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Daily Newswatch

Market Review

The FBM KLCI closed 0.9% higher at 1,748.2 on Wednesday, tracking gains across regional markets as easing concerns over the Middle East conflict and lower oil prices improved risk sentiment. Construction (+2.4%), Technology (+1.8%) and Plantation (+1.4%) led the sectoral advance, while YTL Power (+7.1%), Gamuda (+4.8%) and CelcomDigi (+3.8%) were among the session's notable gainers. Market breadth was positive, with 690 gainers outpacing 487 decliners, while 587 counters closed unchanged.

Asian markets closed mostly high on Wednesday, emerging market currency gauge surged to an all-time high in Asian trade on Wednesday and regional equities reached multi-week peaks as hopes of easing U.S.-Iran tensions kept oil prices under US$80. KOSPI (+3.8% to 6,598.3) led gain, followed by Nikkei 225+3.7% to 66,300.4), TAEIX (+2.9% to 44,611.6), Shanghai Composite (+1.5% to 3,878.4), Hang Seng (+0.2% to 25,915.8). KOSPI gains on Industrial Services (+6.2%), Producer Manufacturing (+4.7%) and Electronic Technology (+4.2%) while Japan gains were led by Communications (+7.2%), Electronic Technology (+5.1%) and Non-Energy Minerals (+5.0%). Followed by Taiwan gains on Health Technology (+4.0%), Distribution Services (+3.6%) and Electronic Technology (+3.4%)

European stocks closed mixed on Wednesday, holding near record highs after another batch of corporate earnings. The Euro STOXX 50 (-0.1% to 6,477.0), while the STOXX Europe 600 remains flat to 657.1. SAP rose over 1.0%, while Bayer and Argenx each gained more than 2.0%. Infineon (-5.7%) and DHL (-3.7%) declined after earnings, while Novo Nordisk closed flat despite raising guidance. Outside the Eurozone, Glencore (+3.8%) advanced after issuing strong guidance and announcing plans for a secondary ASX listing.

Wall Street closed mixed on Wednesday as an improving macroeconomic backdrop and strong corporate earnings supported sentiment. The S&P 500 (-0.2% to 7,723.6), the Nasdaq (-0.8% to 26,363.4), while the Dow Jones (+0.5% to 54,349.1). Lower oil prices eased inflation concerns, supporting financials. Arista Networks (+3.6%) and Eli Lilly (+4.9%) gained after strong earnings, while SpaceX (-13.6%) and AMD (-7.0%) declined despite positive quarterly results.

Macro Snapshots

- **US:** Services activity continues to expand on resilient demand
- **EU:** Industrial producer prices down by 0.3% in the euro area and by 0.2% in the EU
- **CN:** Services gauge hits two-year low as firms turn cautious
- **MY:** Seeks to shield farmland from AI and chipmaking booms

Corporate Snapshots

- **SCIB:** Bags RM24.59m subcontract for Sabah school reconstruction
- **KGB:** To invest RM120m to build industrial gas plant in India
- **GAMUDA:** Lands another hyperscale data centre project in Port Dickson worth RM1.71bn
- **GTA:** ACE-Market bound GTA inks underwriting agreement with HLIB

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,748.2	0.9	4.1
Dow Jones	54,349.1	0.5	13.1
Nasdaq CI	26,363.4	(0.8)	13.4
S&P 500	7,723.6	(0.2)	12.8
SX5E	6,477.0	(0.1)	11.8
FTSE 100	10,888.3	0.1	9.6
Nikkei 225	66,300.4	3.7	31.7
Shanghai CI	3,878.4	1.5	(2.3)
HSI	25,915.8	0.2	1.1
STI	5,581.4	(0.6)	20.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,891.5	38.8
Value traded (RM m)	3,804.1	35.0
Gainers	690	
Losers	487	
Unchanged	587	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZETRIX	0.690	(6.1)	131.1
INRI	2.410	9.0	69.9
GENE	0.380	16.9	68.3
NATGATE	1.360	5.4	64.1
EG	1.700	(5.6)	43.6

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAY	10.820	0.4	187.8
INRI	2.410	9.0	165.4
PENT	5.700	7.8	138.1
PBK	5.270	(0.2)	106.3
TNB	14.660	1.1	96.8

Currencies	Last Close	Daily chg %
USD/MYR	4.094	0.1
USD/JPY	157.730	0.0
EUR/USD	1.155	0.0
USD/CNY	6.750	0.0
US Dollar Index	99.692	(0.2)

Commodities	Last Close	% Chg
Brent (USD/barrel)	79.6	0.3
Gold (USD/troy oz)	4,247.0	0.0
CPO (MYR/metric t)	4,525.0	0.1
Bitcoin (USD/BTC)	64,681.2	(0.2)

Source: Bloomberg

Macro News

US: Services activity continues to expand on resilient demand

The US service sector expanded at a steady pace in July, bolstered by a pickup in new orders and business activity. The Institute for Supply Management's (ISM) services index rose 0.1 of a point to 54.1, according to data released on Wednesday. Readings above 50 indicate expansion. New orders growth accelerated and a measure of business activity climbed to a five-month high, pointing to resilient consumer demand. Even so, rising costs for services and materials continued to weigh on firms. ISM's index of prices paid jumped to 70.3 in July as the collapse of an interim deal between the US and Iran pushed oil and gasoline prices higher. *(Bloomberg*)

US: Keeps debt-sale guidance steady, deepening bill reliance

The US Treasury on Wednesday retained its previous guidance for future debt issuance, signalling no change in note and bond auction sizes well into 2027 even as federal borrowing needs climb. Based on current projections, officials expect to maintain current sales amounts for nominal interest-bearing securities — coupons — and floating rate notes "for at least the next several quarters". The department has used that same language in its quarterly debt-issuance strategy statement since early 2024. *(Bloomberg*)

US: Companies added 44,000 jobs in July, ADP data show

US companies added fewer jobs in July than expected, suggesting some cooling in hiring momentum after a recent stretch of solid gains. Private payrolls rose 44,000 — the least since the start of the year — after a revised 95,000 increase in the prior month, according to ADP Research data out Wednesday. The July gain was smaller than all estimates in a *Bloomberg* survey of economists. Even with the moderation in hiring, the report showed wage growth for those who switched jobs picked up to the strongest pace in nearly a year. *(Bloomberg*)

US: Mortgage rates rise to 6.81%, highest level in a year

US mortgage rates rose last week to the highest level in a year, curbing demand for home loans in an already subdued housing market. The contract rate on a 30-year mortgage rose five basis points to 6.81% in the week ended July 31, according to Mortgage Bankers Association (MBA) data released on Wednesday. Rates fell to their lowest levels since 2022 towards the end of February, just before the start of the Iran war. Since then, they've trended higher as the conflict pushed up energy prices and stoked inflation concerns. *(Bloomberg*)

US: The New Global Economy: The AI threat to financial stability

US Federal Reserve chair Kevin Warsh recently announced a new task force that will "survey the pace, the reach [and] the economic impact of new general purpose technologies, including artificial intelligence (AI), and explore the implications for the Fed" as it pursues its "employment and inflation mandates". Notably absent from his statement was any mention of the impact of AI on financial stability, the Fed's de facto third mandate. The Fed has shown some awareness of the risks AI poses to financial stability. In April, Warsh's predecessor, Jerome Powell, together with US Treasury Secretary Scott Bessent, convened a meeting to assess how advanced AI models could affect cybersecurity in the banking system. (*Bloomberg*)

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*)

EU: Industrial producer prices down by 0.3% in the euro area and by 0.2% in the EU

In June 2026, compared with May 2026, industrial producer prices decreased by 0.3% in the euro area and by 0.2% in the EU, according to first estimates from Eurostat, the statistical office of the European Union. In May 2026, industrial producer prices grew by 0.2% in both the euro area and the EU. In June 2026, compared with June 2025, industrial producer prices increased by 4.6% in the euro area and by 4.7% in the EU. (*Eurostat)*

CN: Services gauge hits two-year low as firms turn cautious

China's services activity expanded at its weakest pace in nearly two years, a private survey showed, with businesses turning more cautious about an economy that's increasingly showing signs of further weakness. The RatingDog China services purchasing managers' index slipped to 50.4 from 54.1 in June, according to a statement published Wednesday. That fell far short of the median forecast of economists surveyed by *Bloomberg* but stayed above the 50 mark separating expansion from contraction. (*Bloomberg*)

JP: Cabinet approves sales tax cut with funding unclear

Japanese Prime Minister Sanae Takaichi's cabinet approved a plan to temporarily cut the sales tax on food for two years, in a move aimed at easing pressure on households that is also fuelling concerns over Japan's fiscal health. The cabinet approved the plan Wednesday after the ruling Liberal Democratic Party's General Council rubber-stamped it earlier in the day. Takaichi aims to cut the sales tax on food and non-alcoholic beverages to 1% from the current 8% starting in April. " (*Bloomberg*)

JP: BOJ debated mounting price risks even upon hiking rates in June, minutes show

Bank of Japan (BOJ) policymakers debated mounting price risks that likely required more rate hikes even as they raised borrowing costs to a 31-year high in June, minutes of the meeting showed on Wednesday, highlighting the central bank's increased focus on broadening inflation. A few board members said consumer inflation will likely get a significant boost in the latter half of the current fiscal year as firms plan price hikes for a wide range of goods, minutes of the June meeting showed." (*Bloomberg*)

MY: Seeks to shield farmland from AI and chipmaking booms

Malaysia is working with state governments to protect farmland from industrial and real estate expansion as the explosive growth in data centres and chip manufacturing intensifies competition for land. The Southeast Asian nation has already set aside about 25,000 hectares through the Permanent Food Production Zones programme, which will help protect land from encroachment by industries, said Deputy Agriculture and Food Security Minister Datuk Chan Foong Hin. That's nearly 5% of Malaysia's farmland, excluding palm oil and rubber plantations. (*Bloomberg*)

MY: Govt to review import needs, formulate policies to strengthen domestic industries — Johari Ghani

The government will assess the country's import needs, including capital goods, and formulate policies to reduce dependence on external ecosystems as Malaysia seeks to strengthen domestic industries and create greater value from trade and investment. Minister of Investment, Trade and Industry Datuk Seri Johari Abdul Ghani said it is important to create genuine value in Malaysia, develop home-grown technologies, and ensure that rising trade and investment translate into better outcomes for Malaysians. (*Bernama*)

Corporate News

GAMUDA: Lands another hyperscale data centre project in Port Dickson worth RM1.71 bn

Gamuda Bhd has secured a RM1.71bn contract to build a hyperscale data centre in Port Dickson, Negeri Sembilan. The award marks Gamuda's second hyperscale data centre construction contract in Port Dickson this year. In April, the group secured a RM1.72bn contract for another hyperscale data centre in the same location from a multinational technology company headquartered in the US, without naming the customer. (*The Edge*)

HEIM: Malaysia 2Q profit drops 39%, keeps dividend at 40 sen

Heineken Malaysia Bhd on Wednesday posted its weakest quarterly performance in nearly five years, as softer consumer demand and continued inventory normalisation across its customers and distributors weighed on sales. Net profit for the three months ended June 30, 2026 (2QFY2026) fell 39.12% to RM50.53m from RM83m a year earlier while revenue declined 19.4% to RM434.75m from RM539.73m. The quarterly net profit and revenue were the group's lowest since 3QFY2021, when it posted earnings of RM51.02m on revenue of RM389.85m. (*The Edge*)

FRONTKN: Posts record earnings in 2Q amid boom in semiconductor, oil

Frontken Corp Bhd posted record-high earnings in the latest quarter thanks to stronger demand from oil-and-gas and semiconductor clients. Net profit at the industrial services firm was RM47.72m in the three months ended June 30, 2026 (2QFY2026), an increase of 43% compared with the same quarter a year earlier, according to an exchange filing on Wednesday. Revenue growth was slower at 20% year-on-year to RM186.91 m as strengthening ringgit dragged on receipts in Taiwanese dollar. On a like-for-like basis, revenue from Taiwan would have grown 18% instead of 7% in the current quarter. *(The Edge*)

KGB: To invest RM120m to build industrial gas plant in India

Kelington Group Bhd plans to invest about RM120m to build an air separation plant in Maharashtra, India, as it expands its industrial gas business. The plant will be able to produce up to 300 tonnes per day of oxygen, nitrogen and argon for industrial customers, the company said in an exchange filing on Wednesday. The gases are used in industries ranging from electronics to pharmaceuticals and from metallurgy to food processing. *(The Edge*)

NESTCON: Secures second contract from Exsim, RM243m job to build serviced apartments in Penang

Nestcon Bhd's wholly owned subsidiary, Nestcon Builders Sdn Bhd, has secured a RM243m contract with Exsim Waterfront Sdn Bhd to construct one block of serviced apartments in George Town, Penang. As detailed in its Wednesday bourse filing, the contract involves Nestcon building a block of 57-storey serviced apartments on Seksyen 8, Bandar George Town, Daerah Timur Laut, Pulau Pinang. Construction on the apartments is to begin on Jan 18, 2027 and is expected to last 35 months, around December 18, 2029. This marks the second project this week that Nestcon has secured from Exsim. *(The Edge*)

SCIB: Bags RM24.59m subcontract for Sabah school reconstruction

Sarawak Consolidated Industries Bhd has won a RM24.59m subcontract to undertake the reconstruction of a dilapidated school building in Sabah. In a Bursa Malaysia filing on Wednesday, SCIB said its wholly owned subsidiary, SCIB Industrialised Building System Sdn Bhd (SIBS), had accepted a letter of award from Belian Juta Sdn Bhd to carry out the works on Sekolah Kebangsaan Kaingaran located in Tambunan. *(The Edge*)

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CPETECH: Buys land with factory in Johor for RM10m, spends RM21m on machinery

CPE Technology Bhd, a Johor-based precision-machined parts maker, announced its plan to purchase 0.99 acres of land with a factory building in Ulu Tiram, Johor, and RM21m worth of machinery as it looks to expand its production capacity. The company acquired the Ulu Tiram property from fridge manufacturer Flomatic Industries Sdn Bhd for RM10m while 70 units of turning and mling machinery were acquired from Yamazen (M) Sdn Bhd and Numac Machinery Sdn Bhd for RM21.02m, according to bourse filings. *(The Edge*)

BORNOIL: Chairman Tan Kok Chor passes away

Borneo Oil Bhd on Wednesday announced that its chairman Tan Kok Chor passed away on Monday (Aug 4) at the age of 76. The company announced the cessation of office for Tan's non-executive chairman role in a bourse filing on Wednesday, following his passing. "The board extends its deepest condolences to his family and expresses its sincere appreciation for his invaluable contributions and dedicated service to the company," it added. (*The Edge*)

GTA: ACE-Market bound GTA inks underwriting agreement with HLIB

Aviation support company GTA Holdings Bhd has signed an underwriting agreement with Hong Leong Investment Bank Bhd (HLIB) for its planned listing on the ACE Market. HLIB will underwrite the entire 77.48m retail shares, comprising 64.57m shares for the Malaysian public — equally allocated between Bumiputera and non-Bumiputera investors — and 12.91m shares for eligible directors and employees under pink form allocation. The IPO exercise involves a public issue of 205m new shares and an offer for sale of 124m shares. All in, the listing offers investors a 25.48% stake in the company. (*The Edge*)

Upcoming key economic data releases	Date
Initial Jobless Claims	Aug 06
Average Hourly Earnings (MoM) (Jul)	Aug 07
Nonfarm Payrolls (Jul)	Aug 07
Unemployment Rate (Jul)	Aug 07
Existing Home Sales (Jul)	Aug 11
CPI (YoY) (Jul)	Aug 12
CPI (MoM) (Jul)	Aug 12
Core CPI (MoM) (Jul)	Aug 12
10-Year Note Auction	Aug 13
PPI (MoM) (Jul)	Aug 13
Initial Jobless Claims	Aug 13
30-Year Bond Auction	Aug 14
Core Retail Sales (MoM) (Jul)	Aug 14
Retail Sales (MoM) (Jul)	Aug 14
Source: Investing.com	

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	4.97	0.43	8.65
Bermaz Auto	Consumer	0.97	0.08	8.45
YTL Hospital REIT	REIT	1.06	0.09	8.30
CapitaLand Malaysia Trust	REIT	0.61	0.05	8.36
KIP REIT	REIT	0.87	0.07	8.39
Paramount Corporation	Property	1.00	0.07	7.30
Taliworks Corporation	Utilities	0.29	0.02	6.90
Sports Toto	Consumer	1.33	0.09	7.07
Al-Salam REIT	REIT	0.61	0.04	6.61
Ta Ann Holdings	Plantation	5.93	0.39	6.51
TIME dotCom	Telco	6.01	0.40	6.64
Al-Aqar Healthcare REIT	REIT	1.16	0.07	6.47
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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