MERCURY SECURITIES SDN BHD
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Daily Newswatch

Market Review

The FBM KLCI closed high 0.7% to 1,713.1 on Monday, as bargain-hunting activities emerged in banking and plantation heavyweights following the recent pullback. Technology (+1.2%), Financial Services (+0.9%) Both Telecommunications & Media Transportation and Logistics (+0.7%) led sectoral gains, driven by IOI Properties (+3.2%), Axiata Group (+2.0%) and Telekom Malaysia (+1.7%), while losers outnumbered gainer 531 to 547 with 564 counters closed unchanged.

Asian markets closed mixed on Monday, Investors are awaiting earnings from megacap technology firms after a recent backlash against heavy AI spending. Shanghai Composite (+1.2% to 3,858.3) led gains, followed by Hang Seng Index (+1.0% to 25,207.2), KOSPI (+1.0% to 6,755.8), Nikkei 225 (-0.5% to 64,931.2) and TAEIX (0.1% to 43,634.2). Shanghai Composite gains on Commercial Services (+4.0%), Health Services (+3.1%) and Producer Manufacturing (+3.0%) while Hong Kong gains were led by Consumer Srvices (+2.8%), Technology Services (+2.1%) and Electronic Technology (+1.7%), South Korea was driven by Technology Services (+4.1%), Commercial Services (+3.4%) and Consumer Services (+3.1%).

European stocks closed slightly higher, outperforming North American peers as lower bond yields supported market sentiment. The Euro STOXX 50 remain flat, while the STOXX Europe 600 gained remain flat. Lower sovereign yields, driven by easing Middle East tensions, boosted banking stocks, while software companies advanced ahead of major AI earnings. Meanwhile, semiconductor stocks remained under pressure amid concerns over AI infrastructure spending, weighing on the broader technology sector.

Wall Street closed mixed on Monday as chipmakers extended their selloff ahead of this week's Fed decision, key economic data, and corporate earnings. The S&P 500 remain flat, the Nasdaq CI (-0.2% to 24,932.1), while the Dow Jones gained (+0.5% to 52,210.1). Nvidia (-5.0%) led semiconductor losses despite announcing AI memory chip and data center agreements, with Micron (-2.2%), AMD (-5.2%), Intel (-0.7%), and Sandisk (-11.0%) also lower. Meanwhile, easing Middle East tensions pushed oil prices and Treasury yields lower, supporting the Dow. Apple (+1.2%), Meta (-0.2%), Amazon (-0.3%), and Microsoft (+1.9%) traded mixed ahead of earnings.

Macro Snapshots

- **US:** Dallas Fed Manufacturing Activity Rises in July
- **UK:** Shop prices rise by least since December, BRC says
- **CN:** Chipmakers see 2,580% profit jump as economic split widens
- **MY:** Dollar jumps on surprise tightening; rupiah sinks as governor quits

Corporate Snapshots

- **CLMT:** 2Q net property income rises 12.5%, declares 1.29 sen DPU
- **PGF:** 1Q net profit up 20% on steady demand for insulation products
- **DESTINI:** Bags RM46m government contract to undertake rail MRO works
- **SNS:** Bags RM1.22b AI server supply contract, shares hit five-month high

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,713.1	0.7	2.0
Dow Jones	52,210.1	0.5	8.6
Nasdaq CI	24,932.1	(0.2)	7.3
S&P 500	7,413.2	0.0	8.3
SX5E	6,282.2	0.0	8.5
FTSE 100	10,781.8	0.4	8.6
Nikkei 225	64,931.2	0.5	29.0
Shanghai CI	3,858.2	1.2	(2.8)
HSI	25,207.2	1.0	(1.7)
STI	5,620.2	0.6	21.0

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,867.1	(5.7)
Value traded (RM m)	2,242.3	(2.7)
Gainers	531	
Losers	547	
Unchanged	564	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TANC	0.245	(5.8)	115.7
AIMAX	0.010	0.0	113.2
ZETRIX	0.685	(2.1)	111.0
VSI	0.230	(6.1)	95.5
SNS	0.560	8.7	47.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBK	5.180	1.4	150.6
MAY	10.900	1.1	112.8
CIMB	7.800	1.6	57.4
PMAH	7.820	(0.5)	51.2
TNB	14.460	0.7	53.7

Currencies	Last Close	Daily chg %
USD/MYR	4.086	0.1
USD/JPY	163.720	0.1
EUR/USD	1.137	0.0
USD/CNY	6.765	0.1
US Dollar Index	101.499	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	87.9	(9.2)
Gold (USD/troy oz)	4,086.1	0.8
CPO (MYR/metric t)	4,543.0	(0.2)
Bitcoin (USD/BTC)	64,910.5	0.5

Source: Bloomberg

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Macro News

US: Core capital goods orders increase strongly in June

New orders for key US-manufactured capital goods increased strongly in June while shipments surged, pointing to a fairly solid pace of economic growth in the second quarter. Non-defence capital goods orders excluding aircraft, a closely watched proxy for business spending, rose 0.9% last month after an upwardly revised 1.9% increase in May, the the Commerce Department's Census Bureau said on Monday. (*Reuters*)

US: Dallas Fed Manufacturing Activity Rises in July

The Dallas Fed's general business activity index for Texas manufacturing rose to 1.3 in July 2026, up from 0 in June. Broader conditions strengthened, with the company outlook index jumping 11 points to 13.4 as uncertainty eased (6.4 vs. 10.9). Manufacturing activity accelerated, with the production index rising to 10.1 from 4.1, supported by stronger new orders (6.4 vs. 2.3) and shipments (8.8 vs. 7.1). Meanwhile, finished goods inventories declined (1.5 vs. 7.8), while delivery times lengthened slightly (2.3 vs. 0.9). (*Federal Bank Reserves of Dallas)*

US: Durable Goods Orders Rise Less Than Expected But Core Beat

New orders for US-manufactured durable goods increased 0.3% month-over-month to $334.77bn in June 2026, rebounding from a revised 4% slump in May but much lower than forecasts of a 1.6% jump. Orders for capital goods went up 1.1% and increases were also seen in orders for primary metals (1.1%), computers and electronics (3.1%), and electrical equipment, appliances, and components (0.9%). (*U.S. Census Bureau)*

UK: Shop prices rise by least since December, BRC says

Average prices at British retailers rose by an annual 0.9% this month, the smallest increase since December 2025, as the men's soccer world cup triggered supermarket discounts on alcohol and snacks, the British Retail Consortium said on Tuesday. "Retailers competed hard to limit prices rises, with a wave of summer promotions across food and other goods," BRC Chief Executive Helen Dickinson said, adding that some clothing and footwear retailers were also discounting summer items. (*Reuters)*

CN: Opposes US 'forced labour' tariffs, calls for them to be cancelled

China's commerce ministry said on Monday that new US tariffs imposed on Chinese goods over alleged forced labour were unjustified and amounted to protectionism and urged Washington to remove them. On Friday, the United States imposed new tariffs of 10% and 12.5% on goods from 60 trading partners, including the EU and China, alleging those countries failed to curb imports made by forced labour. China was assigned a 12.5% rate. (*Reuters*)

CN: Vows response to US sanctions threat against AI firms

China warned it would take “all necessary measures” if the US moves to sanction Chinese artificial intelligence companies over allegations they improperly used American models to train their own systems. The Ministry of Commerce on Monday criticised the Trump administration’s accusations that Chinese firms stole US intellectual property through model distillation, urging Washington to stop what it described as a “smear campaign” and sanctions threats. (*Bloomberg*)

CN: Chipmakers see 2,580% profit jump as economic split widens

China’s industry saw profit gains slow for a second month even as sectors benefiting from the tech boom enjoy a windfall, adding to evidence of an uneven recovery for companies across parts of the world’s second-biggest economy. Industrial profits rose 15.1% last month from a year earlier, the weakest increase this year and down from 21.1% in May, according to data published by the National Bureau of Statistics on Monday. (*Bloomberg*)

SK: Consumer Sentiment Edges Higher

South Korea's Composite Consumer Sentiment Index edged up to 106.8 in July 2026 from 106.6 in June. Households became slightly more optimistic about future income, with the corresponding index rising to 101 from 100, while expectations for future spending held steady at 110. Sentiment regarding current living standards slipped to 93 from 94, although expectations for future living conditions improved to 98 from 97. (*The Bank of Korea*)

SG: Chipmakers see 2,580% profit jump as economic split widens

The Singapore dollar gained ground after an unexpected policy tightening on Monday, while the Indonesian rupiah weakened to briefly touch the key 18,000-per-dollar mark after its central bank chief announced a surprise retirement. Emerging Asian equities advanced in the afternoon trade as crude prices tumbled after US-Iran hostilities paused over the weekend. The MSCI EM Asia equities gauge rose nearly 1%, with stocks in South Korea and Taiwan climbing as much as 2%. (*Reuters*)

MY: Dollar jumps on surprise tightening; rupiah sinks as governor quits

After tapping into global trade diversion, Malaysia must now rely on domestic value creation for future gains amid rising trade nationalism, said United Overseas Bank. Malaysia has benefited from China+1 strategy as well following higher US tariffs on China, especially in the electrical-and-electronics (E&E) sector, according to a note from the Singapore-based bank. However, there is now growing emphasis on rules of origin and anti-transshipment, the bank noted. (*The Edge*)

MY: Economy minister warns super El Niño could lift electricity demand, threaten food supply

An extreme El Niño weather could drive up Malaysia's electricity consumption and disrupt food supply chains, adding to inflationary pressures, the economy minister said on Monday. Although peak electricity demand has risen by about 2.5 gigawatts, Datuk Seri Akmal Nasrullah Mohd Nasir warned that hotter weather could further increase energy demand, particularly from households, as the use of cooling equipment rises. (*The Edge*)

Corporate News

CLMT: 2Q net property income rises 12.5%, declares 1.29 sen DPU

CapitaLand Malaysia Trust reported a 12.5% year-on-year increase in its second-quarter net property income (NPI), driven by stronger performance across its existing properties, coupled with lower property expenses. For the quarter ended June 30, 2026 (2QFY2026), NPI rose to RM77.4m from RM68.7m a year earlier, while gross revenue grew 6.3% to RM123.1m from RM115.7m. Distributable income jumped 25.6% to RM43.4m from RM34.6m, its bourse filing on Monday showed. (*The Edge*)

SNS: Bags RM1.22bn AI server supply contract, shares hit five-month high

SNS Network Technology Bhd has secured a US$298.66m (about RM1.22 bn) contract to supply high-performance artificial intelligence (AI) servers — the largest contract in the group's history. The contract follows a sales agreement signed on Sunday between its wholly -wned subsidiary SNS Network (M) Sdn Bhd and a Singapore-based customer for the supply, delivery and provision of high-performance AI servers for a data centre in Malaysia. (*The Edge*)

DXN: 1Q profit drops 21% as sales weaken, sets RM500 m expansion plan

Direct seller of consumer health and wellness products DXN Holdings Bhd's net profit fell nearly 21% to RM58.5m for the quarter ended May 31, 2026, from RM73.9m a year earlier, due to weaker sales in several markets. The decline was mainly caused by customers holding higher inventory levels after stocking up ahead of price increases in major markets. Margins declined as lower sales reduced profitability, while fixed operating costs remained largely unchanged. The group also continued investing in upstream and downstream business initiatives. (*The Edge*)

PGF: 1Q net profit up 20% on steady demand for insulation products

PGF Capital Bhd posted a 20.05% increase in first quarter net profit to RM8.95m from RM7.46m a year earlier amid steady demand for its insulation products. Revenue for the quarter ended May 31, 2026 (1QFY2027), rose 7.76% year-on-year to RM43.74m from RM40.58m, with the insulation division contributing 99.6% of the amount, said the company in an exchange filing. No dividend was declared during the quarter. (*The Edge*)

OIB: proposes RM280m related party deal to enter motorcycle financing and retail business

Property developer Oriental Interest Bhd has proposed a RM280m share-based acquisition from a company linked to its controlling shareholder, LK Labuan Foundation Sdn Bhd, to enter the motorcycle financing and retail business. In a Bursa Malaysia filing on Monday, the company said it has signed a conditional share agreement with LLSB 1980 Holdings Sdn Bhd to acquire 100% of Chin Hin (Jitra) Sdn Bhd (CHJSB) and CHJ Motor Holdings Sdn Bhd (CMHSB) which will be fully paid through the issuance of 76.92 m new shares at RM1.30 each and 180 m redeemable non-convertible preference shares (RPS) at RM1 each. (*The Edge*)

DESTINI: Bags RM46m government contract to undertake rail MRO works

Destini Bhd has secured a contract worth RM45.58m from the government to undertake Level 1 and Level 2 maintenance, repair, and overhaul (MRO) works for 13 passenger train sets. "This landmark award completes Railtec's full-spectrum Level 1 to Level 4 rail MRO capabnity, covering the entire railway asset lifecycle — from critical daily operational maintenance to deep-tier heavy overhauls," the construction group said in a statement on Monday. (*The Edge*)

AEMULUS: Secures orders from South Korean customer for AI, data centre test systems

Aemulus Holdings Bhd on Monday said it has secured new orders worth US$3.7m (RM15.11m) to deliver test systems for the data centre and artificial intelligence market. Aemulus Corporation Sdn Bhd, the company's wholly-owned subsidiary, secured the orders from an undisclosed customer in South Korea, according to an exchange filing. Aemulus said the orders are expected to be fulfilled progressively within the financial years ending Sept 30, 2026 (FY2026) and FY2027. (*The Edge*)

CHHB: Lee Kim Yew tightens grip on Country Heights

Country Heights Holdings Bhd founder Tan Sri Lee Kim Yew has increased his interest in the property developer after acquiring six m shares via an off-market transaction. The acquisition, completed on July 24, represents a 1.86% stake based on the company's 322.54m outstanding shares (excluding 3.25m treasury shares), according to a Bursa Malaysia filing on Monday. The acquisition was made by his investment vehicle, Country Heights International Sdn Bhd. (*The Edge*)

T7GLOBAL: Sees emergence of new substantial shareholder

Lawyer Ian Shang Kuan Chou Chuen has emerged as a substantial shareholder of T7 Global Bhd after increasing his stake in the oil and gas services provider to 6.17%. Shang acquired 13.89m shares, lifting his direct interest above the 5% threshold required for substantial shareholders, a Bursa Malaysia filing on Monday showed. The filing did not disclose the transaction price, but based on Monday's closing price of 25.5 sen, the stake has a market value of about RM3.54m. *(The Edge*)

T7GLOBAL: Says Production rate at Adong Kechil West onshore oil well to be progressively optimised

Petra Energy Bhd said the production rate at the Adong Kechil West (AKW) onshore oil well in Miri will be progressively optimised after achieving first oil earlier this month. This could be expected as the facilities continue to stabilize and operational performance improves, Petra Energy said in a filing. The well is located in Block SK433, onshore Miri, Sarawak, where Petra Energy holds a 50% participating interest. *(The Edge*)

TENAGA: And Air Selangor sign agreements to strengthen critical infrastructure

Tenaga Nasional Bhd and Pengurusan Air Selangor Sdn Bhd (Air Selangor) on Monday signed an Electricity Supply Agreement (ESA) and a Cooling Energy Supply Agreement (CESA) to strengthen the reliability, resilience and sustainability of the nation's energy and water infrastructure. The collaboration marks a significant mestone in expanding integrated utility solutions to improve the efficiency of critical public infrastructure while supporting national aspirations for sustainability, energy transition and water security. *(Bernama*)

Upcoming key economic data releases	Date
CB Consumer Confidence (Jul)	July 28
Fed Interest Rate Decision	July 30
FOMC Press Conference	July 30
Core PCE Price Index (MoM) (Jun)	July 30
Core PCE Price Index (YoY) (Jun)	July 30
GDP (QoQ) (Q2)	July 30
Initial Jobless Claims	July 30
Chicago PMI (Jul)	July 31
Source: Investing.com	

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Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
MBM Resources	Consumer	4.60	0.42	9.22
Sentral REIT	REIT	0.72	0.07	9.03
KIP REIT	REIT	0.87	0.07	8.39
CapitaLand Malaysia Trust	REIT	0.61	0.05	8.36
Bermaz Auto	Consumer	1.00	0.08	8.24
YTL Hospital REIT	REIT	1.05	0.08	7.62
Paramount Corporation	Property	1.02	0.07	7.16
Al-Salam REIT	REIT	0.58	0.04	6.90
Sports Toto	Consumer	1.38	0.09	6.81
TIME dotCom	Telco	5.90	0.40	6.76
Ta Ann Holdings	Plantation	5.82	0.39	6.63
Taliworks Corporation	Utilities	0.31	0.02	6.56
Al-Aqar Healthcare REIT	REIT	1.15	0.07	6.52
MAG Holdings	Consumer	1.27	0.08	6.30
Magnum	Consumer	1.27	0.08	6.30

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.

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