

Daily Newswatch

Market Review

FBMKLCI extended the fourth consecutive session losses and closed lower yesterday (-0.4%), as profit-taking activities intensified further. Some of the underperformed index constituents include CIMB (-0.7%), TENAGA (-0.4%) and TM (-0.4%). All sectors are in the consolidation mode except Transportation & Logistics (0.2%), Plantation (0.1%) and Healthcare (0.1%). The broader market sentiment remained negative, with 352 gainers against 826 losers.

Economics

- US:** Initial jobless claims lingered near 10-month high last week
- Swiss:** SNB cuts rate again to aid economy and stem gains
- New Zealand:** Economy returns to growth, exiting recession
- US:** New US home construction plunges to slowest pace since June 2020

Companies

- FSBM (9377):** Out of PN17
- WCT Holdings (9679):** Bags expressway lane expansion contract worth RM250m
- Nestcon (0235):** Bags RM21m contract for EPCC of Sungai Selangor solar plant
- Genting (4715):** Ink US\$1bn EPCC contract with Wison New Energies for FLNG facility
- Genting (4715):** Acquires 49% stake in Zhejiang gas-fired power plant
- Kinergy (0193):** Plans another private placement to raise up to RM66m
- Dataprep (8338):** Plan to buy 70% stake in DACS Network falls through

Upcoming key economic data releases

| | <u>Date</u> |
|--------------------------------------|-------------|
| 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 | 1,592.7 | (0.4) | 9.6 |
| Dow Jones | 39,134.8 | 0.8 | 3.8 |
| Nasdaq CI | 17,721.6 | (0.8) | 20.0 |
| S&P 500 | 5,473.2 | (0.3) | 15.4 |
| FTSE 100 | 8,272.5 | 0.8 | 7.1 |
| Nikkei 225 | 38,633.0 | 0.2 | 16.1 |
| Shanghai CI | 3,005.4 | (0.4) | 1.5 |
| HSI | 18,335.3 | (0.5) | 9.2 |
| STI | 3,300.0 | (0.1) | 2.2 |

| Market Activity | Last Close | Daily chg % |
|-----------------------|------------|-------------|
| Vol traded (m shares) | 5,038.6 | (9.6) |
| Value traded (RM m) | 3,425.2 | (15.7) |
| Gainers | 352 | |
| Losers | 826 | |
| Unchanged | 447 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| INGENIEU | 1.140 | (7.1) | 183.4 |
| JAKS | 0.185 | (2.6) | 150.3 |
| VS | 1.200 | 4.3 | 92.1 |
| KTI | 0.315 | 10.5 | 88.1 |
| MYEG | 1.040 | (1.9) | 85.1 |

| Top 5 Turnover | Last Close | Daily chg % | Value (RM m) |
|----------------|------------|-------------|--------------|
| TENAGA | 13.800 | (0.4) | 163.4 |
| MAYBANK | 9.930 | (0.1) | 111.1 |
| VS | 1.200 | 4.3 | 110.5 |
| CIMB | 6.740 | (0.7) | 103.9 |
| TM | 6.700 | (0.4) | 96.5 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.7095 | 0.1 |
| USD/JPY | 158.91 | 0.5 |
| EUR/USD | 1.0702 | (0.4) |
| USD/CNY | 7.2604 | 0.0 |
| US Dollar Index | 105.59 | 0.3 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 85.71 | 0.8 |
| Gold (USD/troy oz) | 2,359.1 | 1.4 |
| CPO (USD/metric t) | 3,985.5 | 1.1 |
| Bitcoin (USD/BTC) | 64,989.5 | 0.3 |

Economics

US: Initial jobless claims lingered near 10-month high last week

In the latest report from the US Labor Department, initial applications for unemployment benefits decreased by 5,000 to 238,000 in the week ending June 15, following a recent peak. Continuing claims, indicating ongoing unemployment benefit recipients, rose slightly to 1.82m, nearing the highest level since late 2021. Despite recent volatility, unemployment applications have generally remained low over the past year, reflecting the resilience of the labour market amid challenges such as inflation and higher interest rates. Economists suggest that labour market conditions may cool further as labour demand softens and the supply of available workers increases. *(Bloomberg)*

Swiss: SNB cuts rate again to aid economy and stem gains

The Swiss National Bank (SNB) unexpectedly cut its benchmark interest rate by 25 basis points to 1.25% amid concerns over low inflation and a strong Swiss franc. This marks the second consecutive rate cut as the SNB aims to counteract economic challenges, diverging from the more cautious approaches of other global central banks. Following the announcement, the Swiss franc weakened against major currencies, including a notable decline against the euro and dollar. SNB President Thomas Jordan emphasized a balanced policy stance despite inflation forecasts being revised downward, citing ongoing uncertainties in Europe influencing currency movements and economic conditions. *(Bloomberg)*

New Zealand: New Zealand economy returns to growth, exiting recession

New Zealand's economy emerged from recession with a modest 0.2% growth in GDP for the first quarter of the year, slightly exceeding expectations. Despite this, economic growth has been sluggish overall due to the Reserve Bank of New Zealand's (RBNZ) high interest rates aimed at controlling inflation. The RBNZ has signalled it does not intend to lower rates until the second half of 2025, citing persistent core inflation concerns. Key drivers of the recent growth were increased tourist spending and gains in dairy and forest output, while sectors like manufacturing and construction saw declines. *(Bloomberg)*

US: New US home construction plunges to slowest pace since June 2020

In May, new home construction in the US slowed significantly, marking the lowest pace in four years with housing starts dropping by 5.5% to a 1.28 million annualized rate. Building permits also fell 3.8% to a 1.39 million annual rate, indicating potential further declines in future construction activity. This downturn, affecting both single-family and multifamily units, suggests that residential construction could become a drag on economic growth after stabilizing earlier in the year. Analysts attribute the slowdown to persistently high interest rates, despite efforts by homebuilders to mitigate costs through sales incentives. *(Bloomberg)*

Companies

FSBM (9377): Out of PN17

Practice Note 17 (PN17) company FSBM Holdings Bhd has regularised its financial condition and no longer triggers any of the criteria under Paragraph 2.1 of PN17 of the Main Market Listing Requirements of Bursa Securities. FSBM Holdings slipped into PN17 status after its auditor expressed a disclaimer of opinion on its audited financial statements for the financial year ended June 30, 2018. (*The Stars*)

WCT Holdings (9679): Bags expressway lane expansion contract worth RM250m

WCT Holdings Bhd's wholly-owned subsidiary, WCT Bhd, has secured a contract from Projek Lebuhraya Usahasama Bhd to undertake works for additional lanes for the North-South Expressway expansion project from Yong Peng (North) to Senai (North) Phase 1: Senai (North) - Sedenak (Package A) worth RM249.7m. The works under the contract encompass, amongst others, site clearance, demolition works, earthworks, drainage works, pavement works, road markings, road furniture, geotechnical works, bridge structures, environmental protection works, relocation of utilities, road lighting system and extension of vehicular box culvert. (*The Stars*)

Nestcon (0235): Bags RM21m contract for EPCC of Sungai Selangor solar plant

Nestcon Bhd's subsidiary Nestcon Solar Sdn Bhd (Nestcon Solar) has accepted a RM21mil contract from Heliosel Sdn Bhd for the design, engineering, procurement, construction, installation, testing and commissioning (EPCC) of the selco solar photovoltaic (PV) plant at Sungai Selangor Phase 1 Water Treatment Plant – Package L5. The acceptance of the contract by Nestcon Solar to undertake the Project is expected to contribute positively to the net assets per share, earnings per share and gearing of the company throughout the duration of the project. (*The Stars*)

Genting (4715): Ink US\$1bn EPCC contract with Wison New Energies for FLNG facility

Genting Bhd has via two of its subsidiaries namely Genting Oil & Gas Sdn Bhd and PT Laya Nusantara Gas Sdn Bhd entered into an engineering, procurement, construction, installation and commissioning (EPCC) contract with Wison New Energies Co Ltd (Wison) for a floating liquefied natural gas facility with a capacity of 1.2 million tonnes per annum (MTPA). The contract is valued at US\$962.8m, but it will exceed US\$1bn after including reimbursable costs of up to US\$70m. Wison will construct the FLNG facility at its shipyards located in Nantong and ZhouShan in China, whereupon it will be towed to its final destination in Teluk Bintuni, West Papua in Indonesia for the final commissioning test. Meanwhile, the feed gas for the FLNG Facility shall be supplied from the Asap, Merah and Kido structures within the concession area of the Kasuri Block in West Papua, which was awarded to Genting Oil Kasuri Pte Ltd (GOKPL), another 95% indirect subsidiary of Genting Bhd. (*The Stars*)

Genting (4715): Acquires 49% stake in Zhejiang gas-fired power plant

Genting Bhd via its indirect subsidiary Genting MZW Pte Ltd has struck a deal to acquire a 49% stake in a 2 x 745MW gas-fired power plant in Zhoushan Greater Shanghai Area in Zhejiang, China, for RMB100m (RM64.9m) from Jineng International Energy Co Ltd for its stake in SDIC Jineng (Zhoushan) Gas Power Generation Co Ltd, the project company established to own and develop the power plant. This acquisition aligns with Zhejiang Province's energy plans and involves the deployment of advanced H class gas turbine technology from GE Vernova Inc. Genting plans to invest further to support the project's completion by 2025, leveraging its longstanding partnership with SDIC Power Holdings Co Ltd in various energy projects across Asia. (*The Stars*)

Kinergy (0193): Plans another private placement to raise up to RM66m

Kinergy Advancement Bhd (formerly Kejuruteraan Asastera Bhd) plans to raise RM66.2m through a private placement to fund renewable energy projects and repay loans. They aim to issue up to 198.6m shares at a potential price of 33.3 sen per share. The proceeds will allocate RM35.9m towards renewable energy initiatives and RM30 million to reduce bank borrowings, with a minor portion for placement expenses. Kinergy has secured several significant renewable energy projects across Malaysia, Indonesia, and the Philippines, and aims to further expand its portfolio with additional projects in Malaysia. (*The Edge*)

Dataprep (8338): Plan to buy 70% stake in DACS Network falls through

Dataprep Holdings Bhd has announced the termination of its planned acquisition of a 70% stake in DACS Network Solutions Sdn Bhd for RM10.5m. The acquisition, which was to be funded through the issuance of 82.7m shares at 12.7 sen per share, aimed to leverage DACS Network's expertise in telecommunications for business expansion and synergies. Dataprep, a company that has been experiencing losses for over a decade, reported a widened net loss of RM5.9m for Q1 2024 amid decreased revenue from lower-value projects. (*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 |
| Bermaz Auto | Consumer | 2.50 | 0.20 | 8.16 |
| YTL Hospital REIT | REIT | 1.22 | 0.10 | 7.95 |
| KIP REIT | REIT | 0.89 | 0.07 | 7.91 |
| British American Tobacco (M) | Consumer | 8.32 | 0.64 | 7.74 |
| RHB Bank | Finance | 5.52 | 0.40 | 7.26 |
| CapitaLand Malaysia Trust | REIT | 0.67 | 0.05 | 6.92 |
| Amway (M) | Consumer | 7.21 | 0.50 | 6.89 |
| MBM Resources | Consumer | 5.22 | 0.35 | 6.69 |
| MAG Holdings | Consumer | 1.14 | 0.07 | 6.58 |
| Magnum | Consumer | 1.14 | 0.07 | 6.58 |
| Pavilion REIT | REIT | 1.40 | 0.09 | 6.50 |
| Hektar REITS | REIT | 0.60 | 0.04 | 6.50 |
| Ta Ann Holdings | Plantation | 3.86 | 0.25 | 6.45 |
| UOA REITS | REIT | 1.12 | 0.07 | 6.43 |

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 | | |
| 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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Published & Printed By:

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