



# Daily Newswatch

## Market Review

The FBMKLCI closed higher last Thursday, extending its winning streak and capping the shortened trading week with a solid 1.7% gain. The benchmark index tracked regional momentum amid improved risk sentiment, driven by renewed optimism over potential shifts in U.S. monetary policy. Market sentiment was buoyed by President Trump's latest comments, which hinted at the possible replacement of Federal Reserve Chair Jerome Powell with a candidate perceived to be more dovish on interest rates. The remarks further fuelled investor expectations for a pivot in the Fed's policy stance, with growing anticipation of earlier and more aggressive rate cuts. Among the key constituents, YTL (+6.1%) led the gains, followed closely by YTLP (+5.4%) and PETCHEM (+5.2%). Between the sectors, Technology (+1.6%) emerged as the top outperformer, while Utilities (+1.4%) and Plantation (+1.4%) also posted notable gains. The overall market breath turned positive with 445 gainers outpaced 376 losers.

Asian equities ended the week mixed as markets weighed macroeconomic concerns against improving geopolitical signals. Across the region, investor appetite found some support from geopolitical de-escalation, with the ceasefire between Iran and Israel holding. Meanwhile, softer U.S. economic data raised hopes of a potential interest rate cut, helping cushion downside pressure. Near term, market focus will likely turn to upcoming economic releases and the potential for further trade developments, particularly following President Trump's indication of an imminent major deal with India. The SHANGHAI CI fell 0.7% to close at 3,424.2, pressured by weaker domestic data showing industrial profits declined 9.1% YoY in the first five months of the year. The contraction highlighted ongoing deflationary trends and the continued drag from China's troubled property sector, reinforcing concerns over the sustainability of the country's economic recovery. HSI slipped 0.2% to 24,284.2.

European stocks closed higher on Friday as trade tensions eased after United States struck a deal with China to expedite rate earth shipments. The deal marks a significant step towards resolving the ongoing trade war between the world's two largest economies. Beijing said Washington would lift "restrictive measures" while Beijing would "review and approve" items under export controls. Easing concerns about Middle East tensions contributed as well to markets' positive move. EURO STOXX 50 surged 1.6% to 5,325.6.

After moving sharply higher early in the session, stocks saw considerable volatility over the course of the trading day on Friday. The major averages showed wild swings as the day progressed, although the S&P 500 and the Nasdaq still managed to end the day at new record closing highs. The DOW jumped 1.0% at 43,819.3, the NASDAQ climbed 0.5% to 20,273.5 and the S&P 500 rose 0.5% to 6,173.1. Optimism about new trade deals contributed to the early rally on Wall Street after President Donald Trump indicated the U.S. had signed an agreement with China. A White House official later clarified that the U.S. and China have agreed to "an additional understanding of a framework to implement the Geneva agreement." A spokesperson for China's Ministry of Commerce subsequently said the two sides have "confirmed the details of the framework." The spokesperson said Washington would lift "restrictive measures," while Beijing would "review and approve" items under export controls.

## Macro Snapshots

- US:** Trump cuts off trade talks with Canada, shattering optimism over tariff deals
- US:** Fed says banks withstand economic downturn, clears way for dividend hikes
- US:** Consumer spending drops in May, price pressures remain muted
- US; EU:** Confident reaching tariff deal by July deadline, Bloomberg reports
- EU:** Pacific alliance would not replace WTO, EU officials say

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,528.2	0.6	(7.0)
Dow Jones	43,819.3	1.0	3.0
Nasdaq CI	20,273.5	0.5	5.0
S&P 500	6,173.1	0.5	5.0
SX5E	5,325.6	1.6	8.8
FTSE 100	8,798.9	0.7	7.7
Nikkei 225	40,150.8	1.4	0.6
Shanghai CI	3,424.2	(0.7)	2.2
HSI	24,284.2	(0.2)	21.1
STI	3,966.2	0.7	4.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,901.3	(7.9)
Value traded (RM m)	2,227.8	(1.7)
Gainers	445	
Losers	376	
Unchanged	590	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TANCO	0.930	0.0	44.0
RL	0.205	(8.9)	38.0
YTL	2.270	6.1	36.2
GOCEAN	0.090	(21.7)	35.2
SNS	0.545	(2.7)	32.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAYBANK	9.810	0.2	134.4
TENAGA	14.260	0.1	128.3
YTLPOWR	3.900	5.4	96.7
GAMUDA	4.650	(0.9)	90.2
YTL	2.270	6.1	81.2

Currencies	Last Close	% Chg
USD/MYR	4.233	0.1
USD/JPY	144.440	0.1
EUR/USD	1.173	0.1
USD/CNY	7.173	(0.1)
US Dollar Index	97.176	(0.2)

Commodities	Last Close	% Chg
Brent (USD/barrel)	67.3	(0.6)
Gold (USD/troy oz)	3,269.2	(0.2)
CPO (MYR/metric t)	3,986.0	1.2
Bitcoin (USD/BTC)	108,211.4	0.7



- **MY:** ACCCIM renews call for SST expansion delay, says eleventh-hour relief measures fall short

### Corporate Snapshots

- **Alliance Bank:** Expands SME support with new business pitch film, conference
- **SCIB:** Plans 1-for-1 rights issue with warrants, share capital reduction
- **Destini:** Secures RM71m maintenance, repair and overhaul contract for KTM's electric trains
- **Yong Tai:** Buys Sabah property developer for RM15m
- **Sumi Saujana:** Wins five-year job from Sarawak Shell for deepwater gas project in Bintulu
- **Destini:** Bags sub-contract works from SMH Rail for MRT 1 project
- **Eduspec:** Wins RM40m 5G-enabling products testing job, exits gaming business
- **Jati Tinggi:** Wins RM54.2m cable installation job

### Macro News

#### **US: Trump cuts off US trade talks with Canada, shattering optimism over tariff deals**

US President Donald Trump abruptly cut off trade talks with Canada on Friday over its tax targeting US technology firms, saying that it was a "blatant attack" and that he would set a new tariff rate on Canadian goods within the next week. The move plunges US-Canada relations back into chaos after a period of relative calm that included a cordial G7 meeting in mid-June where Trump and Canadian Prime Minister Mark Carney agreed to wrap up a new economic agreement within 30 days. It also came just hours after US Treasury Secretary Scott Bessent struck an upbeat tone on trade, touting progress had been made with China on reviving the flow of critical minerals for the US manufacturing sector and in other key tariff negotiations. The often-chaotic rollout of Trump's import levies since his return to office this year has frequently whipsawed financial markets, and have begun to weigh on consumer spending, the bedrock of the US economy. (*Bloomberg*)

#### **MY: ACCCIM renews call for SST expansion delay, says eleventh-hour relief measures fall short**

With just days to go before the expanded sales and service tax (SST) comes into effect, the Associated Chinese Chambers of Commerce and Industry of Malaysia has renewed its call for the government to defer its implementation to January 2026, citing ongoing uncertainties and the need for more preparation time. In a statement on Saturday, ACCCIM said it "cautiously welcomed" the government's latest review of the SST, announced on June 27, which includes some revisions aligned with the chamber's earlier feedback. These include exemptions for selected fruits, a higher registration threshold for rental and leasing services and financial services, as well as exemptions for certain beauty services. However, the chamber said more needs to be done to mitigate the impact on small and medium enterprises and the broader business community. ACCCIM reiterated its earlier proposal to roll out the expanded SST in January 2026 with a reduced rate of 4% for the first two years, and a higher registration threshold of RM3m for rental, leasing and construction services. It also urged for an exemption threshold of RM2m in annual sales for SME tenants, and a longer 36-month exemption period for contracts already in place. (*The Edge*)

#### **EU: Pacific alliance would not replace WTO, EU officials say**

The European Union's plan to cooperate with Pacific Rim countries would aim to overcome some of the difficulties of the World Trade Organization, but would not seek to replace it, EU officials said on Friday. The WTO is struggling for relevance as geopolitical tensions rise and the US imposes unilateral tariffs, flouting its WTO commitments. European Commission President Ursula von der Leyen told reporters late on Thursday that "structured cooperation" with the 12-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, could be thought about "as a beginning of redesigning the WTO". German Chancellor Friedrich Merz went further, saying the new trade grouping could gradually replace the WTO. On Friday, however, EU officials said the plan did not entail setting up a rival to the WTO. Instead, the Commission said cooperation with the CPTPP was a way to advance a modern, rules-based trading system when the WTO urgently needs reform. (*Reuters*)

#### **US: Fed says banks can withstand economic downturn, clears way for dividend hikes**

Twenty-two of the largest banks in the US are well-positioned to weather a hypothetical severe economic downturn and continue lending, with firms maintaining robust capital levels even after suffering hundreds of billions of dollars in losses, the Federal Reserve reported on Friday. The results of the US central bank's annual "stress test" of large banks' finances found firms remain resilient in the face of a potential recession, a spike in unemployment, and market turmoil. The optimistic showing could lead to banks upping how much excess capital they plan to distribute to shareholders via dividends or stock buybacks. In aggregate, the test found the banks suffered losses of more than US\$550bn (RM2.3tn) in the Fed's scenario, which drove down their capital levels by 1.8 percentage points. But even then, firms retained



more than twice the minimum level of capital required by regulations. (*Bloomberg*)

#### **US; EU: Confident reaching tariff deal by July deadline, Bloomberg reports**

The European Union and the US believe they can clinch some form of a trade agreement before a July 9 deadline, when Washington is set to impose a 50% tariff on nearly all EU products and the bloc plans to unleash its own series of countermeasures. European Commission President Ursula von der Leyen told EU leaders behind closed doors at a Thursday summit that she was confident a deal could be reached before the deadline to avoid an economically damaging escalation, according to people familiar with the matter. Von der Leyen said that the Trump administration had shared a new proposal this week. During the discussion, there was a shift in tone among the leaders, many of whom said they were ready to accept some degree of imbalance in a trade deal to avoid an escalation, said the people, who spoke on the condition of anonymity. US Commerce Secretary Howard Lutnick echoed von der Leyen's comments in a Thursday interview with *Bloomberg TV*, saying that the EU had picked up the pace of the negotiations in recent weeks, laying out the groundwork for an accord. (*Bloomberg*)

#### **US: Consumer spending drops in May, price pressures remain muted**

US consumer spending declined in May by the most since the start of the year, indicating elevated uncertainty around the Trump administration's economic policies is increasingly weighing on the outlook for growth. Personal consumption expenditures (PCE) fell 0.3% after adjusting for inflation, according to Bureau of Economic Analysis figures published Friday. The Federal Reserve's (Fed) preferred inflation gauge, the PCE price index minus food and energy, rose 0.2% — slightly more than expected, though still consistent with limited price pressures. The decline in spending, which was broad-based, coincides with depressed consumer sentiment this year in response to President Donald Trump's unpredictable trade policy. Inflation has been muted so far in 2025, though many economists expect that it will pick up in the next few months as businesses increasingly pass higher import duties on to households. The latest figures suggest sluggish household demand, especially for services, extended into May after the weakest quarter for personal consumption since the onset of the pandemic. Spending on transportation services, meals out and accommodation, financial services, and other services — a category that includes net foreign travel — all fell last month. (*Bloomberg*)

## **Corporate News**

#### **Alliance Bank: Expands SME support with new business pitch film, conference**

Alliance Bank Malaysia Bhd announced two new SME-focused initiatives on Thursday under its BizSmart® platform, with the aim to support Malaysia's small and medium enterprise (SME) sector through a broader, ecosystem-driven approach. The initiatives come in the form of a feature-length film entitled "The Ultimate Elevator Pitch" that focused on the contestants who took part in the 2024 edition of the BizSmart® Challenge, and an upcoming conference, titled BizSmart® Business Conference, to be held here on Oct 7. "The movie is Malaysia's first feature-length SME business pitch film that invites the public to witness the grit, vulnerability, and determination behind Malaysia's SME founders," said Alliance Bank Group CEO Kellee Kam. "It's a portrait of resilience and ambition — and a celebration of the changemakers building our future." Produced in collaboration with local creative agency Ampersand Advisory, the film aims to highlight the realities of entrepreneurship while providing greater visibility to early-stage companies. The film will premiere on iQIYI on July 18. (*The Edge*)

#### **SCIB: Plans 1-for-1 rights issue with warrants, share capital reduction**

Sarawak Consolidated Industries Bhd has proposed a rights issue to raise up to RM53.5m, and a share capital reduction to offset RM110m in accumulated losses. The rights shares will be offered at seven sen each, on the basis of one new share together with one warrant for every one existing share held, the group said in a bourse filing. It involves a maximum of 763.6m rights shares and a similar number of warrants. SCIB executive chairman and major shareholder Datuk Chong Loong Men has committed to subscribing to 143m rights shares, amounting to RM10m, the group said. Chong recently emerged as a substantial shareholder in SCIB, holding a 5.8% stake after acquiring 40.5m shares from businessman Keh Chuan Seng via an off-market transaction on June 11. The shares were transacted at 28 sen apiece, totalling RM11.4m, representing a steep premium of over 51% compared to SCIB's last traded price of 18.5 sen on June 11. (*The Edge*)

#### **Destini: Secures RM71 mil maintenance, repair and overhaul contract for KTM's electric trains**

Destini Bhd announced that its 70%-owned subsidiary has been awarded a RM71m contract by the Ministry of Transport. The contract is for maintenance, repair, and overhaul (MRO) services for nine electric train sets. The agreement covers Level 3 MRO for the Class 93/2 electric train sets, which are currently operated by Keretapi Tanah Melayu Bhd (KTMB). The job was awarded to its unit, M Rail Technics Sdn Bhd, said Destini in a statement Thursday (June 26). This 24-month engagement, which is set to run from July 2025 to June 2027, covers train sets that are in service and have reached the 850,000km threshold. M Rail Technics had previously secured Level 4 MRO works for ten Class 93/2 electric train sets in 2022. Destini's executive director Ismail Mustaffa said the latest contract reinforces Destini's role as a key contributor to Malaysia's rail industry, showcasing its technical expertise and commitment to advancing local rail infrastructure. M Rail Technic's "involvement delivering high-quality MRO services supports national objectives to localise rail maintenance and strengthen domestic rail capabilities," he said. (*The Edge*)

#### **Yong Tai: Buys Sabah property developer for RM15m**



Yong Tai Bhd is acquiring Sabah-based property developer Sumberjaya Builders Sdn Bhd for RM15m , as it aims to tap into development opportunities in Lahad Datu and Tawau. According to its bourse filing, Sumberjaya has entered into two separate joint development agreements with landowners for 11.9 acres in Lahad Datu and 15.3 acres in Tawau. Under the agreements, the landowners will receive their entitlement in the form of property units upon project completion. Both land parcels are strategically located within mixed-use developments comprising residential and commercial properties, with existing infrastructure, road access and public amenities. Given the short development cycle of three to five years, Yong Tai said the additional revenue from these projects is expected to enhance its profitability and improve shareholder returns. *(The Edge)*

**Sumi Saujana: Wins five-year job from Sarawak Shell for deepwater gas project in Bintulu**

Sumi Saujana Group Bhd said on Thursday that it has received a work order from Sarawak Shell Bhd for the provision of specialised chemicals and associated services. In a filing with Bursa Malaysia, the specialty chemicals firm said its wholly owned subsidiary, Sumi Saujana TCM Chemicals Sdn Bhd (SSTCM) accepted the letter of award on May 7 for services related to the Rosmari & Marjoram deepwater project in Bintulu, Sarawak. According to Sumi Saujana, the Rosmari & Marjoram project is a deepwater sour gas development to be operated by Sarawak Shell, with key partners including Petronas Carigali Sdn Bhd, France's TotalEnergies SE, and E&P Venture Malaysia Sdn Bhd. The large-scale project involves the construction of a deepwater subsea facility, a remotely operated offshore platform, and an onshore gas plant. Under the contract, SSTCM will deliver a comprehensive solution package that includes the supply of specialty chemicals, manpower, logistics, and technical support. *(The Star)*

**Eduspec: Wins RM40m 5G-enabling products testing job, exits gaming business**

Eduspec Holdings Bhd has secured a RM40m contract from EG Industries Bhd to test 5G optical modules and related products. The one-year deal, which started on April 1, was awarded to Eduspec's unit, Eduspec Technology Sdn Bhd, by EG's subsidiary, SMT Technologies Sdn Bhd. In a filing with the bourse, Eduspec said its unit will carry out tests on items like 5G circuit boards, WiFi routers, and wireless access devices. The project will be funded using internal funds and possibly a future fundraising. *(The Star)*

**Jati Tinggi: Wins RM54.2m cable installation job**

Jati Tinggi Group Bhd on Thursday announced that it has secured a RM54.2m contract for cable installation work at a substation in Taman Melawati. The scope of work includes the supply and installation of power cables and fibre optic cables, as well as jointing, termination, testing, commissioning and all ancillary works, according to its bourse filing. The 22-month contract was awarded to the group's wholly-owned subsidiary Jati Tinggi Holding Sdn Bhd by Worktime Engineering Sdn Bhd. *(The Star)*

Upcoming key economic data releases	Date
CN – Manufacturing PMI	Jun 29
UK – GDP Q1	Jun 30
EU – German CPI	Jun 30
US – Chicago PMI (June)	Jun 30
EU – Euruzone CPI (June)	July 1
US – ISM Manufacturing PMI (June)	July 1
US – ADP Nonfarm Employment Change (June)	July 2
US – Nonfarm Payrolls (June)	July 3
<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		
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
A1 A.K. Koh Group Berhad	ACE Market	0.25	109.2	109.2	30 Jun	11 July
ICents Group Holdings Berhad	ACE Market	0.24	112.5	30.0	02 July	17 July
Enproserve Group Berhad	ACE Market	0.24	210.0	105.0	08 July	18 July
Oxford Innotech Berhad	ACE Market	0.29	143.5	50.0	16 July	29 July



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