 1 — needs to strike a balance between raising revenue and lightening the cost of living burden on lower-income households, by granting exemptions for basic goods while strategically focusing on higher-end and business services. "We need to increase our tax base because our tax-to-GDP is about 12.5%, which is among the lowest in the region. There's certainly room to increase it for the sustainability of our expenditure," Johan said during a panel discussion on *Social Safety Nets: Securing the Future* at Bank Negara Malaysia's Sasana Symposium 2025 on Wednesday. "There is a need to raise revenue and certainly we have this target — where we are targeting on a hand-wise basis about RM10bn to be raised on this revenue." Johan added that the SST hike was targeted at segments with higher spending capacity, such as fee-based financial services, commercial construction, and discretionary imports. (*The Edge*)

### **CN: Central bank chief sees currency competition as dollar dominance falters**

People's Bank of China (PBOC) governor Pan Gongsheng laid out in the clearest terms yet his vision for the future of a new global currency order after decades of dollar dominance, predicting a more competitive system will take root in the years to come. "In the future, the global monetary system could continue to evolve towards a situation where a few sovereign currencies co-exist, compete and check and balance each other," Pan said on Wednesday in a keynote speech at the annual Lujiazui Forum in Shanghai. Pan said there have been discussions around the world on how to reduce excessive reliance on a single currency, adding that the yuan's global status has risen in recent years. Confidence in the US is waning after months of Donald Trump's erratic policymaking since returning to the presidency. Investors have been trimming dollar holdings of late, prompting European Central Bank president Christine Lagarde to talk about a potential "global euro moment". China has also been positioning the yuan as a rival to the US dollar. It is an extension of efforts by Chinese President Xi



Jinping to build China into a financial power with a currency that's stable enough to play a rising role in global trade, especially as tensions with the US erupted during Trump's second term. (*Bloomberg*)

#### **US: House tax bill boosts US deficit by US\$2.8tn, analysis shows**

The House-passed version of Republicans' tax and spending bill would add US\$2.8tn (RM11.9tn) to the US deficit over the next decade, according to new estimates from the Congressional Budget Office (CBO) that incorporate the broader impact the legislation would have on the economy and federal budget. The new estimate is even bigger than a previous US\$2.4tn calculation, which hadn't accounted for so-called dynamic effects. In a release on Tuesday, the non-partisan CBO said that higher interest rates from the bill would add US\$441bn to deficits over a decade. The agency only saw an US\$85bn reduction in borrowing thanks to economic effects, mainly through faster growth. While Republicans have argued their bill would stoke the economy, the CBO sees a marginal impact. Average annual growth would be 0.04 percentage point higher over the decade to 2034 as a result of the House's tax and spending package. That's on top of the CBO's baseline of about 1.8% gross domestic product (GDP) growth over that period. Treasury Secretary Scott Bessent has set a goal of 3% sustained GDP growth, and last month said the economy would be expanding at at least that pace after 12 months' time. He and other GOP members have repeatedly derided CBO projections for not taking into account what they say are pro-growth incentives in the legislation. (*Bloomberg*)

#### **MY: BNM governor aims to reduce high medical inflation through Reset health financing initiative**

There is both room and opportunity for Malaysia to reduce its high medical inflation, one of the highest in Asia, through reforms under Bank Negara Malaysia's (BNM) Reset health financing initiative. BNM governor Datuk Seri Abdul Rasheed Ghaffour said Malaysia's medical inflation rate stood at 15% compared with the regional average of 11%, based on data from Aon International Insurance Brokers. "However, with the right reforms and collaboration, this can be addressed," he said during a panel session titled "Rising Cost, Rising Stakes: Expediting Reforms to Address Medical Inflation", at the Sasana Symposium 2025, here on Wednesday. Abdul Rasheed said the initiative was not merely a response to rising costs, but also a broader reset of the ecosystem involving multiple stakeholders, including hospitals, insurance providers, physicians and patients. He emphasised that previous BNM annual reports had highlighted the issue of high inflation and the need for reform. (*Bernama*)

## **Corporate News**

#### **Guocoland: Faces RM5.5m impact after arbitration loss to contractor**

Guocoland (Malaysia) Bhd said the group faces a net financial impact of RM5.5m following an arbitration ruling against its wholly owned subsidiary over a disputed project termination. The arbitration was brought against the subsidiary, GLM Emerald Hills (Cheras) Sdn Bhd (GLM EHills), by Barisan Performa Sdn Bhd, a company contracted to undertake site clearance, earthworks, and other preparatory work on a parcel of land before the contract was terminated. While GLM EHills asserted that the termination was mutually agreed upon, Barisan Performa claimed that the contract had been unlawfully repudiated. The arbitrator ruled in favour of Barisan Performa, ordering GLM EHills to pay RM6.4m, comprising RM1.2m for work completed and materials left on site, and RM5.1m in loss of profit due to the alleged repudiation, said Guocoland in a bourse filing on Wednesday. Additionally, GLM EHills must pay 5% annual interest on the awarded sum from the date the amounts were due until full payment, along with RM414,488 in incidental costs. Guocoland said the subsidiary has already recognised a provision of RM1.2m, and so the estimated net financial impact is RM5.5m. (*The Edge*)

#### **MN Holdings: Wins RM40m data centre-linked job**

MN Holdings Bhd, an infrastructure utilities construction and engineering solutions group, said it has secured a RM39.6m contract for the expansion of the electrical supply system for a cable landing station. The station is located at a data centre in southern Peninsular Malaysia, said MN Holdings in a bourse filing on Wednesday without giving further details about the data centre due to a non-disclosure agreement. The group said the contract was awarded to its wholly owned subsidiary, MN Power Transmission Sdn Bhd, by an information technology services company which was not named. The scope of work includes the supply, erection, installation, testing, and commissioning of substation equipment and associated civil works to expand the electrical supply system for the cable landing station, said MN Holdings. The project is expected to be completed by Dec 30, 2025. With this latest contract, MN Holdings' order book now stands at RM1.1bn. (*The Edge*)

#### **DNeX unit: Clinches RM104m iGFMS contract from MoF**

Dagang NeXchange Bhd has secured a RM103.8m contract from the government to continue providing support for the Integrated Government Financial and Management Systems (iGFMS) over a period of 60 months. The contract, awarded by the Ministry of Finance (MoF) to DNeX's subsidiary Innovation Associates Consulting Sdn Bhd (IAC), covers the maintenance, support services and application enhancement of iGFMS. IAC specialises in enterprise system integration, delivering end-to-end digital transformation solutions for public sector agencies and large organisations. iGFMS is an accrual-based accounting system implemented by DNeX for the government. DNeX's IT business segment — comprising Dagang Net Technologies Sdn Bhd, IAC, DNeX Solutions Sdn Bhd and its joint-venture unit Gamuda DNeX Cloud Sdn Bhd — offers an integrated suite of industry-leading solutions that support digitalisation across both the public and private sectors. (*The Edge*)

#### **Farm Price: Acquires assets and business for RM4.5m**

Food Life Sdn Bhd, a wholly-owned subsidiary of Farm Price Holdings Berhad, has entered into agreements to acquire assets and a business

from Hong Yun Vegetables and Fruits Sdn Bhd, as well as assets from D & D Sinma 8888 Univeg Trading for a total of RM4.5m in cash. The acquisition from Hong Yun, valued at RM3.9m, includes motor vehicles, equipment, as well as the latter's wholesale and retail business of groceries, vegetables, fruits, seafood, and frozen foods. The transaction with D & D, valued at RM600,000, includes motor vehicles and machinery. In a filing to Bursa Malaysia, Farm Price said the deals aim to expand Farm Price's supply chain, enhance product offerings, grow its customer base in Malaysia and Singapore, and boost revenue. The purchases, to be funded by the group's internal funds, are expected to be completed in the third quarter, subject to conditions such due diligence and approvals. *(The Star)*

**KPJ Healthcare: To undertake RM32m renovation works.**

KPJ Healthcare Bhd is proposing to undertake renovation works at KPJ Damansara Specialist Hospital (DSH) and Damansara Specialist Hospital 2 (DSH2), totalling RM31.9m. In a filing with Bursa Malaysia, KPJ said it had issued two separate letters of acceptance for renovation works to JLG & BP Design Sdn Bhd, a 60% owned subsidiary of Damansara Assets Sdn Bhd, which in turn is an indirect subsidiary of Johor Corp. KPJ said it is proposing to undertake renovation and interior design works to the lobby and facade of DSH for RM10.5m; as well as design, build and commissioning works to levels 8 and 9 (Premier Ward) at DSH2 for RM21.5m. *(The Star)*

Upcoming key economic data releases	Date
US – Q12025 GDP Growth (QoQ)	Jun 26
US – May's Core PCE (MoM)	Jun 27
<i>Source: Bloomberg</i>	

## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	1.11	0.15	13.78



Amway (M)	Consumer	5.07	0.47	9.27
British American Tobacco (M)	Consumer	6.21	0.54	8.70
Sentral REIT	REIT	0.78	0.06	8.26
YTL Hospital REIT	REIT	1.04	0.08	7.98
REXIT	Technology	0.63	0.05	7.94
KIP REIT	REIT	0.87	0.07	7.75
Hektar REITS	REIT	0.49	0.04	7.63
CapitaLand Malaysia Trust	REIT	0.64	0.05	7.56
Paramount Corporation	Property	1.03	0.07	7.28
MBM Resources	Consumer	5.43	0.39	7.24
Taliworks Corporation	Utilities	0.70	0.05	7.14
MAG Holdings	Consumer	1.23	0.08	6.67
Magnum	Consumer	1.23	0.08	6.67
Ta Ann Holdings	Plantation	3.92	0.26	6.58

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		
<a href="#">Cuckoo International (Mal) Bhd</a>	Main Market	1.29	143.3	222.1	5 Jun	24 Jun
Pan Merchant Bhd	ACE Market	0.27	232.2	18.0	17 Jun	26 Jun
Arrow Systems Group Berhad	ACE Market	0.17	128.3	53.5	19 Jun	02 Jul
PMCK Group Berhad	ACE Market	0.22	272.6	32.7	25 Jun	09 July

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