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Daily Newswatch

Market Review

The FBMKLCI registered a marginal decline for the second consecutive session, underscoring a risk-averse market posture amid divergent sectoral performances. The release of June's Consumer Price Index by the Department of Statistics Malaysia offered a temporary reprieve, with headline inflation moderating further to 1.1% year-on- year from 1.2% in May, softest print in 2025. This disinflationary trend provided a tailwind for consumer-oriented equities, particularly within retail trade and consumer discretionary segments, as market participants priced in the prospect of sustained household consumption despite persistent fiscal uncertainties surrounding the expansion of the Sales and Service Tax (SST) and a lacklustre external demand environment. Among the key index constituents, KLK (-2.4%) was the most underperformed, while PPB (-1.9%) and PMETAL (-1.9%) also closed lower. Sector-wise, Construction (-1.2%) was most underperforming sector and followed by Technology (-0.8%) and Property (-0.6%). The broader market breadth turned bearish with 591 laggards outpacing 412 gainers.

Asian shares turned in a mixed performance on Tuesday as trade tensions persisted and investors waited for clues on how companies are withstanding tariffs. SHANGHAI CI rose 0.6% to 3,581.9, climbing to an eight-month high. HSI ended up 0.5% at 25,130.0.

European stocks closed weak on Tuesday, extending previous session's losses, amid growing uncertainty over U.S.- EU trade talks, and some disappointing earnings updates. Investors were largely cautious, assessing the possible move of the U.S. and the European Union in the event of the ongoing trade negotiations failing to result in any meaningful solution to the tariff issues. The European Union is reportedly preparing to respond with a suite of retaliatory measures under its Anti-Coercion Instrument (ACI) following U.S. President Donald Trump's threat to impose a 30% tariff on EU goods from 1 August. Elsewhere, the prospect of an interim trade deal between the U.S. and India before the August 1 deadline have dimmed due to persistent disagreements over key agricultural and dairy products. The EURO STOXX 50 closed down 1.0% to 5,290.5.

After coming under pressure early in the session, stocks regained ground over the course of the trading day on Tuesday. While the tech-heavy NASDAQ fell 0.4% to 20,892.7, the S&P 500 inched up 0.1% to 6,309.6 and the DOW climbed 0.4% to 44,502.4. Profit taking contributed to the initial weakness on Wall Street after the NASDAQ and the S&P 500 ended the previous session at record closing highs, with a negative reaction to some of the latest earnings news also weighing on the markets. Shares of General Motors (GM) plunged by 8.1% after the automaker reported second quarter earnings that exceeded analyst estimates but were down sharply year-over-year. Leading global security, defence and aerospace contractor Lockheed Martin (LMT) also tumbled by 10.8% after reporting weaker than expected second quarter revenues. Overall trading activity was somewhat subdued, however, with a lack of major U.S. economic data keeping some investors on the sidelines. Investors were also looking ahead to the release of quarterly results from Google parent Alphabet (GOOGL) and electric car maker Tesla (TSLA) after the close of trading on Wednesday.

Macro Snapshots

- **US:** Trump targeting trade loopholes risks 70% of China exports to US
- **US:** Bessent calls for deeper US bank regulatory reforms, scrapping dual capital requirements
- **MY:** Miti to launch iron and steel industry roadmap
- **MY:** Headline inflation eases to four-year low in June as food-at-home prices dip
- **MY:** 20% surge in tourist arrivals in Jan-May 2025, boosted by China, India
- **SK:** Finance minister, trade envoy to hold 2+2 trade talks with US counterparts

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,519.4	(0.3)	(7.5)
Dow Jones	44,502.4	0.4	4.6
Nasdaq CI	20,892.7	(0.4)	8.2
S&P 500	6,309.6	0.1	7.3
SX5E	5,290.5	(1.0)	8.1
FTSE 100	9,023.8	0.1	10.4
Nikkei 225	39,774.9	(0.1)	(0.3)
Shanghai CI	3,581.9	0.6	6.9
HSI	25,130.0	0.5	25.3
STI	4,208.3	0.0	11.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,818.3	(19.5)
Value traded (RM m)	2,048.6	(23.5)
Gainers	591	
Losers	412	
Unchanged	408	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZETRIX	0.925	(1.1)	85.0
TANCO	0.910	0.6	49.3
NEXG	0.505	0.0	44.1
PHARMA	0.215	(2.3)	29.8
ICENTS	0.400	6.7	28.3

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
SUNCON	5.330	(2.9)	136.8
MAYBANK	9.530	0.1	126.9
CIMB	6.550	0.5	97.8
ZETRIX	0.925	(1.1)	79.0
TENAGA	13.780	0.0	78.4

Currencies	Last Close	% Chg
USD/MYR	4.234	0.0
USD/JPY	146.630	0.0
EUR/USD	1.175	(0.0)
USD/CNY	7.169	0.0
US Dollar Index	97.392	(0.5)

Commodities	Last Close	% Chg
Brent (USD/barrel)	68.6	(0.9)
Gold (USD/troy oz)	3,428.8	(0.1)
CPO (MYR/metric t)	4,189.0	(0.2)
Bitcoin (USD/BTC)	119,981.3	0.2

Corporate Snapshots

- **UUE Holdings :** Partners Asean Cableship for telecom, infrastructure projects' offshore drilling services in Malaysia, Singapore
- **Pestec:** Sued by ex-CEO, former deputy chairman over alleged unpaid advances days after demotion
- **Tiong Nam:** Building up its asset base for eventual REIT spin-off
- **Pavilion REIT:** 2Q net property income up 8%, but flags margin pressure
- **Tenaga**: Granted judicial review of another RM291m assessment

Macro News

US: Trump targeting trade loopholes risks 70% of China exports to US

US President Donald Trump's effort to target China through its trading partners across global supply chains threatens to erode the country's growth and most of its exports to the US, according to *Bloomberg Economics*. China has increasingly relied on third countries for the manufacturing of final products or components, a trend that accelerated following Trump's first trade war and his imposition of higher restrictions on the world's second-largest economy. China's share of total value-added manufacturing of goods destined for the US through countries including Vietnam and Mexico surged to 22% in 2023 from 14% in 2017, according to *Bloomberg Economics*. If Trump is successful in targeting transshipments via higher levies or supply chain requirements, it would threaten 70% of China's exports to the US and more than 2.1% of the Asian country's gross domestic product, the analysts found. There's a risk of additional economic damage if the restrictions weigh on countries' desire to do business with China, they said. *(Bloomberg)*

US: Bessent calls for deeper US bank regulatory reforms, scrapping dual capital requirements

US Treasury Secretary Scott Bessent on Monday called for deeper reforms of what he called an antiquated financial regulatory system, and said regulators should consider scrapping a "flawed", Biden-era proposal for a dual capital requirement structure for banks. Speaking at the start of a US Federal Reserve regulatory conference, Bessent said excessive capitalisation requirements were imposing unnecessary burdens on financial institutions, reducing lending, hurting growth, and distorting markets by driving lending to the non-bank sector. "We need deeper reforms rooted in a long-term blueprint for innovation, financial stability, and resilient growth," Bessent said in prepared remarks. The Trump administration is pursuing a broad reform agenda, aimed at cutting rules governing financial institutions, including capital requirements, arguing that such actions will boost economic growth and unleash innovation. *(Bloomberg)*

MY: Miti to launch iron and steel industry roadmap

The Ministry of Investment, Trade and Industry (Miti) will launch a roadmap to reform and future-proof Malaysia's iron and steel sector, following the submission of the Independent Steel Committee's (ISC) final report. Deputy Investment, Trade and Industry Minister Liew Chin Tong, who chaired the Malaysia Steel Council (MSC) meeting on Monday (July 21) on behalf of Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz, said the roadmap would incorporate key proposals from the ISC report. "This is the first MSC meeting to convene after the submission of the ISC's final report to Miti. Both the Malaysian Iron and Steel Industry Federation (Misif) and the Malaysia Steel Association (MSA) expressed their appreciation and agreement with the report's findings and recommendations, including the proposed reform of the Malaysia Steel Institute," he said in a statement on Tuesday. *(Bernama)*

MY: Headline inflation eases to four-year low in June as food-at-home prices dip

A sharper drop in food-at-home prices helped ease Malaysia's headline inflation in June, bringing it to the lowest level in more than four years, official data released on Tuesday showed. According to the Department of Statistics Malaysia (DOSM), the consumer price index, Malaysia's main gauge of inflation, rose just 1.1% year-on-year (y-o-y) in June 2025 — slightly lower than May's 1.2% and a Bloomberg survey of economists that had predicted a median 1.2% increase. The moderation was mainly driven by a 0.4% y-o-y decline in the food-at-home category, compared with no change in May. Among the biggest contributors were vegetables (down 7.2%), eggs (down 4.4%) and chicken (down 0.6%). Meanwhile, transport inflation slowed to 0.3% from 0.7% in May, amid a notable 3.4% drop in diesel prices, compared with an increase of 12.4% in the previous month. *(Bernama)*

MY: 20% surge in tourist arrivals in Jan-May 2025, boosted by China, India

Malaysia recorded an over 20% jump in tourist arrivals for the January to May 2025 period, driven by government strategies such as the Visa Liberalisation Plan, targeted industry incentives, and digital and airline-based promotional campaigns. International tourist arrivals during the five months reached 16.9m, compared to 14.07 million in the same period last year, according to the Tourism, Arts and Culture Minister Datuk Seri Tiong King Sing in a written parliamentary reply. Singapore remained the top contributor to Malaysia's international tourist arrivals, with 8.3m visitors — up 26.5% year-on-year (y-o-y). This was followed by Indonesia's 1.8m visitors, up 10.3% y-o-y; China's 1.8m visitors, up 38.8% y-o-y — marking the highest growth rate among key markets; Thailand's 1.1m visitors (increased 5.2%); and India's 664,811 visitors (increased 32.0%). *(The Edge)*

SK: Finance minister, trade envoy to hold 2+2 trade talks with US counterparts

South Korea's new finance minister and the country's top trade envoy will meet with US counterparts on Friday for talks on US tariffs, Finance Minister Koo Yun-cheol said on Tuesday. The country's foreign and industry ministers will also visit the US for trade discussions as early as this week, Koo told reporters after a meeting of economic ministers. Koo took office on Monday. The four officials complete a new team under President Lee Jae Myung, who was sworn in on June 4, after winning a snap election called after his predecessor's ouster for trying to declare martial law. The political turmoil that ensued delayed South Korea's response to US President Donald Trump's punishing tariff regime imposed on dozens of trade partners, including key industrial powerhouses that are also security allies. (*Reuters)*

Corporate News

UUE Holdings : Partners Asean Cableship for telecom, infrastructure projects' offshore drilling services in Malaysia, Singapore

UUE Holdings Bhd has entered a memorandum of understanding (MOU) with Asean Cableship Pte Ltd to provide horizontal directional drilling (HDD) solutions for offshore telecommunications and infrastructure projects in Malaysia and Singapore. In a bourse filing on Tuesday, the underground utilities engineering solutions provider said the agreement was made through its wholly owned subsidiaries, Kum Fatt Engineering Sdn Bhd and Konnection Engineering Pte Ltd. The collaboration involves the exploration of a joint venture focused on the undertaking, developing and delivering of horizontal directional drilling (HDD) solutions for marine projects. Asean Cableship is a submarine cable services provider and specialises in installation, repair and maintenance of submarine cables and is based in Singapore. (*The Edge)*

Pestec: Sued by ex-CEO, former deputy chairman over alleged unpaid advances days after demotion

Pestec International Bhd (KL:PESTEC) has been sued by its former group CEO Paul Lim Pay Chuan and his uncle, former deputy chairman Lim Ah Hock, for a total of RM17.5m in alleged unpaid advances. The suit comes on the heels of the duo's demotion from their previous positions just last Friday by the company, which at the end of last year saw the emergence of Dhaya Maju Infrastructure (Asia) Sdn Bhd (DMIA) as the new controlling shareholder in the engineering outfit. In a filing with Bursa Malaysia on Tuesday, Pestec said it had received a writ of summons and statement of claim dated July 3 from both men. According to the company, Ah Hock is seeking RM11.3m, consisting of RM10.2m in outstanding principal plus accrued interest on the sum from April 1, 2025. Meanwhile, Pay Chuan is claiming RM6.2m, comprising RM6m in principal and further interest at the rate of 8.4% per annum on the outstanding principal sum from April 1 until full settlement. (*The Edge)*

Tiong Nam: Building up its asset base for eventual REIT spin-off

TIONG Nam Logistics Holdings Bhd is finding it harder to purchase strategic land parcels to build logistics and warehousing facilities, especially in Johor, which has seen an influx of investments from data centre developers over the last three years, says executive director Victor Ong when met at the group's headquarters in Johor Bahru (JB). He adds that Tiong Nam is also facing rising development costs. These circumstances have thrown a spanner in the works for Tiong Nam's long talked-about real estate investment trust (REIT) spin-off. "We bought the last piece [of land] inside the [Port of Tanjung Pelepas in Johor]. Now we have to go further and further away [for suitable parcels]. Construction [costs, including land cost] now is RM300 psf. It used to be RM180," laments Victor. Victor, 44, is the son of Ong Yoong Nyock, founder and largest shareholder of Tiong Nam with a 53.4% stake. *(The Edge)*

Pavilion REIT: 2Q net property income up 8%, but flags margin pressure

Pavilion Real Estate Investment Trust or Pavilion REIT on Wednesday cautioned that its operating margins may come under pressure moving forward due to higher service taxes on commercial rentals, minimum wage hikes and subsidy rationalisation. "Businesses in the retail industry adopt a cautious stand, given that cost pressures remain elevated. The manager will continue its proactive management of Pavilion REIT's investment properties to give its unitholders steady distributions," Pavilion REIT said in a filing with the stock exchange. Pavilion REIT's net property income (NPI) rose 8.2% to RM129.8m in the second quarter ended June 30, 2025 (2QFY2025), compared with RM120m last year, thanks to higher contributions from Pavilion Bukit Jalil and advertising revenue from Elite Pavilion Mall. Revenue for the quarter rose 6% to RM213.3m from RM201.3m a year ago, supported by higher occupancy rates and additional income from exhibition and advertising spaces at Pavilion Bukit Jalil. *(The Edge)*

Tenaga: Granted judicial review of another RM291m assessment

Tenaga Nasional Bhd said it has been given the green light by the High Court to commence judicial review against the Inland Revenue Board in relation with tax assessment totalling RM291.6m for the financial year ended Dec 31, 2018. The announcement comes on the heels of another court dispute between the utility company and the tax collection agency, which saw Tenaga having to fork out over one billion ringgit in tax payment following the dismissal of its reinvestment allowance claims. In a filing, Tenaga said the High Court on Tuesday also granted interim stay of the enforcement of the RM291m notice, against its subsidiary TNB Western Energy Bhd, as well as all proceedings, until the disposal of the judicial review. "The High Court scheduled a case management on Aug 5, 2025 for further directions," it said. (The Edge)

Upcoming key economic data releases	Date
US – Initial Jobless Claims (Jul 19)	July 24
EU – ECB Interest Rate Decision	July 24
Source: Bloomberg	

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		
Oxford Innotech Berhad	ACE Market	0,29	143.5	50.0	16 July	29 July

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