MERCURY SECURITIES SDN BHD
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Daily Newswatch

Market Review

The FBM KLCI closed high (+0.3% to 1,720.4) on Thursday, an intraday high today, supported by continued buying interest even as renewed geopolitical tensions and a weaker overnight lead from Wall Street following the US Federal Reserve's (Fed) decision to stand pat on interest rates weighed on broader sentiment. Healthcare (+0.8%), Transporation & Logistics (+0.5%) and Industrial Products & Services (+0.4%), led sectoral slight gains, driven by Nestle (+1.7%), Kuala Lumpur Kepong (+2.1%) and Petronas Chemical (+2.5%), while gainers outnumbered losers 412 to 580 with 613 counters closed unchanged.

Asian markets closed mostly mixed on Thursday, led by Crude oil prices extended their gains on Wednesday after the US conducted strikes on Iran in retaliation to the attacks on US mitary bases in the Middle East. Nikkei 225 (+0.2% to 61,867.4) led gain, followed by Hang Seng (+0.2% to 25,858.9), TAEIX (-0.3% to 39,933.3), Shanghai Composite (-0.6% to 3,804.7) and KOSPI (-1.2% to 5,593.6). Japan gains on Miscellaneous (+4.5%), Electronic Technology (+2.3%) and Producer Manufacturing (+1.6%) while Hang Seng gains were led by Energy Minerals (2.0%), Consumer Non-Durables (+1.2%) and Durables (+1.1%).

European stocks closed sharply higher on Thursday as stronger-than-expected Eurozone GDP data and solid corporate earnings boosted sentiment. The Euro STOXX 50 rose (+1.7% to 6,344.4), while the STOXX Europe 600 gained (0.8% to 650). Strong earnings lifted industrial, banking, and consumer stocks, offsetting concerns over elevated inflation across the Eurozone. Meanwhile, Adidas slumped after weaker profitability weighed on investor sentiment.

Wall Street closed higher on Thursday as chipmakers rebounded and investors assessed earnings. The S&P 500 (+1.7% to 7,437.6), the Nasdaq CI jumped (+2.8% to 25,122.2), and the Dow Jones rose(+1.2% to 52,208.1). Microsoft (+15.5%) surged after strong cloud revenue growth, while chipmakers rallied, led by Micron (+18.4%), AMD (+13.0%), Intel (+11.3%), and Sandisk (+26.0%). Oracle (+8.3%) also gained after expanding its Google Gemini AI partnership, outweighing Meta's (-7.9%) disappointing outlook. Treasury yields remained elevated after the Fed kept rates unchanged, while Apple (-1.4%) and Amazon (+3.9%) were in focus ahead of earnings.

Macro Snapshots

- **US:** Core PCE Price Index MoM
- **UK:** VIEW Bank of England leaves rates steady, more officials back a hike
- **CN:** Mulling new stimulus after slowdown to perk up economy
- **MY:** Trade exceeded RM3tn in 2025

Corporate Snapshots

- **VITROX:** 2Q profit more than triples to RM85m on AI demand
- **BAT:** Declares lower dividend as higher operating cost weighs on 2Q profit
- **BURSA:** Reports 26% rise in 2Q net profit as trading revenue surges
- **YTLREIT:** Posts higher 4Q net property income, declares 4.92 sen distribution

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,720.4	0.3	2.4
Dow Jones	52,208.1	1.2	8.6
Nasdaq CI	25,122.2	2.8	8.1
S&P 500	7,437.6	1.7	8.6
SX5E	6,344.4	1.5	9.5
FTSE 100	10,897.3	(0.1)	9.7
Nikkei 225	61,867.4	0.7	22.9
Shanghai CI	3,804.7	(0.6)	(4.1)
HSI	25,858.9	0.2	0.9
STI	5,673.6	(0.7)	22.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,490.7	(16.1)
Value traded (RM m)	2,258.5	(9.2)
Gainers	412	
Losers	580	
Unchanged	613	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
PHB	N/A	N/A	0.0
ZETRIX	0.715	1.4	70.9
VSI	0.220	(6.4)	37.1
SKHAWK	0.230	7.0	31.7
PBK	5.160	0.2	30.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBK	5.160	0.2	158.0
IHH	8.350	0.0	132.0
MAY	10.880	0.2	115.0
TNB	14.620	0.1	97.2
PMAH	7.910	0.1	32.8

Currencies	Last Close	Daily chg %
USD/MYR	4.090	0.0
USD/JPY	159.520	0.0
EUR/USD	1.153	0.0
USD/CNY	6.752	0.2
US Dollar Index	100.003	(0.9)

Commodities	Last Close	% Chg
Brent (USD/barrel)	89.4	(1.5)
Gold (USD/troy oz)	4,103.4	0.0
CPO (MYR/metric t)	4,531.0	(0.5)
Bitcoin (USD/BTC)	64,716.1	0.0

Source: Bloomberg

Macro News

US: Imports hold back US economic growth in Q2, but domestic demand robust

U.S. economic growth slowed in the second quarter as imports widened the trade deficit, but robust consumer spending and business investment related to the buildout of artificial intelligence infrastructure underscored strong domestic demand. The moderation reported by the Commerce Department in its snapshot of gross domestic product on Thursday also reflected continued inventory drawdown to meet the strong demand as well as the reduction of the Strategic Petroleum Reserve, which weighed on federal government expenditures. *(Reuters*)

US: Core PCE Price Index MoM

The core PCE price index in the US, which is the Federal Reserve's preferred gauge of underlying inflation in the US economy, increased by 0.1% from the previous month in June 2026, less than market forecasts of a 0.2% rise. From the previous year, the core PCE price index rose by an expected 3.3%, well above the Federal Reserve's 2% target. *(U.S. Bureau of Economic Analysis*)

UK: VIEW Bank of England leaves rates steady, more officials back a hike

The Bank of England kept Interest Rate on holds as expected on Thursday, but a third policymaker backed a rate hike due to renewed conflict between the United States and Iran. The rate-setting Monetary Policy Committee (MPC) voted 6-3 to keep rates at 3.75% rather than the 7-2 split most economists polled by Reuters had expected. (*Reuters*)

EU: Aims for seven AI gigafactories with €10b plan in race with US, China

Euro-area pay growth is poised to accelerate through early 2027, though it will remain far below previous peaks, the European Central Bank said as it gauges inflation resulting from the Iran war. The ECB's wage tracker, published Wednesday, predicts salaries will rise by an annual 2.7% in the first quarter of next year, after increasing 2.6% in the third and fourth quarters. That's stronger than the projection for the first six months, but still way below 2024's 5.2% peak. (*Bloomberg*)

CN: Mulling new stimulus after slowdown to perk up economy

China's top officials signalled greater economic support but stopped short of announcing a major stimulus package. China will "plan to roll out pragmatic and effective new policies in a timely manner," according to a *Xinhua* news agency readout following a gathering of the Communist Party's decision-making Politburo on Thursday in Beijing. Officials also pledged to speed up the pace of public spending. (*Bloomberg*)

JP: PM Takaichi vows to proceed with temporary cut in sales tax

Japanese Prime Minister Sanae Takaichi announced on Thursday her intention to proceed with a two-year cut on a sales tax of 8% on food items, a move set to strain the country's worsening finances. The decision came amid a slump in approval ratings for Takaichi's administration, with households facing rising living costs from a weak yen currency and the Middle East war-induced energy shock. "We will lower the sales tax on food items to 1% for two years from April next year," Takaichi told reporters after ordering ruling party executives to prepare for the cut. (*Reuters*)

MY: Positioning Malaysia as a dynamic hub in a shifting global economy

The recent focus on Formula One (F1) is merely the catalyst for a much larger conversation about how Malaysia positions itself for future opportunities. The real test is whether a single opportunity can be transformed into a national opportunity. When the Sepang International Circuit opened in 1999, it was never intended to be just another race track. (*New Straits Times*)

MY: Trade exceeded RM3tn in 2025

Malaysia recorded strong trade performance in 2025, with total trade up by 6.3 per cent, or RM182.4bn, to RM3.1tn year-on-year (y-o-y) in line with the rise in both exports (6.6 per cent) and imports (6 per cent). The Department of Statistics Malaysia (DOSM), in its Malaysia External Trade Statistics For Reference Year 2025 today, said the nation sustained its trade surplus for the 28th consecutive year since 1998, reaching RM156.8bn. This is a 12.8 per cent or RM17.8bn increase, versus 2024. (*The Star*)

MY: Bond market outflow may slow on fiscal, rate outlooks

Global investors' retreat from Malaysian debt may ease, supported by the country's relatively healthy finances and efforts to ease inflationary pressures, market participants said. Foreign funds have sold a net US$1.4bn (RM5.72bn) worth of Malaysian bonds so far in July, the most since October 2024, data compiled by *Bloomberg* show. It's also by far the largest such outflow in Asia except China, where data after March are unavailable. (*The Edge*)

Corporate News

VITROX: 2Q profit more than triples to RM85m on AI demand, operational gains

ViTrox Corporation Bhd's net profit for the second quarter ended June 30, 2026 more than tripled to RM85m from RM28.1m a year earlier on stronger demand for AI-related technologies, supported by improved operational efficiency and tax benefits from its subsidiary. Growth in AI accelerators and High Bandwidth Memory (HBM) boosted orders for its advanced packaging and high-precision inspection solutions. Increased manufacturing scale helped improve efficiency, while sales of higher-value products such as automotive and consumer electronics lifted margins. (*The Edge*)

BURSA: Reports 26% rise in 2Q net profit as trading revenue surges

Bursa Malaysia Bhd said on Thursday its net profit rose 26% in the second quarter from a year earlier, thanks to higher securities trading activities and listing fees. Net profit for the three months ended June 30, 2026 (2QFY2026) was RM71.78m, according to an exchange filing. Year-on-year, trading revenue climbed 36% while listing-related fees surged 58% during the quarter. Overall revenue during the quarter was up 22% when compared to 2QFY2025. (*The Edge*)

BAT: Declares lower dividend as higher operating cost weighs on 2Q profit

British American Tobacco (Malaysia) Bhd's second-quarter net profit fell 79.11% to RM10.64m from RM50.95m a year earlier, weighed down by higher operating expenses. Earnings per share for the three months ended June 30, 2026 (2QFY2026) dropped to 3.7 sen from 17.8 sen, according to the tobacco manufacturer's bourse filing on Thursday. Revenue for the quarter fell 17.52% year-on-year to RM515.29m from RM624.75m. *(The Edge*)

AXREIT: 2Q NPI slips 4.5% on higher property expenses, plans 2.3 sen distribution

Axis Real Estate Investment Trust, an industrial asset-focused property trust, saw its net property income (NPI) for the second quarter slip 4.5% from a year earlier, as property income moderated marginally while expenses picked up. NPI for the quarter ended June 30, 2026 (2QFY2026) fell to RM75.53m from RM79.09m, according to a bourse filing on Thursday. Revenue edged down 1.6% to RM88.8m from RM90.25m. Property expenses — comprising assessment, quit rent and other property operating expenses — rose 15.5% year-on-year to RM13.46m. *(The Edge*)

ECOFIRST: 4Q earnings slumps amid slower progress in KL48 condo project

EcoFirst Consolidated Bhd saw its earnings fall significantly in its fourth quarter ended May 31, 2026 (4QFY2026), mainly due to lower revenue recognition from its KL48 property development project. Net profit for the three-month period fell to RM485,000 from RM14.24m a year earlier, according to the property group's Bursa Malaysia filing on Thursday Revenue for the quarter tumbled 74.4% year-on-year to RM40.8m from RM159.39m, as work progress on the remaining phases of the KL48 condominium project in Sungai Besi slowed down towards completion. *(The Edge*)

YTLREIT: Posts higher 4Q net property income, declares 4.92 sen distribution

YTL Hospitality REIT reported a slight increase in its fourth quarter net property income (NPI), supported by a higher contribution from its property rental segment following the commencement of the lease for AC Hotel Puchong in April. The NPI for the fourth quarter ended June 30, 2026 (4QFY2026) rose 3.47% to RM66.19m from RM63.97m a year earlier, according to a bourse filing on Thursday. Revenue dropped marginally by 0.57% to RM126.33m from RM127.05m, with a lower contribution from the REIT's Australian hotel portfolio amid the uncertainty following the Iran conflict. *(The Edge*)

TEXCHEM: Posts four-year high quarterly earnings in 2Q on broad-based segment growth

Texchem Resources Bhd reported its highest quarterly earnings in over four years in the second quarter ended June 30, 2026 (2QFY2026), on the back of improved revenue amid stronger showing from all its business segments. The group's operations include industrial, polymer engineering, food, restaurant and venture businesses. Net profit for quarter jumped more than six-fold to RM7.97m from RM1.28m a year ago, as revenue rose 8.82% to RM309.46m, from RM284.36m, the Sushi King owner said in a bourse filing on Thursday. *(The Edge*)

THMY: Upsizes new factory plan on increased demand, construction to cost RM172.6m

Automated test solutions firm THMY Holdings Bhd has expanded the plan for its new factory, with construction of the upsized project now expected to cost five times more at RM172.6m. The move for the larger-than-planned factory follows enquiries THMY received from its customers for advanced automated test solutions and system-level automated test solutions, the group said in a filing on Thursday. (*The Edge*)

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Upcoming key economic data releases	Date
Chicago PMI (Jul)	July 31
S&P Global Manufacturing PMI (Jul)	Aug 03
ISM Manufacturing PMI (Jul)	Aug 03
ISM Manufacturing Prices (Jul)	Aug 03
JOLTS Job Openings (Jun)	Aug 04
ADP Nonfarm Employment Change (Jul)	Aug 05
S&P Global Services PMI (Jul)	Aug 05
ISM Non-Manufacturing Prices (Jul)	Aug 05
ISM Non-Manufacturing PMI (Jul)	Aug 05
Initial Jobless Claims	Aug 06
Average Hourly Earnings (MoM) (Jul)	Aug 07
Nonfarm Payrolls (Jul)	Aug 07
Unemployment Rate (Jul)	Aug 07
Source: Investing.com	

Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
MBM Resources	Consumer	4.68	0.42	9.06
Sentral REIT	REIT	0.73	0.07	8.90
YTL Hospital REIT	REIT	1.06	0.09	8.40
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	8.29
Paramount Corporation	Property	1.02	0.07	7.16
Sports Toto	Consumer	1.35	0.09	6.96
Taliworks Corporation	Utilities	0.30	0.02	6.78
Al-Salam REIT	REIT	0.60	0.04	6.67
Ta Ann Holdings	Plantation	5.80	0.39	6.66
TIME dotCom	Telco	6.00	0.40	6.65
Al-Aqar Healthcare REIT	REIT	1.15	0.07	6.52
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.

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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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