

Daily Newswatch

Market Review

Following a long weekend, the FBMKLCI was marginally down as the market's earlier momentum faded amid shifting investor sentiment. Some of the key laggards of the index constituents include KLK (-1.4%) and CIMB (-1.3%). Profit-taking activities were seen in Utilities (-1.3%), with YTL PWR (-4.0%) and YTL (-4.4%) taking some breather. The broader market sentiment remained negative, with 480 gainers against 766 losers.

Economics

- Australia:** RBA discussed rate hike, pledges vigilance on sticky inflation
- Singapore:** Home sales decline for second month on low demand
- US:** Retail sales rise less than expected in May
- German:** Investor confidence increases less than anticipated

Companies

- Plytec (0289):** Bags RM26m job to supply engineering equipment
- Nestcon (0235):** Bags two construction projects in Klang Valley worth RM166m
- BM Greentech (0168):** Acquire solar firm for RM110m in shares
- Sunview (0262):** Bags RM79m solar EPCC contract in Bulgaria
- Berjaya Corp (3395):** Partners China's Skyworth, Skywell to collaborate on home appliances, electric vehicles
- Telekom (4863):** TM, Singtel's Nxera form JV to develop next-gen data centres

Upcoming key economic data releases Date

US - Retail sales data (May 2024)	18 Jun
US – Industrial Production data (May 2024)	18 Jun
EU – HICP (Inflation data)	18 Jun
US – Housing Data (May 2024)	20 Jun
Malaysia - CPI	25 Jun
US – Consumer Confidence (June 2024)	25 Jun
Malaysia - GDP	27 Jun
US - GDP	27 Jun
US - Purchasing Manager Index	28 Jun

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,606.1	(0.1)	10.6
Dow Jones	38,834.9	0.1	3.0
Nasdaq CI	17,862.2	0.0	21.0
S&P 500	5,487.0	0.3	15.7
FTSE 100	8,191.3	0.6	6.1
Nikkei 225	38,482.1	1.0	15.6
Shanghai CI	3,030.2	0.5	2.3
HSI	17,915.6	(0.1)	6.7
STI	3,301.8	0.1	2.2

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	5,929.6	5.2
Value traded (RM m)	4,146.0	5.8
Gainers	480	
Losers	766	
Unchanged	455	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DFX	0.185	(7.5)	183.8
ATAIMS	0.515	49.3	160.5
JCY	0.830	(7.3)	83.7
TOPGLOV	1.170	0.0	82.1
INGENIEU	0.070	7.7	73.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	14.020	(0.4)	183.1
YTL PWR	5.070	(4.0)	170.2
TM	6.810	4.4	154.4
CIMB	6.830	(1.3)	106.2
TOPGLOV	1.170	0.0	96.0

Currencies	Last Close	% Chg
USD/MYR	4.7133	(0.2)
USD/JPY	157.84	0.1
EUR/USD	1.0741	0.1
USD/CNY	7.2539	(0.0)
US Dollar Index	105.26	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	85.33	1.3
Gold (USD/troy oz)	2,328.5	0.4
CPO (USD/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	65,207.5	(2.2)

Economics

Australia: RBA discussed rate hike, pledges vigilance on sticky inflation

Australia's Reserve Bank considered raising interest rates at its recent meeting but ultimately decided to maintain them at 4.35%, the highest in 12 years, as it grapples with balancing inflation concerns against a weakening economy. The decision was accompanied by a statement described as "hawkish" by economists, leading to a rise in the Australian dollar and bond yields. Governor Michele Bullock emphasised vigilance on inflation risks despite mixed economic data, indicating the complexity of future monetary policy decisions. The RBA's next meeting in August will coincide with updated economic forecasts, with attention focused on upcoming inflation data to guide future policy actions. *(Bloomberg)*

Singapore: Home sales decline for second month on low demand

Singapore's new-home sales continued to decline for a second consecutive month in May, with only 221 units sold compared to 301 in April, marking a 79% drop from the previous year. High interest rates and government cooling measures aimed at housing affordability have subdued market demand, exacerbated by a significant decrease in new project launches by developers. Despite lower transaction volumes, property prices have remained resilient, showing consecutive quarterly increases, though the overall market outlook remains cautious amidst uncertainties and limited upcoming launches anticipated in June due to seasonal factors. *(Bloomberg)*

US: Retail sales rise less than expected in May

US retail sales barely rose in May, and data for the prior month was revised significantly lower, suggesting that economic activity remained lacklustre in the second quarter. Retail sales rose 0.1% last month after a downwardly revised 0.2% drop in April, the Commerce Department's Census Bureau said on Tuesday. Retail sales were previously reported to have been unchanged in April. Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, gaining 0.3% in May. *(Reuters)*

German: Investor confidence increases less than anticipated

Investor sentiment in Germany saw a marginal increase in June, with the ZEW institute's expectations gauge rising slightly to 47.5 from 47.1 in May, below the anticipated forecast of 50. However, the measure of current economic conditions showed a slight decline, contrary to expectations of improvement. Despite expectations for gradual economic expansion following stronger-than-expected growth at the beginning of 2024, uncertainties persist, particularly with ongoing weaknesses in the manufacturing sector and concerns among economists about a potential slowdown in the recovery. *(Bloomberg)*



Companies

Plytec (0289): Bags RM26m job to supply engineering equipment

Plytec Holding Bhd (Plytec Holding) via its wholly owned subsidiary Plytech Formwork System Industries Sdn Bhd has secured an RM26.3m contract from Setiakon Builders Sdn Bhd to supply temporary works equipment for a proposed construction project, which features three blocks of serviced apartments. The contract is expected to contribute positively towards the group's future earnings for the duration of the contract. (*The Edge*)

Nestcon (0235): Bags two construction projects in Klang Valley worth RM166m

Construction engineering company Nestcon Bhd has bagged two high-rise building projects in the Klang Valley worth a total of RM165.6m. Nestcon was awarded an RM103.5m contract by Sunrise Charm Sdn Bhd to construct a 45-storey mixed commercial development comprising strata offices and serviced apartments on Jalan Mayang in Kuala Lumpur. Besides, Nestcon also has received another contract worth RM62.1m from Taipanika Development Sdn Bhd to construct 12-storey apartments in Subang Murni, Shah Alam. (*The Edge*)

BM Greentech (0168): Acquire solar firm for RM110m in shares

BM Greentech Bhd has announced plans to acquire Plus Xnergy Holding Sdn Bhd for RM110m in shares, aiming to bolster its position in the clean energy sector. The acquisition will be settled through the issuance of 81.48m new shares at RM1.35 each, with BM Greentech intending to maintain QL Resources' majority ownership. Plus Xnergy, established in 2013, specialises in solar energy solutions with over 400 MWp of installed capacity and a focus on solar farms and electric vehicle charging infrastructure. BM Greentech expects the acquisition to enhance shareholder value and leverage synergies in Malaysia's expanding clean energy market. (*The Edge*)

Sunview (0262): Bags RM79m solar EPCC contract in Bulgaria

Sunview Group Bhd's indirect wholly owned subsidiary, Sunview Builders Pte Ltd, has secured a RM79.5m EPCC contract from OKOP Solar EOOD to construct a 20MW (ac) solar photovoltaic power plant in Bulgaria. This marks Sunview's entry into Europe's renewable energy sector, reflecting their confidence in leveraging their expertise to establish a significant presence in the region. The company aims to capitalise on this project as a springboard for future growth, with plans to pursue additional opportunities in other European countries, including a potential 30MW(ac) solar PVPP project currently in the pipeline. (*The Stars*)

Berjaya Corp (3395): Partners China's Skyworth, Skywell to collaborate on home appliances, electric vehicles

Berjaya Corp Bhd has entered into agreements with two Chinese firms, Skyworth Group Co Ltd and Skywell New Energy Automobile Group Co Ltd, aimed at expanding their presence and operations in Malaysia and Southeast Asia. With Skyworth, Berjaya Corp plans to utilise its distribution network to enhance the reach of home appliances and explore opportunities in photovoltaic systems for residential, commercial, and industrial sectors. Concurrently, the collaboration with Skywell seeks to establish the brand of electric vehicles in the region, potentially involving strategic partnerships to advance technology and ecosystem development. (*The Edge*)

Telekom (4863): TM, Singtel's Nxera form JV to develop next-gen data centres

Telekom Malaysia Bhd (TM) is partnering Nxera, the regional data centre arm of Singapore's Singtel's Digital InfraCo unit, to develop data centres in Malaysia starting with a sustainable, hyper-connected artificial intelligence (AI)-ready data centre campus in Johor. Starting with a capacity of 64 megawatts, expandable to 200MW, the campus will focus on supporting hyperscalers and AI applications with advanced technologies like liquid cooling and LEED-certified sustainability. This partnership aims to bolster Malaysia's digital infrastructure, promote energy efficiency, and foster talent development in the region. (*The Edge*)

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.07	8.75
YTL Hospital REIT	REIT	1.22	0.10	7.95
KIP REIT	REIT	0.89	0.07	7.87
Bermaz Auto	Consumer	2.52	0.20	7.86
British American Tobacco (M)	Consumer	8.35	0.64	7.71
RHB Bank	Finance	5.53	0.40	7.25
Amway (M)	Consumer	7.24	0.50	6.86
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
MBM Resources	Consumer	5.23	0.35	6.67
MAG Holdings	Consumer	1.14	0.07	6.58
Magnum	Consumer	1.14	0.07	6.58
Hektar REITS	REIT	0.61	0.04	6.45
UOA REITS	REIT	1.12	0.07	6.43
Gas Malaysia	Utilities	3.60	0.23	6.39
Pavilion REIT	REIT	1.43	0.09	6.36

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
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
BWYS Group Berhad	ACE Market	0.22	256.3	100.0	4 Jul	24 Jul

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