



Daily Newswatch

Market Review

The FBMKLCI began the week on a softer footing ((0.8%) on Monday, retreating amid renewed investor caution as markets await the Trump administration's final decision on trade deals ahead of the 9 July tariff deadline. Trade tensions have resurfaced, with President Donald Trump reaffirming his intention to impose unilateral tariffs on a broad swathe of countries. This has reignited uncertainty across global markets, dampening sentiment and triggering a risk-off tone. Notably, the CBOE Volatility Index (VIX) climbed 2% to 17.9, reflecting a resurgence in market volatility. For context, the VIX had previously spiked to 52.3 in April when the Trump administration initiated its "reciprocal tariffs" before subsequently delaying their implementation. Among the key constituents, YTLP (-5.1%) led the losses, followed closely by PCHEM (-2.9%) and GAMUDA (-2.8%). Between the sectors, Technology (-2.1%) emerged as the worst performer, while Construction (-1.9%) and Property (-0.1%) also ended it the red. The overall market breath turned negative with 270 gainers and 541 losers.

Trade tariff related jitters swayed sentiment in Asian markets on Monday. Trump's warnings of tariffs against countries aligning with BRICS policies spooked sentiment. Relief at the extension of the tariff deadline from July 9 to August 1 however supported sentiment. SHANGHAI CI end up with 3,473.1. Nikkei 225 slipped 0.6% to close at 39,587.0. HSI slipped 0.3% from the previous close to finish trading at 23,852.0.

The major European markets closed mixed on Monday, mired in uncertainty over U.S. trade policies after the Trump administration indicated the deadline for imposing new tariffs on U.S. trade partners has been extended until August 1st. With the new tariffs expected to be imposed on Wednesday, the delay has led to some anxiety among investors, who generally seek clarity. EURO STOXX 50 jumped 1.0% to finish at 5,341.5.

US stocks moved sharply lower during trading on Monday, giving back ground after moving sharply higher over the past several sessions. The DOW tumbled 0.9% to 44,406.4, the NASDAQ slumped 0.9% to 20,412.5 and the S&P 500 slid 0.8% to 6,230.0. Stocks rallied last Thursday following the release of stronger than expected jobs data, lifting the NASDAQ and the S&P 500 to new record closing highs. Further selling pressure was generated in afternoon trading after Trump shared screen shots on Truth Social of letter sent to various world leaders about new tariffs set to be imposed on August 1st. Imports from Japan, South Korea, Malaysia and Kazakhstan are now set to face 25% tariffs, according to the letters Trump posted. South African imports will be subject to a 30% tariff, while imports from Laos and Myanmar will face a 40% tariff, Trump's letters showed.

Macro Snapshots

- US:** Trump threatens extra 10% tariffs on BRICS as leaders meet in Brazil
- VN:** Imposes anti-dumping tariff on hot-rolled steel from China
- CN:** Calls grow for China's household sector to be bigger economic driver
- JP:** Real wages fall most since 2023 in headache for Ishiba
- MY:** WTO reform needed to safeguard fair policy space of developing countries
- CN:** Considers doubling southbound bond connect to US\$139bn

Corporate Snapshots

- OSK:** Expands into motorcycle financing via RM16.5m acquisition
- NexG:** Bags four contracts from the Home Ministry
- Lotte Chemical Titan:** Subsidiaries sign RM12.7bn ethylene supply agreement
- Sime Darby Property :** To extend £10m loan for Battersea project

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,537.5	(0.8)	(6.4)
Dow Jones	44,406.4	(0.9)	4.4
Nasdaq CI	20,412.5	(0.9)	5.7
S&P 500	6,230.0	(0.8)	5.9
SX5E	5,341.5	1.0	9.1
FTSE 100	8,806.5	(0.2)	7.8
Nikkei 225	39,587.7	(0.6)	(0.8)
Shanghai CI	3,473.1	0.0	3.6
HSI	23,887.8	(0.1)	19.1
STI	4,031.9	0.5	6.4

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,571.2	4.2
Value traded (RM m)	2,499.1	1.1
Gainers	270	
Losers	541	
Unchanged	600	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
NEXG	0.420	5.0	89.0
NATGATE	1.630	(8.4)	80.7
ZETRIX	0.950	(4.5)	58.1
TANCO	0.895	0.6	46.2
GAMUDA	4.960	(2.7)	46.1

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MSNIAGA	1.460	2.1	0.1
EVD	0.060	0.0	0.0
KYM	0.295	(4.8)	0.0
KPSCB	0.590	0.0	0.1
ASTEEL	0.070	7.7	0.0

Currencies	Last Close	% Chg
USD/MYR	4.236	(0.3)
USD/JPY	145.950	0.1
EUR/USD	1.174	0.2
USD/CNY	7.176	(0.1)
US Dollar Index	97.480	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	69.6	1.9
Gold (USD/troy oz)	3,336.2	(0.0)
CPO (MYR/metric t)	4,010.0	0.4
Bitcoin (USD/BTC)	108,269.2	0.3



Macro News

US: Trump threatens extra 10% tariffs on BRICS as leaders meet in Brazil

President Donald Trump said the US will impose an additional 10% tariff on any countries aligning themselves with the "Anti-American policies" of the BRICS group of developing nations, whose leaders kicked off a summit in Brazil on Sunday. With forums such as the G7 and G20 groups of major economies hamstrung by divisions and the disruptive "America First" approach of the US president, the BRICS is presenting itself as a haven for multilateral diplomacy amid violent conflicts and trade wars. In a joint statement from the opening of the BRICS summit in Rio de Janeiro released on Sunday afternoon, the group warned the rise in tariffs threatened global trade, continuing its veiled criticism of Trump's tariff policies. Hours later, Trump warned he would punish countries seeking to join with the grouping. "Any Country aligning themselves with the Anti-American policies of BRICS, will be charged an ADDITIONAL 10% Tariff. There will be no exceptions to this policy. Thank you for your attention to this matter!" Trump said in a post on Truth Social. *(Bloomberg)*

VN: Imposes anti-dumping tariff on hot-rolled steel from China

Vietnam has imposed an anti-dumping levy of up to 27.8% on some hot-rolled coil steel products originating from China after a similar temporary tariff expired, the trade ministry said on Monday. The tariff took effect from July 6 and will be in place for five years, the ministry said in a statement. In March, the ministry imposed a similar temporary anti-dumping levy that lasted for 120 days. Among the companies hit by the 27.8% duties are Baoshan Iron & Steel and Maanshan Iron & Steel. Guangxi Liuzhou Iron and Steel Group will also face duties of 23.1%, higher than the 19.4% rate imposed in March, according to the statement. "Domestic production suffered significant damage," it said. "There is a correlation between the dumped imports from China and damage to the domestic sector." Vietnam launched an anti-dumping investigation last July following complaints from Vietnamese producers. *(Reuters)*

CN: Calls grow for China's household sector to be bigger economic driver

Chinese government advisers are stepping up calls to make the household sector's contribution to broader economic growth a top priority at Beijing's upcoming five-year policy plan, as trade tensions and deflation threaten the outlook. Leaders are gathering proposals for their 15th five-year plan, a voluminous document that lays out priorities up to 2030. The plan is expected to be endorsed at a December Communist Party conference and approved by parliament in March. Policy advisers told *Reuters* while they expect the document will elevate household consumption to a top goal in principle, it is likely to stop short of laying out an explicit target. Household consumption currently accounts for 40% of gross domestic product — some advisers propose China should aim for 50% over the next two five-year cycles. *(Bloomberg)*

JP: Real wages fall most since 2023 in headache for Ishiba

Japanese workers' real wages dropped by the most since September 2023 as inflation continued to outpace salary growth, posing a growing problem for Prime Minister Shigeru Ishiba ahead of a key election taking place in about two weeks. Real wages declined 2.9% from a year earlier in May, compared to economists' consensus call of a 1.7% fall, the labour ministry reported Monday. Nominal wages rose 1% from the previous year, limited by smaller bonuses, and climbed at a much slower pace than economists expected. While the drop in real wages shows the pain being felt by voters heading into the election on July 20, the strength in underlying wage trends keeps the Bank of Japan on a path of mulling further interest rate hikes. The sharp drop in real wages highlights the persistent strength of inflation and presents a headache for the minority ruling coalition ahead of the upcoming upper house election. With prices rise faster than wages, public frustration has grown, pressuring political leaders to come up with more convincing strategies to alleviate the cost-of-living squeeze. *(Reuters)*

MY: WTO reform needed to safeguard fair policy space of developing countries - Anwar

Malaysia fully supports a comprehensive reform of the World Trade Organisation (WTO), said Malaysian Prime Minister Datuk Seri Anwar Ibrahim. He said there is a need to breathe new life into the organisation, so it can better navigate issues such as artificial intelligence (AI), digital trade, and climate policy in the future. "(This should be done) without restricting the fair policy space of developing countries," he said after meeting with WTO director general Dr Ngozi Okonjo-Iweala here on Sunday (Monday, July 7, in Malaysia). The meeting in Brazil's second-largest city was held to discuss the organisation's role in addressing current global trade challenges. "I reaffirmed Malaysia's commitment to multilateralism and the need for the WTO to remain inclusive, effective, and responsive," he added. Anwar and Okonjo-Iweala are in Rio de Janeiro to attend the 17th BRICS Leaders' Summit. *(Bernama)*

CN: Considers doubling southbound bond connect to US\$139bn

China is considering doubling an investment channel local investors use to buy bonds overseas, according to people familiar with the matter, a major step in its efforts to loosen restrictions on financial flows. Regulators in the country have held early talks about expanding the so-called Southbound Bond Connect program to as much as RMB1tn, said the people. The expansion would be through an up-to-RMB500bn annual quota to non-bank financial institutions, which are currently left out of the trading link. Any such move would allow onshore firms to ramp up their exposure to international bonds that are tradeable through Hong Kong's stock exchange, including those denominated in dollars. The country's biggest mutual funds would be among the firms eligible for the new quota, the people said. No final decisions have been taken and any eventual plan would need approval from relevant regulators, the people said. *(Bloomberg)*

Corporate News

OSK: Expands into motorcycle financing via RM16.5m acquisition

OSK Holdings Bhd said it is acquiring a hire purchase financing company for RM16.5m in cash, to expand into motorcycle financing. In a bourse filing on Monday, OSK said the acquisition of Wilayah Credit Sdn Bhd, a wholly-owned unit of Platinum Moment Sdn Bhd, aligns with its objective to diversify its consumer financing portfolio. Upon completion of the acquisition, OSK will also sell three excluded real estate properties located in Kuala Lumpur back to Platinum Moment for RM12.6m. The deal is expected to conclude in the third quarter of 2025, the company said. (*The Edge*)

NexG: Bags four contracts from the Home Ministry

NexG Bhd, formerly known as Datasonic Group Bhd, has secured four contract extensions from the Home Ministry, two of which carry a combined value of RM45.5m, while the remaining two are time-only extensions with no additional contract value. In a filing with Bursa Malaysia, the group said its wholly-owned subsidiary Datasonic Technologies Sdn Bhd accepted the letters of extension (LOE) dated July 2, involving continued supply and maintenance services for the National Registration Department (JPN) and the Immigration Department. A six-month extension until May 31, 2026, was awarded for the supply of MyKad, MyTentera and MyPOCA raw cards and consumables to JPN, with a third ceiling contract value of RM29.7m. This brings the total contract value, first awarded in January 2024, to RM146m. Another extension worth RM15.8m covers 14 months of comprehensive maintenance services for card personalisation centres at JPN, running from Dec 1, 2025 to Jan 31, 2027. (*The Edge*)

Lotte Chemical Titan: Subsidiaries sign RM12.7bn ethylene supply agreement

Lotte Chemical Titan Holding Bhd's indirect subsidiary PT Lotte Chemical Titan Nusantara (LCTN) has entered into an agreement to buy ethylene worth RM12.7bn for 10 years from another LCTH subsidiary PT Lotte Chemical Indonesia (LCI). LCTH said LCTN, which makes upstream petrochemical products, is buying ethylene as feedstock for LCTN to produce polyethylene products as part of its ordinary course of business. LCTN is an indirect 92.5 per cent-owned subsidiary of LCTH while LCI is a 51 per cent-owned subsidiary. The proposed transaction is deemed as a recurrent related party transaction. "The annual quantity to be purchased by LCTN will be 350,000 metric tonnes where the quantity of ethylene to be purchased will be equal to a quantity of ethylene that is a prorated quantity of the annual volume over 12 months," LCTH said in a filing with Bursa Malaysia today. (*The Edge*)

Sime Darby Property : To extend £10m loan for Battersea project

Sime Darby Property Bhd (SDP), via its wholly-owned subsidiary, Sime Darby Property (Hong Kong) Ltd (SDPHK) has entered into an interest bearing loan agreement to provide shareholders' advances of £10m (RM58m) to Battersea Project Holding Co Ltd (BPHCL). BPHCL is a joint venture where SDPHK owns a 40% equity interest. BPHCL is the holding company for the Battersea Power Station development in London, United Kingdom (UK). In a filing with Bursa Malaysia, SDP said the shareholders' advances will be used to fund BPHCL's future phases of the Battersea Power Station development. "The shareholders' advances have a tenure of five years. Interest shall be charged based on Sterling Overnight Index Average rate plus 1.5% per annum." SDP said the shareholders' advances will be funded via the company's existing financing facilities. (*The Edge*)

Upcoming key economic data releases	Date
US – FOMC Minutes	July 10
US – Core inflation rate (June)	July 15
US – Inflation rate (June)	July 15
US – PPI (June)	July 16
EU – ECB Interest rate decision	July 24
<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		
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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