



# Daily Newswatch

## Market Review

The FBMKLCI ended lower on Monday as investors capitalised on Friday's sharp rally—where the index rose by 1.33%—to secure short-term profits. In our view, such consolidation is typical following strong upward momentum, particularly in an environment still adjusting to evolving global macroeconomic signals. From August through to next month, we expect the market to increasingly price in the prospect of a Federal Reserve rate cut at the upcoming FOMC meeting. Friday's softer-than-expected U.S. non-farm payrolls report has significantly shifted investor expectations, with markets now assigning an 80% probability to a 25-basis-point rate cut in September. Between the key index constituents, the top decliners were AXIATA (-1.9%), SIME (-1.8%) and HLBANK (-1.3%). Sector wise, Energy (-1.3%) led the losses, followed by Technology (-1.2%) and Industrial Products and Services (-0.7%). The overall market breadth turned neutral with 390 gainers against 584 losers.

Asian stocks ended mixed on Monday as soft U.S. jobs data stirred concerns over the impact of new tariffs on the world's largest economy but fuelled bets on a Federal Reserve rate cut in September. Meanwhile, U.S. President Donald Trump fired Bureau of Labour Statistics Director General over distrust in employment statistics and said that Federal Reserve Chairman Jerome Powell should be "put out to pasture," stoking fears of political influence on key institutions. Chinese and HK markets recovered after last week's sharp declines. SHANGHAI CI rose 0.7% to 3,583.3 while HSI climbed 0.9% to close at 24,733.5.

European stocks rallied on Monday, staging a strong rebound after last week's heavy selling, as investors reassessed the likely impact of tariffs on economic growth for the remainder of the year. The Eurozone's benchmark STOXX 50 surged 1.5% to close at 5,242. Gains in the pan-European index were capped by weakness in Swiss equities, which came under pressure following the imposition of higher U.S. tariffs. Financials led the charge, with banks and insurers outperforming amid solid gains in domestic bond markets and tighter credit spreads.

U.S. stocks rebounded sharply on Monday, recovering much of the ground lost during Friday's steep sell-off. The Dow Jones Industrial Average rose 1.1%, the S&P 500 climbed 12% and the Nasdaq Composite led with a 1.5% gain. The rally was driven by a combination of soft labour data and easing tariff fears July's nonfarm payrolls came in at just 73,000, well below the 104,000 consensuses, while downward revisions to May and June totalled 258,000 jobs. The weaker labour print raised expectations for a potential Fed rate cut as early as September. Meanwhile, concerns around President Trump's newly announced reciprocal tariffs, ranging from 10% to 41% began to subside, with investors seemingly pricing in the geopolitical risk. On the technical front, all three major indexes had fallen more than 1.5% last Friday, triggering oversold signals which attracted dip buyers.

## Macro Snapshots

- US:** Treasury rally pauses with US\$125bn of bond sales due
- US:** Wavering US consumer and job market show risks to economy
- MY:** Commits US\$240bn purchases and investments to narrow US trade surplus
- HK:** New listing rules seen as helping hot market to stay hot
- JP:** PM says win-win trade deal with US may be hard to implement
- KR:** Industry minister still concerned about US tariff impact on exporters

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,527.0	(0.4)	(7.0)
Dow Jones	44,173.6	1.3	3.8
Nasdaq CI	21,053.6	2.0	9.0
S&P 500	6,329.9	1.5	7.6
SX5E	5,242.3	1.5	7.1
FTSE 100	9,128.3	0.7	11.7
Nikkei 225	40,290.7	(1.2)	1.0
Shanghai CI	3,583.3	0.7	6.9
HSI	24,733.5	0.9	23.3
STI	4,197.2	1.0	10.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,629.1	(16.8)
Value traded (RM m)	1,945.0	(12.7)
Gainers	545	
Losers	475	
Unchanged	391	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TRIVE	0.015	50.0	69.0
INARI	1.990	(6.6)	61.2
MAGMA	0.385	(7.2)	58.2
ZETRIX	0.870	(2.8)	56.6
TANCO	0.820	(2.4)	56.2

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
INARI	1.990	(6.6)	122.8
GAMUDA	5.400	0.0	78.3
TENAGA	13.160	(1.1)	68.5
CIMB	6.750	(0.6)	58.8
MAYBANK	9.540	(0.6)	55.9

Currencies	Last Close	% Chg
USD/MYR	4.231	0.1
USD/JPY	146.730	0.2
EUR/USD	1.159	0.1
USD/CNY	7.181	0.2

US Dollar Index	98.589	(0.2)
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Commodities	Last Close	% Chg
Brent (USD/barrel)	68.8	0.1
Gold (USD/troy oz)	3,377.3	0.1
CPO (MYR/metric t)	4,166.0	(0.6)
Bitcoin (USD/BTC)	115,025.1	0.2



## Corporate Snapshots

- **PEKAT:** Bags RM31m switchgear contract from TNB
- **JPG:** State firms ink MOU covering 13,202 hectares to boost palm oil sector
- **AJIYA:** Sells two parcels of land in Negeri Sembilan for RM51m
- **MISC, ARMADA:** Call off merger proposal
- **FPHB:** Acquisition of Johor-based grocer Hong Yun hits legal snag
- **MAHSING:** Unveils M Aurora, extending M Series to Old Klang Road

## Macro News

### US: Treasury rally pauses with US\$125bn of bond sales due

US Treasuries halted Friday's rally as traders braced for a hefty slate of bond sales this week. The yield on 10-year debt rose one basis point to 4.2%, trimming the steepest drop in a year on Friday. The two-year yield was steady after falling the most since 2023. The biggest week for sales of longer government bonds since May could weigh on prices as the Treasury offers US\$125bn (RM529.7bn) of new three-, 10- and 30-year notes. For now that's put on hold Friday's surge, which was triggered by surprisingly weak US jobs data and fresh speculation that Federal Reserve Chair Jerome Powell will be replaced by someone more willing to aggressively cut interest rates. *(Bloomberg)*

### US: Wavering US consumer and job market show risks to economy

Last week's economic data caught up with the kind of economy that company executives and consumers have long described this year: flashing some warning signs. Employment numbers released Friday painted a much weaker picture of the labour market than previously reported. Inflation-adjusted consumer spending — which accounts for about two-thirds of US economic activity — fell in the first half of the year, while the Federal Reserve's preferred price gauge picked up in June. The US economy is "struggling to maintain its footing", said Wells Fargo & Co senior economist Sarah House. *(Bloomberg)*

### MY: Commits over US\$240bn in purchases and investments to narrow trade surplus with US — trade minister

Malaysia has agreed to buy and invest over US\$240bn (RM1tn) with the US to help reduce the trade gap between the two countries. Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Abdul Aziz told Parliament on Monday, in a special ministerial statement, that the commercial considerations helped secure a lower 19% US tariff, down from 25%. Zafrul reiterated that while Malaysia offered significant trade and investment commitments, it did not compromise on national interests, maintaining Bumiputera equity requirements in strategic sectors and rejecting full liberalisation of sensitive industries. *(The Edge)*

### HK: New listing rules seen as helping hot market to stay hot

Hong Kong's changes to its listing rules are likely to pave the way for one of the world's hottest markets for initial public offerings to stay hot for longer. That's based on early reactions to last Friday's announcement by the local exchange, which handed incentives for big Chinese companies to list in Hong Kong by easing the minimum public float requirement, and ensured that institutional investors get the bulk of shares offered during hot listings. The rules go into effect this week. The changes are designed to encourage more companies — particularly those whose shares already trade in mainland China — to list in Hong Kong, and to set aside enough shares for large institutional investors. The idea is that the moves will help the city's listings markets, which is forecast to double to more than US\$22bn (RM93.2bn) this year, prolong the rally and solidify its place as Asia's premier financial hub. *(Bloomberg)*

### JP: PM says win-win trade deal with US may be hard to implement

The trade deal reached last month between the US and Japan was "win-win" for both countries, but implementing the terms of the pact may be a bigger challenge than reaching the deal, Japanese Prime Minister Shigeru Ishiba said. "Some say that carrying the trade deal out is harder than agreeing on it. I humbly seek your continued support on this," Ishiba said Monday in response to questions in parliament. At the same session of parliament, Japan's chief trade negotiator Ryosei Akazawa acknowledged criticism over the lack of having anything in writing. *(Bloomberg)*

### KR: Industry minister still concerned about US tariff impact on exporters

South Korea's industry minister said on Monday that the country managed to avoid the worst-case scenario by clinching a US tariff deal, but concerns remained over how the profitability of exporters would be affected by a 15% tariff rate. Industry Minister Kim Jung-kwan made the comments at a roundtable meeting with business groups and academics. "There are concerns that the unprecedented 15% tariff will have a significant impact on the profitability of companies exporting to the US, especially small and mid-sized companies, compared to local US companies," Kim said in his opening remarks. *(Reuters)*



## Corporate News

### **PEKAT: Bags RM31m switchgear contract from TNB**

Solar power specialist Pekat Group Bhd said it has bagged a RM31.3m contract from Tenaga Nasional Bhd to undertake switchgear equipment maintenance and repair works. The contract, awarded to Pekat's 60%-owned subsidiary company EPE Switchgear (M) Sdn Bhd, also requires the supply of air-insulated switchgear and gas-insulated switchgear to TNB. The contract is valid for two years with an option to extend for another year, said Pekat in a filing with Bursa Malaysia. The company said the contract is expected to contribute positively towards its future earnings. (*The Edge*)

### **JPG: State firms ink MOU covering 13,202 hectares to boost palm oil sector**

Johor Plantations Group Bhd has signed a memorandum of understanding (MOU) with YPJ Plantations Sdn Bhd and PIJ Holdings Sdn Bhd, two Johor state-linked firms, to improve and modernise the palm oil sector in Johor. YPJ, a state government-linked company under Yayasan Pelajaran Johor, focuses on palm oil production and trading, while state-owned PIJ operates in multiple sectors, including property, plantation, manufacturing, and the halal industry. "The MOU reflects our shared responsibility to build an inclusive and resilient agribusiness ecosystem, particularly in the palm oil industry," Johor State Agriculture, Agro-based Industry and Rural Development Committee chairman Datuk Zahari Sarip said. (*The Edge*)

### **AJIYA: Sells two parcels of land in Negeri Sembilan for RM51m**

Metal roofing and safety glass maker Ajiya Bhd is disposing of two industrial land parcels in Nilai, Negeri Sembilan, for a total of RM51.9m as part of its strategy to monetise non-core assets and strengthen its financial position. Ajiya said its wholly owned subsidiaries Ajiya Safety Glass Sdn Bhd and Asia Roofing Industries Sdn Bhd have entered into two separate sale and purchase agreements for the land disposals, according to the company's filing on Monday. The two parcels are located in Hamilton Industrial Park with a combined area of 15.8 acres. The properties are currently held under Sime Darby Property (Nilai) Sdn Bhd pending title transfer. (*The Edge*)

### **MISC, ARMADA: Call off merger proposal**

Bumi Armada Bhd and Petronas-linked MISC Bhd have mutually called off their proposed merger, ahead of the lapse of their memorandum of understanding on Aug 14. The merger proposal, first announced in November 2024, was set to involve the two companies' floating production storage and offloading vessel business. In a filing, MISC said its board is of the view that the proposed merger "would not fully achieve the intended strategic objectives" following evaluation and discussions. "The company will continue with its other growth plans," MISC said. (*The Edge*)

### **FPHB: Acquisition of Johor-based grocer Hong Yun hits legal snag**

Farm Price Holdings Bhd's planned acquisition of a Johor-based grocer has hit a legal snag with a court order barring the sale of some of the assets. An interim injunction order dated July 24 prevented Hong Yun Vegetables & Fruits Sdn Bhd from selling its assets worth up RM849,376.1, Farm Price said in an exchange filing. The company received notice of the injunction from Four Season Vege Sdn Bhd on the evening of Aug 1, it said. "The company is in the process of seeking legal advice," the company said. The relationship between Hong Yun and Four Season as well as the details of the complaint were not disclosed in the filing. (*The Edge*)

### **MAHSING: Unveils M Aurora, extending M Series to Old Klang Road**

Mah Sing Group Bhd has previewed M Aurora, a new freehold serviced residence along Old Klang Road, marking the latest addition to its M Series of urban homes. Following the full take-up of M Oscar in Sri Petaling, M Aurora continues Mah Sing's focus on smart, sustainable and attainable city living, according to a press release on Monday. Positioned within one of Kuala Lumpur's oldest and most connected neighbourhoods, M Aurora benefits from direct access to major expressways and is within walking distance of KTM stations, with the MRT3 Circle Line due by 2032. (*The Edge*)



Upcoming key economic data releases	Date
US – ISM Non-Manufacturing PMI (Jul)	Aug 5
US – Initial Jobless Claims	Aug 7
UK – BoE Interest Rate Decision	Aug 7
US – CPI (Jul)	Aug 12
US – PMI (Jul)	Aug 14
JP – GDP (Q2)	Aug 14
US – Core Retail Sales (Jul)	Aug 15
EU – CPI (Jul)	Aug 20
<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		

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MERCURY SECURITIES SDN BHD  
Registration No. 198401000672 (113193-W)  
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara,  
50480 Kuala Lumpur  
Telephone: (603) - 6203 7227  
Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my