

# Daily Newswatch

## Market Review

The FBMKLCI swung back to red last Friday, declining by 0.2% as investors sentiment turned cautious amid mixed performance by US equities overnight. Among the index constituents, PMETAL is the worst performer (-3.1%), followed by DIALOG (-2.7%) and PETGAS (-1.9%). Profit-taking activities in the Energy (-2.4%) and Technology (-1.7%) sectors saw them giving back gains from previous days. The broader market sentiment remained negative, with 561 gainers against 677 losers.

## Economics

- Japan:** BOJ's lack of detail on bond buying cuts leaves Yen vulnerable
- India:** Trade deficit widens in May as imports continue to climb
- EU:** Centeno urges prudence on rates as inflation nears 2%
- US:** Consumer sentiment unexpectedly falls to seven-month low

## Companies

- PPB Group (4065):** Is major shareholder of Techbond Group
- Hibiscus Petroleum (5199):** Buys TotalEnergies Brunei for US\$259m
- Trive Property (5249):** Proposes two-for-five bonus issue of warrants
- Fitters Diversified (9318):** Cita Realiti ceases to be largest shareholder after selling 6.3% stake
- Destini (7212):** Indirect unit served winding-up petition over RM18.6m tax owed
- GUH Holdings (3247):** Scraps lithium battery assembly project with Chinese partner

### Upcoming key economic data releases

	Date
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	1,607.3	(0.2)	10.6
Dow Jones	38,589.2	(0.1)	2.3
Nasdaq CI	17,688.9	0.1	19.8
S&P 500	5,431.6	(0.0)	14.5
FTSE 100	8,146.9	(0.2)	5.5
Nikkei 225	38,814.6	0.2	16.6
Shanghai CI	3,032.6	0.1	2.4
HSI	17,941.8	(0.9)	6.9
STI	3,297.6	(0.8)	2.1

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,638.2	(4.6)
Value traded (RM m)	3,920.2	(10.0)
Gainers	561	
Losers	677	
Unchanged	469	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	1.050	(7.9)	150.0
JCY	0.895	0.0	100.4
DFX	0.200	25.0	98.0
SNS	0.870	3.0	88.3
HUBLINE	0.065	8.3	65.8

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MYEG	1.050	(7.9)	157.5
TENAGA	14.080	(0.4)	133.7
YTL PWR	5.280	2.3	114.6
CIMB	6.920	0.6	109.0
YTL	3.660	1.7	97.5

Currencies	Last Close	% Chg
USD/MYR	4.7207	0.2
USD/JPY	157.40	0.2
EUR/USD	1.0703	(0.3)
USD/CNY	7.2558	0.0
US Dollar Index	105.55	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.62	(0.2)
Gold (USD/troy oz)	2,333.0	1.3
CPO (USD/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	66,075.5	(1.4)

## Economics

### **Japan: BOJ's lack of detail on bond buying cuts leaves Yen vulnerable**

The Bank of Japan's decision to delay details on its bond-buying reduction until its July meeting has left investors anticipating further yen depreciation. The announcement surprised traders who were expecting specifics on the reduction, viewed as vital for the currency's recovery. Despite Governor Kazuo Ueda's remarks indicating the possibility of a rate hike alongside the bond-buying adjustment, uncertainties linger about the timing and extent of these policy changes, influencing market sentiments and the yen's performance. (*Bloomberg*)

### **India: Trade deficit widens in May as imports continue to climb**

India's trade deficit widened in May as imports continued to rise due to strong domestic demand, resulting in a gap of \$23.8bn between exports and imports, exceeding economists' forecasts. Despite India's robust economic growth of over 8% in the fiscal year ending March, global trade conditions remain uncertain, with the World Bank projecting a challenging period for trade growth, potentially impacting India's current account and the value of the rupee, which has depreciated 0.4% against the dollar this year. (*Bloomberg*)

### **EU: Centeno urges prudence on rates as inflation nears 2%**

European Central Bank Governing Council member Mario Centeno emphasized the importance of prudence in adjusting interest rates to levels that neither overstimulate nor constrain the economy, suggesting a cautious approach to further rate cuts. Centeno highlighted the need for data-dependent decision-making, indicating that the ECB will closely monitor inflation trends and economic reactions to looser monetary policy before deciding on future actions. While some policymakers hint at a potential pause in July, Centeno emphasized the significance of upcoming economic projections in determining the ECB's efforts to achieve its inflation target. (*Bloomberg*)

### **US: Consumer sentiment unexpectedly falls to seven-month low**

In early June, US consumer sentiment unexpectedly declined to a seven-month low of 65.6, missing economists' expectations for an increase to 72. Concerns about personal finances, driven by persistently high prices, contributed to the drop, with consumers anticipating a 3.1% annual increase in prices over the next five to ten years. Additionally, deteriorating views on economic conditions and buying conditions for durable goods suggest restrained consumer demand in the coming months. (*Bloomberg*)

## Companies

### **PPB Group (4065): Is major shareholder of Techbond Group**

PPB Group Bhd (PPB Group) has emerged as a substantial shareholder in Techbond Group Bhd (Techbond) following the acquisition of a 15%-stake from Sonicbond Sdn Bhd. Techbond is a manufacturer and supplier of industrial adhesives while PPB Group is a diversified conglomerate which is principally engaged in investment holding, food production, film exhibition and distribution, and property. Techbond's managing director, Lee Seng Thye, expressed optimism about the partnership, citing it as a vote of confidence in their growth potential and strategic direction. (*The Star*)

### **Hibiscus Petroleum (5199): Buys TotalEnergies Brunei for US\$259m**

Hibiscus Petroleum Bhd (Hibiscus Petroleum) has proposed to acquire the entire equity interest in TotalEnergies EP (Brunei) B.V. for US\$259.4m, aiming to secure TotalEnergies Brunei's 37.5% operated interest in the MLJ gas field offshore Brunei. The acquisition is expected to increase Hibiscus Petroleum's 2P reserves by 36% and boost its daily net production of oil, condensate, and gas by approximately 86%, aligning with its energy transition strategy and goal of becoming a net-zero emissions producer by 2050. Additionally, the deal includes the incorporation of TotalEnergies Brunei employees into Hibiscus Petroleum, bringing valuable expertise to enhance the asset's value safely and efficiently. (*The Star*)

### **Trive Property (5249): Proposes two-for-five bonus issue of warrants**

Trive Property Group Bhd (Trive Property) has proposed a bonus issue of warrants to its shareholders, offering two warrants for every five existing shares in an effort to reward shareholders and strengthen its financial position. With a tenure of five years and no cost to entitled shareholders, the warrants could potentially raise up to RM25.3m in gross proceeds assuming full exercise, with proceeds to be utilised based on the board's discretion and deposited in financial institutions or short-term money market instruments. (*The Edge*)

### **Fitters Diversified (9318): Cita Realiti ceases to be largest shareholder after selling 6.3% stake**

Fitters Diversified Bhd (Fitters Diversified) announced that Cita Realiti Sdn Bhd, its former largest shareholder, sold a 6.26% stake in the company via the open market, reducing its shareholding to 4.47%. Ho Jien Shiung, an executive director of PDZ Holdings Bhd, is now the largest shareholder, while other substantial shareholders include Datuk Seri Dr Pang Chow Huat and Wong Wei We. (*The Edge*)

### **Destini (7212): Indirect unit served winding-up petition over RM18.55 mil tax owed**

Destini Bhd announced that its subsidiary, Destini Shipbuilding and Engineering Sdn Bhd, has been served with a winding-up petition by the Inland Revenue Board for purportedly failing to pay RM18.6m in taxes. While Destini Shipbuilding is seeking legal advice, Destini clarified that the unit is not a major subsidiary and stated that the company is not expected to incur further losses from the winding-up petition. This development follows arbitration proceedings initiated by Damen Shipyards Gorinchem BV against Destini and Destini Shipbuilding for alleged unpaid invoices totaling up to €3.0m (RM15.6m). (*The Edge*)

### **GUH Holdings (3247): Scraps lithium battery assembly project with Chinese partner**

GUH Holdings Bhd announced the termination of its plan to develop a lithium battery assembly plant in Malaysia in partnership with Shenzhen Xixin Electronic Technology Co Ltd. The cooperation agreement, signed in November last year, has been mutually terminated, with neither party having established the planned battery assembly plant or transferred shares to Xixin. This termination agreement has no financial impact on GUH Holdings or its subsidiaries, with no charges, fees, expenses, or payments demanded or payable by either party. (*The Edge*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
YTL Hospital REIT	REIT	1.23	0.10	7.89
KIP REIT	REIT	0.89	0.07	7.87
Bermaz Auto	Consumer	2.52	0.20	7.86
British American Tobacco (M)	Consumer	8.36	0.64	7.70
RHB Bank	Finance	5.53	0.40	7.25
Amway (M)	Consumer	7.20	0.50	6.90
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
MBM Resources	Consumer	5.16	0.35	6.76
MAG Holdings	Consumer	1.12	0.08	6.70
Magnum	Consumer	1.12	0.08	6.70
UOA REITS	REIT	1.12	0.07	6.43
Hektar REITS	REIT	0.61	0.04	6.39
Sports Toto	Consumer	1.55	0.10	6.39
Ta Ann Holdings	Plantation	3.92	0.25	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.

## IPO Tracker

Company	Listing Sought	Issue Price (RM/Share)	No. Of Shares (m)		Closing Date	Listing Date
			Public Issue	Offer for Sale		
<a href="#">KTI Landmark</a>	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
<a href="#">UUE Holdings</a>	ACE Market	0.24	124.9	37.5	18 Jun	2 Jul
Go Hub Capital	ACE Market	0.35	107.2	-	20 Jun	3 Jul
Ocean Fresh	ACE Market	0.28	50.1	-	20 Jun	4 Jul
Johor Plantations Group	Main Market	0.84	464.0	411.0	24 Jun	9 Jul

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