MERCURY SECURITIES SDN BHD
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Daily Newswatch

Market Review

The FBM KLCI closed slightly higher (+0.4% to 1,732) on Tuesday, supported by gains in technology stocks and positive sentiment across most regional markets, as investors rotated back into defensive and domestic-oriented sectors amid improving global risk appetite. Healthcare (+2.0%), Technology (+1.1%), Plantation (+0.8%), led sectoral gains, driven by Sunway Healthcare (+2.1%), SD Guthrie (+1.8%) and IHH Healthcare (+1.6%), while gainers outperform losers 619 to 475 with 590 counters closed unchanged.

Asian markets closed mostly mixed on Tuesday, made cautious gains at the start of trading as investors followed a global rally, with oil prices holding near the lowest levels in weeks as the US-Iran conflict remained at a stalemate. KOSPI (+1.6% to 6,359) led gain, followed by Shanghai Composite (+0.3% to 3,825.3) and Nikkei 225 (+0.3% to 63,957.5) and TAEIX (-0.1% to 43,360.7) and Hang Seng (-0.6% to 25,852.9). KOSPI gains on Health Services (+9.2%), Retail Trade (+6.0%) and Technology Services (+5.6%) while Shanghai Composite gains were led by Electronic Technology (+4.7%), Commercial Services (+4.1%) and Technology services (+3.5%). Followed by Japan gains on Miscellaneous (+4.5%), Producer Manufacturing (+2.8%) and Electronic Technology (+1.6%)

European stocks closed at fresh record highs on Tuesday as strong corporate earnings, AI-related shares, and improving risk sentiment supported markets. The Euro STOXX 50 (+0.9% to 6,486.7), while the STOXX Europe 600 (+0.7% to 656.8). AI-related stocks led gains, with BE Semiconductor (+7.6%), ASML (+3.4%), and Infineon (+3.2%) higher. Among earnings movers, Bayer (+2.9%) advanced, while BP (-4.6%), HSBC (-0.2%), Zalando (-11.7%), and Lufthansa (-9.0%) declined. Hugo Boss was little changed despite reporting weaker sales and EBIT.

Wall Street closed sharply higher on Tuesday as strong corporate earnings and lower oil prices lifted sentiment. The S&P 500 (+1.8% to 7,736.5), the Dow Jones gained (+1.7% to 54,085.9), and the Nasdaq CI (+2.6% to 26,585.0). Palantir (+29.0%) surged after strong second-quarter results, while chipmakers rallied, led by Intel (+10.8%), Marvell (+13.0%), Micron (+7.6%), and Broadcom (+6.6%). Caterpillar (+5.5%) gained after beating earnings expectations and raising guidance. After the closing bell, SpaceX reported stronger-than-expected second-quarter revenue, though its shares fell in extended trading as capital expenditure increased.

Macro Snapshots

- **US:** Trade deficit narrows to US$73.3bn on drop in imports
- **CN:** Xi Wants a Strong-Looking Yuan. China's Economy Keeps Holding It Down
- **SK:** Inflation drops below estimates but pressure persists
- **MY:** Inflation to trend at 2.5-2.8% this year as businesses pass on higher costs, says SERC

Corporate Snapshots

- **MNRB:** To sell Takaful Ikhlas to Bank Rakyat for RM1.64bn
- **VANTRIS:** Secures RM830m contracts from PETRONAS units
- **SNS:** Expects to recognise RM1.22bn AI server contract revenue in FY2027
- **VLB:** Plans RM60.4m private placement to fund construction projects

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,732.7	0.4	3.1
Dow Jones	54,085.9	1.7	12.5
Nasdaq CI	26,585.0	2.6	14.4
S&P 500	7,736.5	1.8	13.0
SX5E	6,486.7	0.9	12.0
FTSE 100	10,879.4	0.2	9.5
Nikkei 225	63,957.5	0.3	27.1
Shanghai CI	3,822.3	0.3	(3.7)
HSI	25,852.9	(0.6)	0.9
STI	5,612.3	0.0	20.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,803.7	2.6
Value traded (RM m)	2,818.5	20.5
Gainers	619	
Losers	475	
Unchanged	590	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZETRIX	0.735	1.4	65.3
MRDIY	1.520	(6.2)	44.5
NATGATE	1.290	4.9	43.1
HHR	0.115	0.0	42.1
DATA	0.060	(14.3)	31.3

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAY	10.780	(0.6)	329.3
PBK	5.280	1.5	139.0
AMMB	N/A	N/A	N/A
TNB	14.500	0.0	75.8
MRDIY	1.520	(6.2)	68.5

Currencies	Last Close	Daily chg %
USD/MYR	4.097	0.0
USD/JPY	157.750	0.0
EUR/USD	1.153	0.0
USD/CNY	6.748	0.1
US Dollar Index	99.884	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	78.7	(6.0)
Gold (USD/troy oz)	4,077.9	0.0
CPO (MYR/metric t)	4,537.0	(0.3)
Bitcoin (USD/BTC)	64,197.3	(0.2)

Source: Bloomberg

Macro News

US: Factory Orders Fall for 2nd Month

New orders for manufactured goods in June, down two consecutive months, decreased $2.3 billion or 0.3 percent to $656.5 billion, the U.S. Census Bureau reported today. This followed a 1.1 percent May decrease. Shipments, down following six consecutive monthly increases, decreased $1.1 billion or 0.2 percent to $652.1 billion. This followed a 1.6 percent May increase. Unfilled orders, up twenty-three of the last twenty-four months, increased $9.6 billion or 0.6 percent to $1,590.6 billion. *(U.S. Census Bureau*)

US: Treasury note fell to 4.65%

The yield on the 10-year US Treasury note fell to 4.65% on Tuesday from the 18-month high of 4.75% in the previous session as lower energy prices softened risks of higher inflation and a hawkish reaction by the Federal Reserve. Qatari authorities stated that the US and Iran were close to signing a short-term agreement that would pause the conflict, followed by US Treasury Secretary Bessent noting that a deal could be announced imminently. *(Trading Economics*)

US: Home prices pick up in 80% of US metro areas, led by Northeast

Prices of existing homes rose in 80% of US metropolitan areas in the second quarter (2Q), as home values pick up pace after several months of weakness. The figure is up from 71% that saw year-over-year increases in the first quarter (1Q), National Association of Realtors (NAR) data released on Tuesday showed. By region, the Northeast — where the supply of homes has been tighter than some other areas — saw the biggest price gain, with the median for an existing single-family home rising 3.8% over the year to US$547,200 (RM2,238,781). *(Bloomberg*)

US: Job openings edged down in June, layoffs remained limited

US job openings eased in June but hiring picked up, indicating relatively steady demand for workers heading into the summer. Available positions fell to 7.36m from 7.54m in May, according to Bureau of Labor Statistics data out on Tuesday. The median estimate in a *Bloomberg* survey of economists called for 7.45m openings. The decrease in openings was driven by a pullback in healthcare, leisure and hospitality, wholesale trade and business services. Layoffs were little changed. *(Bloomberg*)

US: Trade deficit narrows to US$73.3bn on drop in imports

The US trade deficit narrowed in June as imports fell for the first time since the start of the year in a broad decline. The gap in goods and services trade shrank 5.6% from the prior month to US$73.3bn (RM299.9bn), Commerce Department data showed on Tuesday. The value of imports declined 1.8% while exports fell 0.9%. The trade data wrap up a quarter in which net exports continued to weigh on economic growth. Trade has been volatile month to month amid fluctuating tariff policy, disruptions from war in the Middle East and a rush to invest in artificial intelligence (AI). (*Bloomberg*)

US: Fed's Paulson says she keeps an 'open mind' on interest rates

Federal Reserve Bank of Philadelphia president Anna Paulson said she will keep an open mind about the path for interest rates, focusing on the trends of underlying inflation. "I see two plausible scenarios for how current policy is affecting inflation, and the incoming evidence will clarify which path we're on and what adjustments, if any, may be needed," Paulson wrote in an essay on Tuesday. "I am keeping an open mind about where policy goes from here." (*Bloomberg)*

US: Credit braces for fallen angels as US$100 bn trades like junk

Oracle Corp and Stellantis NV are among a group of high-grade companies with debt that has recently traded close to junk levels, putting the bond market on watch for a new era of fallen angels. About US$100bn (RM409.56bn) in bonds in US dollar and euro investment-grade indexes are trading at wider spreads than the double-B — or junk — curve, based on data compiled by *Bloomberg*. That indicates a large amount of potential fallen angels — market parlance for investment-grade companies cut to junk status. (*Bloomberg*)

CN: Xi Wants a Strong-Looking Yuan. China's Economy Keeps Holding It Down

Xi Jinping doesn't like a weak yuan. A soft renminbi feels, at least to the Chinese leader, like a loss of face—a sign of weakness he'd rather not project to the world. And yet, by the reckoning of one of the most respected currency hands in Washington, China's currency is between 20% and 30% below its true value. That's the paradox at the center of this week's column, and I owe it to a conversation with Mark Sobel, a former senior U.S. Treasury official who spent decades on international monetary policy." (*Wall Street Journal*)

CN: And US weighs polysilicon price floor, tariffs to counter China in solar and chips

The Trump administration is preparing to set a price floor and impose tariffs on polysilicon and related products, according to four people familiar with the plan, putting a material critical to solar panels and semiconductors at the center of U.S. efforts to compete with China on artificial intelligence and energy." (*Reuters*)

JP: Economy minister offers sanguine view on inflation

Japan has seen only moderate rises in consumer prices so far with the pass-through of higher costs from the Middle East conflict remaining limited, Economy Minister Minoru Kiuchi said on Tuesday, offering a sanguine view on inflationary risks. The assessment contrasts with that of the Bank of Japan (BOJ), which last week issued its strongest warning to date on the risks of inflation overshooting its 2% target. "The overall consumer price index rose 1.7% year-on-year in June, showing only moderate rises," Kiuchi told a news conference, when asked about the BOJ's warning." (*Reuters*)

SK: Inflation drops below estimates but pressure persists

South Korea's consumer inflation slowed more than expected, falling back below 3% and after accelerating to its fastest pace since late 2023 a month earlier, easing pressure on policymakers to tighten policy. Consumer prices rose 2.8% from a year earlier in July, the slowest pace since April, after the 3.2% pace in June, data from the Ministry of Data and Statistics showed Tuesday. The reading compared with the median estimate of 3% in a *Bloomberg* survey of economists." (*Bloomberg*)

MY: Inflation to trend at 2.5-2.8% this year as businesses pass on higher costs, says SERC

Businesses are expected to pass on higher operating costs to consumers in the coming months, pushing Malaysia's headline inflation to trend higher this year, according to the Socio-Economic Research Centre (SERC). Producer prices have been rising over the past few months, and persistent cost pressures that are likely to feed through to consumer prices, SERC executive director Lee Heng Guie said. "The underlying price pressure remains very high; costs of doing business also continue to go higher and that definitely will pass through," Lee told a briefing. (*The Edge*)

MY: Needs more small- and mid-cap firms to become national champions — Amir Hamzah

Malaysia needs more small- and mid-cap listed companies to grow into national champions and regional leaders to strengthen the country's capital market, Finance Minister II Datuk Seri Amir Hamzah Azizan said. In his keynote address at The Edge Centurion Club Awards 2026 on Tuesday, Amir Hamzah said the success of these companies should be measured not only by earnings growth and business expansion but also by stronger valuations, greater institutional investor participation and higher investor confidence. (*The Edge*)

MY: Poised to capture major real estate growth amid region's structural transformation — JLL

Malaysia is emerging as a key beneficiary of Southeast Asia's structural transformation as the region shifts from cyclical recovery, according to Jones Lang LaSalle IP Inc (JLL). In a statement on Tuesday, the global commercial real estate services and investment management company said that Malaysia is uniquely positioned to capitalise on cross-border integration and industrial diversification trends reshaping the regional real estate landscape. (*Bernama*)

Corporate News

MNRB: To sell Takaful Ikhlas to Bank Rakyat for RM1.64bn

MNRB Holdings Bhd is selling its takaful business to development financial institution Bank Kerjasama Rakyat Malaysia Bhd, better known as Bank Rakyat, for RM1.64bn cash. In a filing with Bursa Malaysia, MNRB said it has signed an implementation agreement with Rakyat Nominees Sdn Bhd and Bank Rakyat for the proposed sale of its takaful subsidiaries, Takaful Ikhlas Famy and Takaful Ikhlas General. The deal remains subject to regulatory approval, with final sale agreements to be signed later, within a 12-month period. (*The Edge*)

HARTA: 1Q profit rises to highest since 2022 as better selling prices lift margins

Hartalega Holdings Bhd reported a near-sixfold earnings jump in its recently ended quarter as higher average selling prices boosted margin and offset lower volume. This is Hartalega's highest quarterly earnings since the three months ended June 2022 (1QFY2023), when it booked net profit of RM88.3 m on revenue of RM845.7 m. (*The Edge*)

VANTRIS: Secures RM830 m contracts from PETRONAS units

Vantris Energy Bhd, formerly Sapura Energy Bhd, said its engineering and construction and drilling subsidiaries have secured RM830m work orders from Petroliam Nasional Bhd's (PETRONAS) upstream arm to provide transportation, installation and tender-assisted drilling rig services in Malaysia. In a Bursa Malaysia filing on Tuesday, the group said its engineering unit, VTEB Offshore Sdn Bhd secured a work order from PETRONAS Carigali Sdn Bhd (PCSB) for offshore transportation and installation works, with completion expected by the third quarter of the financial year ending Jan 31, 2028 (FY2028). *(The Edge*)

CAPITALA: Non-aviation units post mixed 2Q results, logistics and digital travel drive growth

Capital A Bhd's non-aviation businesses posted mixed operating performance in the second quarter, with logistics and digital travel operations recording solid growth despite seasonal weakness and geopolitical tensions in the Middle East weighing on parts of the group's ecosystem. The group said the quarter reflected the usual seasonal slowdown, while airline capacity adjustments stemming from Middle East geopolitical tensions affected several business segments. *(The Edge*)

K1: To sell cloud arm to Japan's ITOCHU for RM94m, plans special dividend

K-One Technology Bhd is disposing of its cloud business arm G-AsiaPacific Sdn Bhd (GAP) to Tokyo-listed ITOCHU Corp and its Singapore unit ITOCHU Singapore Pte Ltd for RM94m, as the company seeks to unlock the value of its investment. In a Bursa Malaysia filing on Tuesday, the technology solutions provider said its wholly owned subsidiary K2 Meta Sdn Bhd had entered into a conditional share purchase agreement with the two purchasers for the disposal of its entire stake in GAP. Under the agreement, ITOCHU Corp will acquire a 40% stake in GAP, while ITOCHU Singapore will acquire the remaining 60%. *(The Edge)*

SNS: Expects to recognise RM1.22bn AI server contract revenue in FY2027

SNS Network Technology Bhd said it expects to recognise revenue from its US$298.66m (RM1.22bn) contract for the supply of high-performance artificial intelligence (AI) servers to a Singapore-based customer in its current fiscal year. Delivery of all the products under the deal is expected to be ready five months after the customer's advance payment and SNS Network's subsequent placement order with the manufacturer of the servers. *(The Edge)*

GFM: Bags RM83.1m job for Pengerang Integrated Complex's first major turnaround

GFM Services Bhd has secured an additional RM83.1m for major turnaround works at the Pengerang Integrated Complex (PIC) in Johor. PIC, which started operations in 2019, is preparing for its first major planned maintenance shutdown. The work will include inspections, repairs, and equipment replacement to ensure the plant continues to operate safely and efficiently. *(The Edge)*

FPI: Swings to black as 2Q revenue jumps 67%

Formosa Prosonic Industries Bhd saw revenue jump 66.7% to RM182.95m for the second quarter ended June 30, 2026 (2QFY2026), as higher sales volume and forex gains helped the audio products manufacturer return to the black. Net profit came in at RM13.92m, compared to a net loss of RM819,000 a year earlier. In a Bursa filing on Tuesday, the group attributed the turnaround to higher sales volume and more favourable currency movements. It recorded a foreign exchange gain of RM2.11m, compared to a loss of RM16.04m a year earlier. (*The Edge*)

VLB: Plans RM60.4m private placement to fund construction projects

Construction firm Vestland Bhd has proposed to raise up to RM60.44m via a private placement of up to 10% of its enlarged share base to fund working capital for current as well as future projects. It plans to issue as many as 94.43m new shares to third-party investors to be identified at an issue price to be fixed, according to the builder's bourse filing on Tuesday. The estimated RM60.44m proceeds to be raised are based on an illustrative price of 64 sen, a 9.04% discount to Vestland shares' five-day volume-weighted average price of 70.36 sen up to Aug 3. (*The Edge*)

Upcoming key economic data releases	Date
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	

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Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.73	0.07	8.90
MBM Resources	Consumer	4.88	0.43	8.81
Bermaz Auto	Consumer	0.97	0.08	8.50
CapitaLand Malaysia Trust	REIT	0.61	0.05	8.36
KIP REIT	REIT	0.88	0.07	8.34
YTL Hospital REIT	REIT	1.05	0.09	8.38
Paramount Corporation	Property	1.00	0.07	7.30
Taliworks Corporation	Utilities	0.28	0.02	7.14
Sports Toto	Consumer	1.35	0.09	6.96
Al-Salam REIT	REIT	0.61	0.04	6.61
TIME dotCom	Telco	6.01	0.40	6.64
Ta Ann Holdings	Plantation	5.82	0.39	6.63
Al-Aqar Healthcare REIT	REIT	1.15	0.07	6.52
MAG Holdings	Consumer	1.25	0.08	6.40
Magnum	Consumer	1.25	0.08	6.40

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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