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Daily Newswatch

Market Review

The FBM KLCI fall 0.1% to 1,731.3 points on Wednesday as elevated United States (US) Treasury yields and weakness in technology stocks weighed on investor sentiment. Technology (-1.6%), Construction (-1.2%) and Plantation (-1.0%) led sectoral gains, driven by Gamuda (-2.7%), SD Guthrie (-2.5%) and AMMB (-1.8%). Market breadth, however, was bearish, with 478 gainers ahead of 692 losers, while 572 counters closed unchanged.

Asian markets closed mostly down on Wednesday as rising bond yields, higher oil prices and renewed pressure on semiconductor shares hit investor sentiment, Higher U.S. and Asian bond yields are raising borrowing costs and putting pressure on stock valuations. At the same time, oil prices have climbed as hopes for a U.S.-Iran deal fade, adding to inflation concerns. Hong Kong's Hang Seng led regional slight gains, slumping 0.1% to 25,495, followed by Taiwan's TAEIX, which fell 1.3% to 44,719.4, China's Shanghai Composite drop 2.4% to 3,894.4, Japan's Nikkei 225, which declined 3.2% to 65,326.4 and South Korea's KOSPI drop 5.8% to 6,471.2. In Hong Kong gains were led by Electronic Technology (+0.9%), Finance (+0.7%) and Consumer Services (+0.8%) driven by Zhuguang (+54.6%), CA Cultural Technology (+41.8%) and Metaspacex (+41.6%), while Taiwan saw Process Industries (-2.8%), Producer Manufacturing (-2.7%) and Enenrgy Minerals (-2.5%) led the losses, with TacBright Optronics (-32.8%), GMT Global (-29.5%) and Pancolour Ink (-27.4%) among the worst performers.

European stocks closed slightly lower on Wednesday amid sharp losses in banks and AI stocks. The Euro STOXX 50 fell 0.4% to 6,454.5, while the STOXX Europe 600 was drop 0.1% at 652. Banks declined despite lower long-term yields, with BNP Paribas (-2.4%), ING (-2.4%), Santander (-1.3%), UniCredit (-1.3%), and Intesa Sanpaolo (-1.3%) lower. AI stocks also weakened, with ASML (-2.2%) and Infineon (-4.0%) declining, while Inditex (+2.0%) and LVMH (+2.0%) gained. Gold miners rallied, led by Rio Tinto (+4.0%) and Glencore (+5.0%).

Wall Street closed mixed on Wednesday as losses in AI infrastructure and bank stocks offset gains in other sectors. The S&P 500 added 0.2%, the Dow gained 120 points, while the Nasdaq shed 0.2%. Lower rates and increased dollar liquidity from Treasury measures supported equities, while FOMC minutes indicated some policymakers believe rate hikes may be appropriate this year. Retail stocks were mixed, with TJX (-4.2%), Target (+4.3%), and Lowe's (+2.0%). The pharmaceutical sector rallied, led by Merck (+12.6%) and Moderna (+177%), while AMD (-3.7%) and Intel (-4.0%) fell following tepid OpenAI results.

Macro Snapshots

- **US:** Fed Minutes Show Inflation Risks and Rate Hike Concerns
- **US:** Bessent boosts debt buybacks after yields hit multi-decade highs
- **CN:** Biggest beauty firm to expand in US with Ulta deal
- **MY:** National Aerospace Corporation to develop MRO digitalisation and low-altitude economy road maps

Corporate Snapshots

- **SOLARVEST:** 1Q earnings rise 20% on higher associates' contribution
- **CBHB:** Logs record profit in 2Q, bags RM246m data centre substation job
- **SPSETIA:** 2Q profit nearly flat y-o-y at RM98m
- **PEKAT:** Posts record net profit in 2Q, declares one sen dividend

Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,731.3	(0.1)	3.0
Dow Jones	53,463.1	0.2	11.2
Nasdaq CI	26,331.1	0.2	13.3
S&P 500	7,708.0	0.2	12.6
SX5E	6,444.5	(0.4)	11.3
FTSE 100	10,743.4	0.1	8.2
Nikkei 225	65,326.4	(3.2)	29.8
Shanghai CI	3,894.4	(2.4)	(1.9)
HSI	25,495.1	0.1	(0.5)
STI	5,694.2	(0.1)	22.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,314.3	(11.5)
Value traded (RM m)	2,927.3	0.6
Gainers	478	
Losers	692	
Unchanged	572	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZETRIX	0.655	3.1	143.4
JAK	0.120	(7.7)	66.5
PENTECH	0.315	8.6	60.5
NNCB	0.060	0.0	58.6
AAGB	0.915	(7.1)	58.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAY	10.640	0.2	155.7
ZETRIX	0.655	3.1	92.9
KPJ	3.130	3.6	90.1
AMMB	N/A	N/A	N/A
SDG	6.540	(2.5)	74.9

Currencies	Last Close	Daily chg %
USD/MYR	4.059	0.0
USD/JPY	158.070	0.1
EUR/USD	1.168	0.0
USD/CNY	6.731	0.2
US Dollar Index	98.833	(0.8)

Commodities	Last Close	% Chg
Brent (USD/barrel)	91.6	0.7
Gold (USD/troy oz)	4,519.6	0.1
CPO (MYR/metric t)	4,675.0	0.5
Bitcoin (USD/BTC)	69,617.3	0.8

Source: Bloomberg

Macro News

US: Bessent boosts debt buybacks after yields hit multi-decade highs

The US Treasury unexpectedly announced it's ramping up buybacks of long-dated government debt, taking the action in the wake of yields on such securities hitting the highest levels in years. Just two weeks after releasing its planned schedule for buybacks this quarter, the Treasury Department on Wednesday said it's "increasing, by at least double, the size of liquidity support buyback operations" for securities dated from the 10-year to the 30-year sector. *(Bloomberg)*

US: Natgas Prices Rise to Over 3-Week High

US natural gas prices climbed above $2.80 per million British thermal units, reaching their highest level since July 24, as forecasts pointed to hotter weather across much of the country. Short-term temperature outlooks have turned more bullish, with Houston temperatures expected to average around 100°F (38°C) from August 20 to 23. Also, warmer-than-normal conditions are forecast through early September. However, abundant supply remains a key constraint on further gains. Lower-48 production averaged around 111.5 billion cubic feet per day so far in August, above July's monthly record of 110.7 bcfd. *(Trading Economics)*

US: Crude Oil Rises for 4th Session

Crude oil rose above $86 a barrel on Wednesday as renewed tensions in the Middle East increased concerns about further disruptions to energy supplies. The UAE announced a suspension of financial and economic transactions with Iran after accusing Tehran of launching ballistic missiles at its territory, while President Donald Trump said there were no ongoing talks aimed at ending the conflict. Also, three China-linked supertankers turned back while transiting the waterway and a vessel was reportedly struck by a projectile near the strait. *(Trading Economics)*

US: Fed Minutes Show Inflation Risks and Rate Hike Concerns

The Federal Reserve left the federal funds rate unchanged at 3.50%–3.75% for a fifth consecutive meeting in July 2026, in line with expectations, despite markets assigning roughly a one-in-three probability to a rate hike. Notably, three FOMC members dissented, preferring to raise the policy rate by 25 basis points, which leaves the door open to a rate increase in September. *(Federal Reserves)*

US: Gold Rises to Over 2-Month High

Gold prices rose to $4,480 per ounce on Wednesday, the highest since early June, tracking the rally for long-dated US Treasuries after the Treasury Department doubled the buyback of notes and bonds in the upcoming financial quarter. It marked another effort by Washington to contain soaring yields in the longer portion of the curve, following Secretary Bessent's call for higher limits on the Federal Reserve's FIMA facility. Lower borrowing costs reduce the opportunity cost for markets to hold precious metals, which carry no coupons. *(Trading Economics)*

UK: Tackling NHS inefficiency could save Britain £32 bil

The UK Treasury would be as much as £32 billion (RM176.06 billion) better off each year if Britain's government-run health service had kept pace with its pre-pandemic productivity gains, according to analysis of official figures. The data shows a 26% surge in resources used by the National Health Service from 2019 to 2025 as successive governments tried to turn around ailing frontline services. However, NHS output was up just 19% over the same period. *(Bloomberg)*

UK: Inflation picks up after July surge in household energy bills

A jump in household energy bills pushed British inflation to a four-month high in July, matching forecasts, and it looks set to rise further as the war in Iran grinds on with no end in sight. Annual consumer price inflation rose to 2.9% in July from a 15-month low of 2.6% in June, the Office for National Statistics (ONS) said on Wednesday, reflecting a 13% rise last month in the maximum tariff British regulators allow energy firms to charge households. *(Bloomberg)*

CN: Biggest beauty firm to expand in US with Ulta deal

Proya Cosmetics Co is set to expand in the US market through a partnership with Ulta Beauty Inc as China's biggest beauty company looks abroad for growth to help it weather fierce competition at home. Proya is set to launch its flagship Ruby and Original Repair skincare lines in 400 brick-and-mortar Ulta stores as well as on its online platform, the Chinese company said in a statement on its WeChat account. The collaboration represents a significant breakthrough for Proya in its global expansion, it said. *(Bloomberg)*

JP: Bond volatility pumps up futures trading in Singapore

Global funds and relative-value traders are driving a surge in Japan bond futures trading in Singapore, drawn by rising volatility. Trading of 10-year Japanese government bond (JGB) futures at the Singapore Exchange (SGX) has increased sixfold in 12 months, with the daily average volume climbing to 5,400 contracts this month. That represents about ¥54 billion (US$338 million or RM1.38 billion) in notional value traded per day, according to the exchange. *(Bloomberg)*

MY: Finance Ministry to study proposed hybrid GST-SST tax system, says Fahmi

The Ministry of Finance will be given time to conduct a comprehensive study on the government's proposal to combine elements of the goods and services tax (GST) with the sales and services tax (SST), said Madani government spokesperson Datuk Seri Fahmi Fadzil. Fahmi, who is also communications minister, said the report would be brought to the Cabinet for further discussion. *(Bernama*)

MY: National Aerospace Corporation to develop MRO digitalisation and low-altitude economy road maps

The National Aerospace Corporation Malaysia (Naico), under the Ministry of Investment, Trade and Industry (Miti), will develop two national road maps to futureproof the country's aerospace industry. The Maintenance, Repair and Overhaul (MRO) digitalisation Roadmap aims to modernise and boost the MRO sector, while the Low-Altitude Economy (LAE) Roadmap is designed to build the ecosystem for urban air mobility vehicles such as drones. *(The Edge*)

MY: CPO prices to stay above RM4,600 in September on tightening supply, geopolitical disruptions — MPOC

Crude palm oil (CPO) prices are expected to remain firm above RM4,600 per tonne in September, supported by tightening supply fundamentals and continued geopolitical disruptions to global trade flows, according to the Malaysian Palm Oil Council (MPOC). "Crude palm oil futures (FCPO) forward contracts for 2027 traded on Bursa Malaysia Derivatives (BMD) were also above RM5,000 per tonne as of mid-August, reflecting market concerns over the potential impact of El Niño. *(The Edge*)

Corporate News

SOLARVEST: 1Q earnings rise 20% on higher associates' contribution

Solarvest Holdings Bhd's first-quarter net profit saw a 19.8% increase to RM19.02 million from RM15.88 million a year ago, mainly due to higher share of profits from associate companies. Revenue for the quarter ended June 30, 2026 (1QFY2027) rose 13.21% to RM155.94 million from RM137.74 million previously, driven by stronger utility-scale solar project contributions, according to the group's bourse filing on Wednesday. *(The Edge*)

PCHEM: Returns to the black in 2Q amid surge in revenue, lower expenses

PETRONAS Chemicals Group Bhd swung to the black in the second quarter, thanks to a surge in revenue and better product spreads. Net profit for the three months ended June 30, 2026 (2QFY2026) was RM414 million compared to a net loss of RM1.08 billion in the same quarter last year when the petrochemical company booked foreign exchange losses and wrote down the value of assets at its Swedish specialty unit Perstorp. *(The Edge*)

LCTITAN: Korean parent mulling options, Lotte Chemical Titan clarifies amid report of sale, share price spike

Lotte Chemical Titan Holding Bhd said no decision has been made by its South Korean parent amid news reports of a potential disposal that triggered a spike in its share price. Lotte Chemical Corporation is "considering various strategic measures" related to the company but have yet to make any decision so far, Lotte Chemical Titan said in a three-sentence exchange filing on Wednesday in response to the news report. *(The Edge*)

CBHB: Logs record profit in 2Q, bags RM246m data centre substation job

Electrical engineering firm CBH Engineering Holding Bhd's net profit for the second quarter doubled to a record high, fuelled by record revenue combined with improved project margins. Net profit for the three months ended June 30, 2026, rose to RM24.53 million from RM10.11 million a year earlier, while revenue doubled to RM120.93 million from RM59.68 million, according to the company's bourse filing on Wednesday. *(The Edge*)

SPSETIA: 2Q profit nearly flat y-o-y at RM98 mil

S P Setia Bhd posted a net profit of RM98.1 million for the second quarter ended June 30, 2026 (2QFY2026), down 1.74% from RM99.8 million a year earlier. Quarterly revenue fell nearly 13% year-on-year to RM821.4 million from RM943.7 million, mainly due to lower contributions from land sales, the property developer said in a bourse filing on Tuesday. *(The Edge*)

HLB: 4Q net profit rises 22% on stronger motorcycle sales

Hong Leong Industries Bhd has reported a 22.6% year-on-year increase in its fourth quarter net profit on firmer motorcycle demand and a richer sales mix. Net profit for the fourth quarter ended June 30, 2026 (4QFY2026), rose to RM143.59 million from RM117.16 million, according to its Bursa Malaysia filing on Wednesday. *(The Edge*)

UEMS: Doubles 2Q profit, beats full-year sales target by June

UEM Sunrise Bhd more than doubled its second-quarter net profit as higher revenue recognition from property developments and a land divestment lifted earnings, while the developer surpassed its full 2026 sales target by end-June. Net profit for the three months ended June

30, 2026 (2QFY2026) jumped 109% to RM46.85 million from RM22.41 million a year earlier, according to the property developer's Bursa Malaysia filing on Wednesday. Revenue rose 36.9% to RM605.71 million from RM442.42 million over the same period. *(The Edge)*

PEKAT: Posts record net profit in 2Q, declares one sen dividend

Pekat Group Bhd posted record-high earnings in the second quarter ended June 30, 2026 (2QFY2026), as all of its business divisions generated stronger contributions. Quarterly net profit expanded 28.8% to RM14.19 million from RM11.02 million a year earlier, according to the company's filing with Bursa Malaysia. Earnings per share (EPS) increased to 2.01 sen from 1.71 sen per share a year earlier. *(The Edge)*

GENP: 2Q net profit falls 27% on lower CPO prices, lack of disposal gain; declares 10 sen dividend

Genting Plantations Bhd's net profit for the second quarter ended June 30, 2026 (2QFY2026) fell 27% from a year earlier, dragged by lower crude palm oil (CPO) prices and an absence of disposal gain. Net profit for 2QFY2026 declined to RM140.9 million from RM192.6 million previously, when a gain on disposal of assets of RM261.2 million was recorded. *(The Edge)*

BUSCAP: Inks MOU with BYD for energy commercial vehicle platform

Pure-play bus builder Bus Cap Bhd has signed a memorandum of understanding (MOU) with BYD Malaysia Sdn Bhd, a local unit of Chinese conglomerate BYD, in Shenzen, China, to formalise a collaboration to jointly advance a Malaysia-based new energy commercial vehicle platform. Bus Cap said the partnership aims to establish a localised electric bus assembly and manufacturing facility in Perak under the MOU, positioning Bus Cap as a key local industrial platform for BYD's electric commercial vehicle strategy in Malaysia, according to a statement on Wednesday. *(The Edge)*

TSH: Posts 7% rise in 2Q profit on better extraction rates, stronger JV contributions and lower costs

Plantation company TSH Resources Bhd's second-quarter net profit rose 6.7% to RM52.51 million from RM49.23 million in the same quarter a year ago, on better extraction rates, lower costs and stronger joint-venture contributions. The stronger earnings for the quarter ended June 30, 2026 (2QFY2026) came despite revenue slipping 6.6% to RM250.98 million from RM268.78 million amid lower sales volume and softer average selling prices for crude palm oil (CPO), its bourse filing on Wednesday showed. No dividend was declared for the quarter. *(The Edge)*

Upcoming key economic data releases	Date
S&P Global Manufacturing PMI (Aug)	Aug 21
S&P Global Services PMI (Aug)	Aug 21
CB Consumer Confidence (Aug)	Aug 25
New Home Sales (Jul)	Aug 25
Core PCE Price Index (YoY) (Jul)	Aug 26
Core PCE Price Index (MoM) (Jul)	Aug 26
GDP (QoQ) (Q2)	Aug 26
Durable Goods Orders (MoM) (Jul)	Aug 26
Initial Jobless Claims	Aug 26
Source: Investing.com	

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Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.72	0.06	8.89
CapitaLand Malaysia Trust	REIT	4.93	0.43	8.72
MBM Resources	Consumer	1.01	0.09	8.71
YTL Hospital REIT	REIT	0.60	0.05	8.74
Bermaz Auto	Consumer	0.95	0.08	8.63
KIP REIT	REIT	0.86	0.07	8.54
Taliworks Corporation	Utilities	0.27	0.02	7.55
Sports Toto	Consumer	1.35	0.10	7.48
Paramount Corporation	Property	1.02	0.07	7.16
Al-Salam REIT	REIT	0.59	0.04	6.84
TIME dotCom	Telco	5.98	0.40	6.67
Ta Ann Holdings	Plantation	5.88	0.39	6.56
UOA Development	Property	1.26	0.08	6.35
MAG Holdings	Consumer	1.26	0.08	6.35
Magnum	Consumer	1.65	0.11	6.42

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	14 Sept
Butterfield FB Berhad	ACE Market	0.48	150.00	72.00	2 Sept	15 Sept
Pioneer Heat Holdings Berhad	ACE Market	0.25	86.70	17.35	3 Sept	17 Sept

Source: Bursa Malaysia

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