MERCURY SECURITIES SDN BHD
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Research Team
research@mersec.com.my

Daily Newswatch

Market Review

The FBM KLCI closed flat on Tuesday, as investors turned cautious ahead of a busy week featuring the US Federal Reserve's (Fed) policy meeting and earnings releases from major US technology companies. Reit (+0.5%), Telecommunicatios & Media (0.3%) and Utilities (+0.2%), led sectoral slight gains, driven by Nestle Malaysia (+2.6%), Tenaga (+1.4%) and PPB (+1.1%), while gainers outnumbered losers 347 to 707 with 547 counters closed unchanged.

Asian markets closed mostly low on Tuesday, led by recent US tech earnings have forced investors to reassess whether massive capital spending on artificial intelligence (AI) will deliver adequate financial returns. KOSPI (-10.8% to 6023.7) led losses, followed by TAIEX (-4.7% to 41,603.4), Nikkei 225 (-2.5% to 62,364.9) and Shanghai Composite (-1.2% to 3,813.3) and Hang Seng (+0.4% to 25,310.9). KOSPI losses on Electronic Technology (-13.6%), Industrial Services (-9.1%) and Producer Manufacturing (-8.8%) while Taiwan losses were led by Commercial Services (-8.8%), Producer Manufacturing (-6.8%) and Process Industries (-6.2%), Nikkei 225 was driven by Electronic Technology (-8.4%), Producer Manufacturing (-3.6%) and Non-energy Minerals (-3.4%).

European stocks edged higher on Tuesday, supported by strong corporate earnings and easing energy prices. The Euro STOXX 50 rose (+0.1% to 6,289.5), while the STOXX Europe 600 gained (0.4% to 646.9). Consumer and industrial stocks advanced on upbeat earnings, while Barclays declined after its results. Meanwhile, technology stocks remained under pressure as concerns over AI-related spending and increased competition in chipmaking weighed on semiconductor shares.

Wall Street closed mixed on Tuesday as chipmakers extended their selloff, while earnings and falling oil prices supported sentiment. The S&P 500 gained (+0.2% to 7,428.8), the Dow Jones rose (+1.0% to 52,747.3), while the Nasdaq ci fell (-2.0% to 24,876.9). Concerns over slowing AI infrastructure spending and rising competition weighed on chipmakers, with Micron (-8.8%), AMD (-8.1%), Intel (-5.9%), and Sandisk (-14.2%) lower. Meanwhile, Microsoft (+1.1%) and Meta closed little changed ahead of earnings, while Coca-Cola (+5.0%), Eli Lilly (+1.9%), Berkshire Hathaway (+3.1%), and Visa (+1.1%) advanced.

Macro Snapshots

- **US:** Goods trade deficit contracts less than expected in June
- **CN:** AI the 'new engine' keeping Chinese economy from harder landing
- **MY:** Business inflation accelerates in June to four-year high
- **MY:** Prioritises wage growth over GST return, says economy minister after OECD call

Corporate Snapshots

- **FAVCO:** US unit named in US$52.5m New York suit over 2023 crane collapse
- **CVIEW:** Lower costs lift Country View's 2Q profit 15% despite weaker revenue
- **OGX:** FY2026 net profit up 51% on better profit margins
- **UNITEDASIAPAC:** Defends 35 sen IPO price, says strong margins are sustainable

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,712.5	0.0	1.9
Dow Jones	52,747.3	1.0	9.7
Nasdaq CI	24,876.9	(0.2)	7.0
S&P 500	7,428.8	0.2	8.5
SX5E	6,289.5	0.1	8.6
FTSE 100	10,871.0	0.8	9.5
Nikkei 225	62,364.9	(4.0)	23.9
Shanghai CI	3,813.3	(1.2)	(3.9)
HSI	25,310.9	0.4	(1.2)
STI	5,616.1	(0.1)	20.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,941.9	2.6
Value traded (RM m)	2,565.2	14.4
Gainers	347	
Losers	707	
Unchanged	547	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VSI	0.220	(4.3)	121.9
TANC	0.260	6.1	94.5
ZETRIX	0.690	0.7	93.8
SNS	0.540	(3.6)	54.1
DNEX	0.430	(4.4)	51.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
IHH	8.340	0.0	178.4
PBK	5.190	0.2	145.5
TNB	14.660	1.4	125.9
MAY	10.900	0.0	120.6
CIMB	7.760	(0.5)	81.0

Currencies	Last Close	Daily chg %
USD/MYR	4.091	(0.1)
USD/JPY	163.850	0.0
EUR/USD	1.139	0.0
USD/CNY	6.770	(0.1)
US Dollar Index	101.388	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	84.4	(4.5)
Gold (USD/troy oz)	4,029.4	0.0
CPO (MYR/metric t)	4,536.0	(0.1)
Bitcoin (USD/BTC)	63,856.0	0.0

Source: Bloomberg

Research Team
research@mersec.com.my

Macro News

US: Goods trade deficit contracts less than expected in June

The US trade deficit in goods narrowed in June amid a decline in imports, but the improvement was probably insufficient to prevent trade from again subtracting from economic growth in the second quarter. The goods trade gap contracted 4.2% to US$101.5 billion (RM414.8 billion) last month, the Commerce Department's Census Bureau said on Tuesday. Economists polled by *Reuters* had forecast the goods deficit at US$100 billion. *(Reuters*)

US: Treasury yields edge lower ahead of Fed rates decision as oil prices tumble

Treasury yields continued to retreat on Tuesday as traders await this week's Federal Reserve interest rate decision, while the ongoing pause in U.S.-Iran hostilities sent oil prices lower, raising hopes of a more sustainable ceasefire arrangement. The 10-year Treasury note yield — the main benchmark for mortgages, auto loans and credit card debt — was down by about 4 basis points at 4.602%. (*CNBC*)

CN: AI the 'new engine' keeping Chinese economy from harder landing — Bloomberg analysis

A global rush to build out artificial intelligence (AI) infrastructure has turned the technology into a key pocket of growth in China's economy during one of its weakest stretches in years. Electronics and information technology contributed over half of the economy's expansion in April-June on a quarter-on-quarter basis, according to Capital Economics. (*Bloomberg*)

HK: AI boom propels Hong Kong exports to strongest growth since 1984

Hong Kong's exports surged by the most in more than four decades to hit a record in June, fuelled by strong demand from the global boom in artificial intelligence. The city's outbound shipments last month soared by 53.4% from a year earlier, the largest increase since 1984, according to data released by the Census and Statistics Department on Monday. That brought the value of exports to a record high of HK$641.1 billion (RM855.5 billion). (*Bloomberg*)

JP: Takaichi to order food tax cut to 1%, reports say

The Japanese government plans to cut the sales tax on food and beverages to 1% for two years starting next April, according to local media reports, delivering one of Prime Minister Sanae Takaichi's signature election pledges after months of political wrangling. Takaichi is expected to instruct the ruling Liberal Democratic Party as early as Thursday to start putting together the draft legislation needed to implement the measure, the *Asahi* newspaper reported on Monday evening, citing multiple senior government officials. Reports by *TBS* and *Nikkei* also pointed to a reduction to 1%. (*Bloomberg*)

SG: Growth should stay firm although AI boom a global risk, central bank says

Singapore's economic growth should remain firm in the second half of 2026 although a major uncertainty is the sustainability of the AI investment boom, the head of its central bank said on Tuesday. Monetary Authority of Singapore managing director Chia Der Jiun, speaking at the release of the central bank's annual report, said the Middle East conflict also posed risks, but for now global AI-related demand is "likely to continue to provide a meaningful boost" to the city-state while other sectors maintain a pace of growth close to trend. (*Reuters*)

MY: Business inflation accelerates in June to four-year high

Malaysia's business inflation in June accelerated to the fastest pace in four years amid higher energy costs, official data released on Tuesday showed. The producer price index, which tracks inflation at the wholesale level before it reaches consumers, rose 9.2% in June when compared to the same month in 2025, the Department of Statistics Malaysia said in a statement. The index climbed 0.6% when compared to May. (*The Edge*)

MY: Prioritises wage growth over GST return, says economy minister after OECD call

Economy Minister Akmal Nasrullah Mohd Nasir said Malaysia will prioritise raising wages and expanding the tax base before considering a goods and services tax (GST) return, following the Organisation for Economic Co-operation and Development's (OECD) recommendation for a broader consumption tax. Akmal said only about 15% of Malaysia's workforce currently pays income tax, underscoring the need to address the country's structural wage issues before introducing broader taxes that could weigh on household consumption. (*The Edge*)

MY: Reliance on GLCs weighs on productivity, says OECD

Malaysia's continued reliance on government-linked companies (GLCs) and government-linked investment companies (GLICs) in strategic sectors has created an uneven playing field for private firms, hindering competition and weighing on productivity, the Organisation for Economic Co-operation and Development (OECD) said.BThe OECD attributed the prominence of GLCs to the legacy of the New Economic Policy, which sought to empower the Bumiputera community but had also entrenched the presence of state-linked firms in strategic industries, often at the expense of private sector participation. (*The Edge*)

MY: BNM governor: Malaysia's 2026 growth likely at upper end of 4%-5% range despite energy supply shock

Despite the energy supply shock, Malaysia's economy remains well on track to grow by 4% to 5%, likely towards the upper end of the range, with manageable inflation in 2026, Bank Negara Malaysia (BNM) governor Datuk Seri Abdul Rasheed Ghaffour said. He said Malaysia's economic fundamentals, reform agenda and commitment to sound economic management have enabled the government to respond when shocks occur. "As the country's central bank, BNM has played its part by preserving the macroeconomic stability that allowed reforms to take hold. (*The Edge*)

Corporate News

FAVCO: US unit named in US$52.5m New York suit over 2023 crane collapse

Favelle Favco Bhd said its wholly owned US subsidiary, Favelle Favco Cranes (USA) Inc, has been named as one of 15 defendants in a lawsuit filed in New York seeking US$52.5 million (RM214.8 million) in damages over a crane incident which made headlines in July 2023. In a Bursa Malaysia filing on Tuesday, the crane manufacturer said FFC USA was served with a summons on July 23 in an action brought by insurance company. (*The Edge*)

DUFU: Posts highest quarterly earnings in nearly four years on stronger hard disk drive sales

Dufu Technology Corp Bhd reported its highest quarterly earnings in nearly four years on the back of higher hard disk drive (HDD) component sales. Net profit rose nearly fivefold to RM13.9 million from RM2.8 million a year earlier. Revenue for the three months ended June 30, 2026 (2QFY2026) climbed to the strongest level in nearly five years, with a 35.4% increase to RM92.4 million from RM68.2 million, the HDD component maker said in a bourse filing on Tuesday. (*The Edge*)

PGLOBAL: Grows revenue to record amid industrial, infrastructure push

Pantech Global Bhd posted record revenue in the recently-ended quarter, while remaining optimistic of sustaining its momentum. Revenue in the first quarter ended May 31, 2026 (1QFY2027) was RM159.68 million, a 27% increase when compared to the same quarter last year, thanks to higher sales volume and average selling prices, according to an exchange filing. Net profit was 36% higher year-on-year at RM16.36 million. (*The Edge*)

CVIEW: Lower costs lift Country View's 2Q profit 15% despite weaker revenue

Country View Bhd reported a 15.3% increase in net profit for the second quarter, as a sharp decline in cost of sales, coupled with lower marketing and finance costs and the sale of a commercial land parcel, more than offset weaker property sales. Net profit for the three months ended May 31, 2026 (2QFY2026), rose to RM21.1 million from RM18.3 million a year earlier. (*The Edge*)

OGX: FY2026 net profit up 51% on better profit margins

OGX Group Bhd's financial year ended May 31, 2026 (FY2026), net profit rose 51.2% to RM23.15 million, driven by stronger profit margins and higher revenue from completing more IT infrastructure projects. Revenue for FY2026 also jumped 61.46% to RM284.67 million from RM176.31 million a year ago, driven primarily by the IT infrastructure solutions segment — which contributed 77.3% of total revenue — following an increase in completed projects, a bourse filing showed. (*The Edge*)

ECOMATE: Gets RM13.4m order from Gamuda for software licence subscription renewal

Ecomate Holdings Bhd has won a RM13.4 million purchase order from Gamuda Bhd for the renewal of a software licence subscription over a three-year period. In a filing on Bursa Malaysia, Ecomate said its 60%-owned unit, Progressive Computer Systems Sdn Bhd, received a purchase order on Monday with the commencement date yet to be determined. (*The Edge*)

LYC: May miss annual report deadline, trading suspension looms

LYC Healthcare Bhd said it might miss the July 31 deadline to issue its 2026 annual report, which will in turn result in the trading suspension of its shares. In a filing, LYC Healthcare attributed the potential delay to the appointment of SBY Partners PLT as its new external auditor on March 6, following the resignation of Crowe Malaysia PLT on Feb 26 over a disagreement on audit fees. (*The Edge*)

BUSCAP: Appoints former Systech executive director Teoh Keng Chang to its board

Ipoh-based bus builder Bus Cap Bhd on Tuesday announced that it has appointed former Systech Bhd executive director Teoh Keng Chang as its non-independent non-executive director, effective Tuesday. Teoh was appointed to the board of Systech in January 2024 and resigned on Sept 17, 2025 due to personal commitments. (*The Edge*)

IJM: Managing director Lee Chun Fai to seek re-election at upcoming AGM

IJM Corp Bhd is seeking the re-election of its group chief executive officer and managing director Datuk Lee Chun Fai to the group's board at its annual general meeting scheduled for Aug 27. Shareholders will also vote on the re-election of non-executive director Azhar Ahmad and independent non-executive director Gunavathi Subramaniam, according to the construction and infrastructure group's filing on Bursa Malaysia. (*The Edge*)

Research Team
research@mersec.com.my

UNITEDASIAPAC: Defends 35 sen IPO price, says strong margins are sustainable

United Asiapac Energy defended its 35 sen IPO price, saying it reflects the company's latest financial performance and that its stronger profit margins are sustainable. Responding to an MBSB Research report that assigned the company a fair value of 24 sen, principal adviser for the IPO TA Securities Holdings Bhd assistant vice-president of corporate finance Abdul Muiz Mustafa said the valuation was based on older financial information and did not reflect the company's latest earnings. *(The Edge)*

Upcoming key economic data releases	Date
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	4.62	0.42	9.18
Sentral REIT	REIT	0.73	0.07	8.90
Bermaz Auto	Consumer	0.98	0.08	8.37
KIP REIT	REIT	0.88	0.07	8.34
CapitaLand Malaysia Trust	REIT	0.62	0.05	8.23
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	5.95	0.40	6.71
Ta Ann Holdings	Plantation	5.82	0.39	6.63
Al-Aqar Healthcare REIT	REIT	1.16	0.07	6.47
Taliworks Corporation	Utilities	0.31	0.02	6.45
MAG Holdings	Consumer	1.26	0.08	6.35
Magnum	Consumer	1.26	0.08	6.35

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		
United Asiapac Energy Berhad	ACE Market	0.35	139.22	-	5 Aug	19 Aug

Source: Bursa Malaysia

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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
Email: mercurykl@mersec.com.my