

Daily Newswatch

Market Review

Last Friday, the FBMKLCI closed the week with a 0.2% gain, buoyed by bargain-hunting in select blue-chip stocks, bucking regional market trends. Axiata (+1.8%), Press Metal (+1.6%), and PetDag (+1.5%) were the top gainers among 20 of the 30 major index constituents that saw an uptick. All sectors saw gains, with health care (+2.9%), property (+1.5%), and construction (+1.3%) leading the way. Overall market sentiment was optimistic, with 818 stocks rising and 395 falling.

Economics

- **Malaysia-New Zealand** reaffirm commitment for bilateral cooperation
- **US** job gains blow past expectations, wage growth quickens
- **Russian** central bank keeps rates at 16%, holds open prospect of hike
- **Global** major world economies seek to halt new private sector coal financing
- **Malaysia** to become AI regional hub, from ByteDance RM10bn investment

Companies

- **Sunview (0262)** bags RM52m LSSPV construction contract
- **Perak Corp (8346)** enters joint development with Urbax Properties
- **Binastra (7195)** secures RM315m building works for residential project
- **Engtex (5056)** proposes 3-for-4 bonus issue
- **Toyo Ventures (7173)** secures US\$980m equipment financing facility for project in Vietnam
- **Euro Holdings (7208)** sells Rawang warehouse land
- **Paragon Globe (3611)** buys RM14m land in Plentong for detached factory
- **Maxis (6012)** ready to complete share subscription agreement process with DNB

Upcoming key economic data releases

	<u>Date</u>
Malaysia - IPI	10 June
US - FOMC	12 June
US - CPI	12 June
US - PPI	13 June
EU – HICP (Inflation data)	18 June
Malaysia - CPI	25 June
Malaysia - GDP	27 June
US - GDP	27 June

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,617.9	0.2	11.3
Dow Jones	38,799.0	(0.2)	2.9
Nasdaq CI	17,133.1	(0.2)	16.0
S&P 500	5,347.0	(0.1)	12.7
FTSE 100	8,245.4	(0.5)	6.8
Nikkei 225	38,683.9	(0.1)	16.2
Shanghai CI	3,051.3	0.1	3.0
HSI	18,367.0	(0.6)	9.4
STI	3,330.8	(0.0)	3.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,729.9	7.0
Value traded (RM m)	4,053.6	(9.9)
Gainers	818	
Losers	395	
Unchanged	472	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
JAKS	0.155	19.2	290.6
YNHPROP	0.640	33.3	133.7
JTGROUP	0.435	22.5	131.7
WIDAD	0.080	33.3	90.5
WCT	0.830	7.1	80.5

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	13.760	0.4	205.2
MAYBANK	10.000	0.2	142.3
CIMB	6.960	0.1	103.5
MAHSING	1.850	5.7	99.4
YTLPOWR	5.060	(0.2)	90.7

Currencies	Last Close	% Chg
USD/MYR	4.6920	(0.1)
USD/JPY	156.75	0.7
EUR/USD	1.0801	(0.8)
USD/CNY	7.2477	0.0
US Dollar Index	104.89	0.8

Commodities	Last Close	% Chg
Brent (USD/barrel)	79.62	(0.3)
Gold (USD/troy oz)	2,293.8	(3.5)
CPO (USD/metric t)	3,944.5	(0.1)
Bitcoin (USD/BTC)	69,273.4	(2.0)

Economics

Malaysia-New Zealand: Reaffirm commitment for bilateral cooperation

Malaysia and New Zealand held their first annual foreign ministers' meeting, chaired by Malaysia's Foreign Minister Datuk Seri Mohamad Hasan and attended by New Zealand's Deputy Prime Minister and Foreign Minister Winston Peters. The meeting focused on enhancing bilateral cooperation under their strategic partnership, discussing trade, diplomatic relations, security cooperation, and regional issues like the South China Sea and Myanmar. Both nations reaffirmed their commitment to the ASEAN-New Zealand Strategic Partnership and to multilateralism. The visit also included meetings with Malaysia's Prime Minister and Deputy Prime Minister, further strengthening their economic and people-to-people ties. (*Bloomberg*)

US: Job gains blow past expectations, wage growth quickens

The US economy created 272,000 jobs in May, significantly exceeding expectations and reaccelerating annual wage growth, demonstrating the labour market's resilience. The unemployment rate rose slightly to 4%, but the strong job gains suggest the Federal Reserve is unlikely to cut rates in September, as markets now estimate a 55% probability for a rate cut, down from 70%. Key sectors driving employment included healthcare, government, and leisure and hospitality, while average hourly earnings rose by 0.4%. The Fed is closely monitoring labour market conditions to balance its efforts in controlling inflation without stifling economic growth. (*Reuters*)

Russian: Central bank keeps rates at 16%, holds open prospect of hike

Russia's central bank maintained its interest rate at 16% for the fourth consecutive meeting but signalled a potential hike in July, indicating tight monetary conditions may be needed longer than previously expected. Despite an inflation slowdown, inflation risks have increased, influenced by trade changes, high inflation expectations, and economic deviations. The bank highlighted that government tax hikes and budget expenditures would have a neutral inflation impact but criticised large-scale subsidised mortgage programs for potentially delaying moderate lending growth. With inflation currently at 8.2%, well above the 4% target, no rate cuts are expected by year-end. (*Bloomberg*)

Global: Major world economies seek to halt new private sector coal financing

Major economies aim to finalise an OECD plan to halt new private sector funding for coal projects before the UN COP29 climate summit in November. The proposal, backed by France, the US, Britain, Canada, and the EU, seeks to establish a "gold standard" for financial institutions, directing them to fund early retirement of coal plants and replace them with clean energy. Japan, a major coal importer, is the primary opponent. If approved, this would be the first multilateral effort to curb coal financing, influencing global financial and environmental standards despite being non-binding. (*Reuters*)

Malaysia: To become AI regional hub, from ByteDance RM10bn investment

ByteDance, the owner of TikTok, plans to invest RM10bn to establish Malaysia as a regional AI hub. This was announced by Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz after a meeting with TikTok's vice president Helena Lersch. The investment aims to support Malaysia's goal of expanding its digital economy to 23% of GDP by 2025. Additionally, ByteDance plans to expand its data center at Sedenak Tech Park in Johor with a further RM1.5bn investment. (*The Star*)

Companies

Sunview (0262): Bags RM52m LSSPV construction contract

Sunview Group Bhd's subsidiary, Fabulous Sunview Sdn Bhd, secured a RM52m contract from Cenergi Solar Kuala Ketil Sdn Bhd to construct a 45 MWp/30 MWac large-scale solar photovoltaic plant in Kuala Ketil, Kedah. The project will commence on June 10, 2024, and is expected to be operational by June 24, 2025. (*The Star*)

Perak Corp (8346): Enters joint development with Urbax Properties

Perak Corp Bhd and Urbax Properties Sdn Bhd will jointly develop a housing project in Hulu Kinta, Perak, on 25 acres of freehold land. Perak Corp will provide the land for a minimum entitlement of RM52m, including land cost and 20% of Urbax's net sales. Additionally, Perak Corp will receive 20% of any incremental net profit. As an affected listed issuer under Practice Note 17, this joint development aims to generate funds for Perak Corp's business regularisation plans. (*The Star*)

Binastra (7195): Secures RM315m building works for residential project

Binastra Corp Bhd's subsidiary, Binastra Builders Sdn Bhd, secured an RM315m contract from Pembinaan Serta Hebat Sdn Bhd for the construction of two residential apartment blocks in Bandar Tasik Selatan, Kuala Lumpur. The project, starting on July 8, 2024, will be completed within 33 months and is expected to boost Binastra's income over the next four financial years. This contract is a related party transaction, as Binastra's managing director, Datuk Tan Kak Seng, is a substantial shareholder in a company linked to Pembinaan Serta Hebat's parent company. (*The Star*)

Engtex (5056): Proposes 3-for-4 bonus issue

Engtex Group Bhd has proposed a bonus issue of up to 414m new shares, offering three bonus shares for every four existing shares. With 443m shares as of May 31, the bonus issue aims to reward shareholders, enhance trading liquidity, and attract a broader investor base. The issuance will be done in a single tranche, fully paid, and without capitalising the company's reserves. (*Bernama*)

Toyo Ventures (7173): Secures US\$980m equipment financing facility for project in Vietnam

Toyo Ventures Holdings Bhd's unit, Song Hau 2 Power Company Ltd, secured a US\$980m equipment financing facility from i-Power Solutions Pte Ltd for constructing a 2 GW thermal power plant in Hau Giang Province, Vietnam. This facility will finance up to 70% of the equipment costs for the project's engineering, procurement, construction, and commissioning. The financing is part of a larger project funding of up to US\$2.7bn and is expected to positively impact TVHB's earnings without affecting its share capital or substantial shareholders' holdings. Following this financing, TVHB's debt-to-equity ratio will be seven times based on its financial statement as of September 30, 2023. (*The Edge*)

Euro Holdings (7208): Sells Rawang warehouse land

Euro Holdings Bhd is selling an 8,000 sq m industrial land in Rawang, including a factory and office building, for RM17.3m as part of its business transformation plan. The proceeds will be used to repay borrowings (RM5.5m), fund working capital (RM10.5m), and cover disposal-related expenses (RM1.3m). The sale, expected to be completed in four months, will result in a pro forma net loss of RM4m based on the property's net book value of RM20m as of June 30, 2023. However, excluding revaluation surplus and deferred tax liabilities, the pro forma profit is approximately RM11.3m. (*The Edge*)

Paragon Globe (3611): Buys RM14m land in Plentong for detached factory

Paragon Globe Bhd is acquiring 9.8 acres of land in Plentong, Johor Bahru, for RM14m, with plans to develop a detached factory starting in 2025. The development has an estimated gross development value of RM76m and is expected to generate a gross profit of RM21m. The acquisition and development will be funded through proceeds from a previous land disposal and internally-generated funds or bank borrowings. Upon completion of recent land transactions, Paragon Globe's land bank will total 200 acres, enhancing its economic value and earnings potential in Johor Bahru. *(The Edge)*

Maxis (6012): Ready to complete share subscription agreement process with DNB

Maxis Bhd announced it is ready to complete the Digital Nasional Bhd (DNB) share subscription agreement (SSA) process, positioning itself to participate in the rollout of Malaysia's second 5G network ahead of schedule. This move aligns with the government's transition to a dual 5G network model, allowing Maxis and other mobile network operators to take a 70% collective equity stake in DNB, with the government retaining a 30% special share. Each MNO will invest RM233m to support DNB's funding needs, and as of April 30, 2024, Malaysia's 5G network coverage has reached 82% of populated areas, with a 39% adoption rate. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.45
Bermaz Auto	Consumer	2.53	0.21	8.10
KIP REIT	REIT	0.89	0.07	7.87
YTL Hospital REIT	REIT	1.24	0.10	7.82
British American Tobacco (M)	Consumer	8.48	0.64	7.59
RHB Bank	Finance	5.53	0.40	7.25
CapitaLand Malaysia Trust	REIT	0.66	0.05	6.97
Amway (M)	Consumer	7.29	0.50	6.82
MAG Holdings	Consumer	1.14	0.07	6.58
Magnum	Consumer	1.14	0.07	6.58
UOA REITS	REIT	1.11	0.07	6.49
MBM Resources	Consumer	5.44	0.35	6.42
Pavilion REIT	REIT	1.43	0.09	6.36
Gas Malaysia	Utilities	3.68	0.23	6.25
Malayan Banking	Finance	10.00	0.62	6.21

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		
KTI Landmark	ACE Market	0.30	160.0	45.0	4 Jun	19 Jun
Agricore CS	ACE Market	0.50	51.7	6.1	7 Jun	21 Jun
UUE Holdings	ACE Market	0.24	124.9	37.5	18 Jun	2 Jul

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