

Daily Newswatch

Market Review

FBMKLCI extended the fifth consecutive session losses and closed lower last Friday (-0.1%) as last-minute profit-taking activities on the index heavy-weighted counter intensified despite early gains. For the week, the benchmark lost 1.1%. Profit taking were seen on some of the index constituents include PMETAL (-1.7%), PBBANK (-0.7%) and TENAGA (-0.6%). Energy was the most underperformed sector (-1.1%), followed by healthcare (-0.5%). The broader market sentiment is a bit mixed, with 600 gainers against 586 losers.

Economics

- US:** Services activity expands by most in more than two years
- Euro:** Eurozone activity slows on French vote risk, factory slump
- UK:** Retail sales jump most since January as confidence grows
- Japan:** Inflation picks up, backing case for BOJ rate hike

Companies

- IJM Corp (3336):** Secures two construction contracts worth RM962.3m
- Unisem (5005):** Acquires lands in Kinta, Perak for RM30m
- GDB (0198):** Wins RM866m logistics hub construction contract
- Ann Joo (6556):** Bags RM298m ECRL electrification contract
- Informina (0265):** Secures RM54m contract for tech support services
- Hiap Huat (0160):** Collaborate on storage tanks for liquid bulk terminal
- Alliance (2488):** Allocates RM1bn in SME green financing for Bursa's CSI Solution
- PJ Bumi (7163):** Secures contract for physical onboarding to MyDigital ID

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	1,590.4	(0.1)	9.6
Dow Jones	39,150.3	0.0	3.8
Nasdaq CI	17,689.4	(0.2)	20.0
S&P 500	5,464.6	(0.2)	15.4
FTSE 100	8,237.7	(0.4)	7.1
Nikkei 225	38,596.5	(0.1)	16.1
Shanghai CI	2,998.1	(0.2)	1.5
HSI	18,028.5	(1.7)	9.2
STI	3,306.0	0.2	2.2

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	6,200.0	15.5
Value traded (RM m)	6,190.0	62.2
Gainers	600	
Losers	586	
Unchanged	477	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
JCY	1.140	9.0	125.6
INGENIEU	0.065	0.0	120.8
VELESTO	0.255	(1.9)	111.4
ATAIMS	0.530	0.0	98.7
AGRICOR	0.875	75.0	87.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
TENAGA	13.720	(0.6)	659.7
PBBANK	4.000	(0.7)	270.4
CIMB	6.790	0.7	156.4
GAMUDA	6.380	(0.9)	141.0
KLK	20.660	2.0	135.1

Currencies	Last Close	% Chg
USD/MYR	4.7127	0.1
USD/JPY	159.80	0.6
EUR/USD	1.0696	(0.1)
USD/CNY	7.2610	0.0
US Dollar Index	105.83	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.33	(0.7)
Gold (USD/troy oz)	2,321.5	(1.6)
CPO (MYR/metric t)	3,930.0	(0.7)
Bitcoin (USD/BTC)	64,989.5	(0.6)

Economics

US: Services activity expands by most in more than two years

In June, US services activity accelerated to its highest level in over two years, with the S&P Global flash business activity index for service providers reaching 55.1, indicating robust expansion. This growth, alongside a concurrent expansion in manufacturing, pushed the S&P Global composite purchasing managers gauge to a 26-month high. Chief economist Chris Williamson noted that the broad-based upturn in economic activity is fuelled by strong domestic spending and a recovering manufacturing sector. In contrast, Europe's economic momentum slowed, impacted by factors including France's snap election and subdued manufacturing performance. *(Bloomberg)*

Euro: Eurozone activity slows on French vote risk, factory slump

Euro-area private-sector business activity unexpectedly lost momentum in June, with the S&P Global composite Purchasing Managers' Index falling to 50.8, below analysts' expectations of 52.5. This marks a slowdown despite the index remaining above the 50-point threshold indicating expansion for the fourth consecutive month. Manufacturing, particularly in Germany, saw a decline, partly attributed to uncertainty from France's snap election. The weaker-than-expected data has increased expectations for interest rate cuts by both the European Central Bank and the Bank of England, aiming to bolster economic resilience amid manufacturing challenges and geopolitical uncertainties. *(Bloomberg)*

UK: Retail sales jump most since January as confidence grows

In May, UK retail sales rebounded strongly by 2.9% following a rain-affected April, surpassing economists' expectations of a 1.8% gain. This surge, driven by increased consumer confidence and improved weather, particularly benefited non-food sectors like clothing, furniture, and sports equipment. The data suggest that rising wages are supporting consumer spending despite ongoing economic challenges and impending interest rate cuts. However, the positive economic indicators might not be enough to sway public sentiment significantly ahead of the upcoming general election, where the Conservative Party faces challenging prospects. *(Bloomberg)*

Japan: Inflation picks up, backing case for BOJ rate hike

In May, Japan's inflation rate, excluding fresh food, accelerated to 2.5% year-on-year, driven by a significant 14.7% increase in electricity prices. This uptick supports the case for the Bank of Japan to consider raising interest rates in the near future, potentially as early as next month. However, concerns remain over the sustainability of inflationary pressures, especially as service price growth slowed and consumption weakened in recent months. The central bank will closely monitor economic data, including second-quarter growth figures, before making any decisive moves on interest rates. *(Bloomberg)*

Companies

IJM Corp (3336): Secures two construction contracts worth RM962m

IJM Corp Bhd, through its subsidiary IJM Construction Sdn Bhd, secured contracts worth RM962.3m for a logistics hub in Shah Alam and a semiconductor facility in Penang, adding to its robust order book now standing at RM7bn. The logistics hub project in Shah Alam includes six storeys of warehouses, offices, and ancillary facilities, slated for completion within 28 months. Meanwhile, the semiconductor facility in Penang, set to be constructed in phases starting May, will feature advanced production and utility buildings, aiming for completion by October next year, facilitated by SMART Industrialised Building System solutions. These projects emphasise IJM's commitment to sustainable infrastructure and efficient project execution aligned with environmental standards. (*The Star*)

Unisem (5005): Acquires lands in Kinta, Perak for RM30m

Unisem (M) Bhd plans to acquire 38 plots of vacant land totalling 1.88m square feet in Kinta, Perak, for RM30.1m cash, equating to RM16 per square foot. The acquisition aims to support the future expansion of its semiconductor packaging and test facilities adjacent to its existing plant in Gopeng, Perak, providing additional car park space and employee hostels. (*The Star*)

GDB (0198): Wins RM866m logistics hub construction contract

GDB Holdings Bhd has secured a significant RM865.7m contract to construct a logistics hub in Seksyen 15, Shah Alam, Selangor. This marks their second successful bid in the logistics hub sector, with their subsidiary, Grand Dynamic Builders Sdn Bhd, accepting the award from Strategic Sonata Sdn Bhd. The 30-month project is scheduled to commence in June 2024 and aims for completion by December 2026, contributing to GDB's current order book of RM1.2bn and providing sustained work for the company over the next few years. GDB sees this win as reinforcing its reputation as a versatile construction firm with expertise in diverse building projects. (*The Star*)

Ann Joo (6556): Bags RM298m ECRL electrification contract

Ann Joo Resources Bhd via its subsidiary, Ann Joo Metal Sdn Bhd, in consortium with PT Lumintu Insan Mandiri from Indonesia, has secured a RM297.9m contract for the design and build of electrification projects for several feeder stations along the East Coast Rail Link (ECRL). The contract includes the installation of a 132kV switching station, overhead transmission lines, underground cable installation, and related works. The feeder stations involved are located in Terengganu (FS03-Sg Tong, FS04-Merchang, FS05-Kemasek) and Pahang (FS07-Gambang, FS08-Maran). (*The Star*)

Infomina (0265): Secures RM53.6m contract for tech support services

Infomina Bhd through its subsidiary in Thailand, Infomina (Thailand) Co Ltd has received an order from a bank in Thailand for the provision of technology application and infrastructure operations, maintenance and support services valued at US\$11.4m (RM53.6m). (*The Star*)

Hiap Huat (0160): Collaborate on storage tanks for liquid bulk terminal

Hiap Huat Holdings Bhd's subsidiary, KL Bunkering (M) Sdn Bhd, has partnered with Qastalani Sdn Bhd to construct two bitumen storage tanks at its liquid bulk terminal in West Port, Klang. Qastalani will build the 7,625 cubic metre tanks and lease them to KL Bunkering for operations over a 46-year period, utilizing 39% of the terminal's initial capacity with an option to expand up to 37,800 cubic metres. This collaboration aims to enhance storage capabilities and operational efficiency within KL Bunkering's facilities. (*The Star*)

Alliance (2488): Allocates RM1bn in SME green financing for Bursa's CSI Solution

Alliance Bank Malaysia Bhd has earmarked RM1bn for green receivables financing aimed at small and medium enterprises (SMEs) participating in Bursa Malaysia's newly-launched Centralised Sustainability Intelligence (CSI) Solution. This initiative offers lower financing rates, potentially up to 300 basis points, to encourage SMEs to integrate environmental, social, and governance (ESG) practices into their operations. The CSI Solution by Bursa Malaysia facilitates ESG disclosures and helps companies assess carbon emissions across their value chains, thereby enhancing their sustainability reporting capabilities. (*The Edge*)

PJ Bumi (7163): Secures contract for physical onboarding to MyDigital ID

PJBumi Bhd's subsidiary, PJBumi Heavy Engineering & Services Sdn Bhd, has secured a contract to provide physical onboarding services for Malaysia's national digital identity system, MyDigital ID, under Mimos Bhd. The contract, valued at RM100,000 for setting up 500 touch-point devices and RM1.70 per successful onboarding, spans 24 months from June 21, 2024, to June 20, 2026. MyDigital ID aims to authenticate Malaysians' digital identities securely, facilitating single sign-on access to government services, akin to banking apps. (*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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