

Daily Newswatch

Market Review

The FBMKLCI turned negative and closed lower (-0.4%) on Thursday as investors stayed cautious amid the lack of domestic catalysts. Among the index constituents, PCHEM (-2.9%), MAXIS (-2.3%) and KLK (-0.8%) are some of the underperformers. Sectors that have dragged the most include Telecommunication (-1.5%), Technology (-1.1%) as well as Energy (-1.1%). Market sentiment turned back negative, with 804 losers against 320 gainers.

Economics

- US:** Recurring jobless claims rise to highest since end of 2021
- Japan:** Retail sales rise, buoying growth amid sticky prices
- Philippines:** Moves closer to policy rate cuts after June hold
- Sweden:** Riksbank signals as many as three more rate cuts this year

Companies

- YNH Property:** MARC Ratings downgrades YNH to BBIS after removing negative watch
- YNH Property:** Extends the conditional period for RM215m sale of 163 Retail Park to Sunway REIT till Sept 26
- EA Technique:** Voultier completes acquisition of 51% stake in EA Technique
- Tropicana Corp:** Partners with Maybank for home financing solutions
- Axiata:** Completes acquisition of India's Airtel Lanka

<u>Upcoming key economic data releases</u>	<u>Date</u>
US - Purchasing Manager Index	28 Jun
EU – May 2024 Unemployment rate	2 Jul
US – Jun 2024 Unemployment rate	5 Jul
US – Jun 2024 CPI	11 Jul
Malaysia – Jun 2024 CPI	24 Jul

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,584.9	(0.4)	9.1
Dow Jones	39,181.2	0.2	3.9
Nasdaq CI	17,857.3	0.3	20.9
S&P 500	5,486.5	0.1	15.7
FTSE 100	8,215.1	(0.1)	6.4
Nikkei 225	39,341.5	(0.8)	18.2
Shanghai CI	2,945.9	(0.9)	(0.6)
HSI	17,716.5	(2.1)	5.5
STI	3,343.4	0.3	3.5

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,228.9	(10.5)
Value traded (RM m)	3,134.5	(2.7)
Gainers	320	
Losers	804	
Unchanged	455	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
MYEG	0.065	(4.9)	101.5
YNHPROP	0.495	(18.2)	94.4
DNEX	0.440	(5.4)	75.5
VS	1.250	0.8	56.6
SBH	0.340	6.3	56.0

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.770	0.1	156.8
TENAGA	13.940	0.1	117.5
MAYBANK	9.960	0.0	116.4
MYEG	0.970	(4.9)	98.5
GAMUDA	6.650	0.9	71.8

Currencies	Last Close	% Chg
USD/MYR	4.7175	0.0
USD/JPY	160.65	(0.1)
EUR/USD	1.0714	0.3
USD/CNY	7.2686	0.0
US Dollar Index	105.81	(0.2)

Commodities	Last Close	% Chg
Brent (USD/barrel)	86.03	0.9
Gold (USD/troy oz)	2,324.9	1.2
CPO (MYR/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	62,050.0	1.8

Economics

US: Recurring jobless claims rise to highest since end of 2021

Recent US jobless claims data shows a significant increase in continuing claims, reaching the highest levels since late 2021, indicating prolonged unemployment challenges. Despite a slight decrease in initial claims, overall hiring has slowed, with the unemployment rate rising to 4% recently. Economists are concerned about a potential downturn in the labour market, viewing current trends as a possible inflection point toward higher joblessness. This comes amidst broader economic caution, including unexpected declines in business equipment orders, reflecting ongoing investment hesitancy amid economic uncertainties. *(Bloomberg)*

Japan: Retail sales rise, buoying growth amid sticky prices

In May, Japan's retail sales increased by 1.7% from April, surpassing economists' expectations of a 0.8% rise. Year-on-year, sales grew by 3%, driven primarily by higher spending on fuel and machinery, although price increases likely contributed to these gains. The growth in retail sales suggests that despite persistent inflation concerns, consumer demand remains resilient, supported by strong wage growth and a surge in foreign tourist spending. The Bank of Japan is closely monitoring wage trends and consumption patterns to gauge the economy's stability amidst discussions on potential policy adjustments. *(Bloomberg)*

Philippines: Moves closer to policy rate cuts after June hold

The Bangko Sentral ng Pilipinas (BSP) opted to keep its benchmark interest rate unchanged at 6.50%, aligning with expectations, to stabilise the peso and monitor inflationary pressures. Governor Eli Remolona indicated a forthcoming easing stance, with potential rate cuts expected in the third and fourth quarters of the year, totalling 50 basis points. The BSP anticipates inflation to moderate due to reduced import tariffs on rice, which could support its plan for monetary policy adjustment aimed at bolstering economic growth. The Philippine peso, which has been under pressure, saw a slight recovery following the central bank's decision. *(Bloomberg)*

Sweden: Riksbank signals as many as three more rate cuts this year

The Riksbank of Sweden decided to maintain its interest rate at 3.75% and anticipates implementing up to three rate cuts in the second half of the year. This decision comes as inflation has moderated and economic conditions have weakened. The central bank expressed confidence in its inflation outlook and signalled a cautious approach to easing monetary policy, aiming for gradual adjustments. The Swedish krona depreciated following the announcement, reflecting market expectations of further rate cuts to support economic recovery amidst fluctuating inflation and global economic uncertainties. *(Bloomberg)*

Companies

YNH Property: MARC Ratings downgrades YNH to BBIS after removing negative watch

MARC Ratings has downgraded YNH Property Bhd's Islamic Medium-Term Notes Programme (Sukuk Wakalah) rating to BBIS from MARCWatch Negative, citing ongoing financial challenges and delayed asset disposals. YNH's weak liquidity position, with cash and short-term deposits at RM13m against total borrowings of RM1.2bn as of March 31, 2024, has raised concerns. The company faces upcoming financial obligations, including the maturation of RM153m in February 2025, which it has struggled to fund, leading to periodic technical defaults. MARC Ratings highlighted YNH's need to demonstrate significant progress in asset sales and financial stability to improve its rating outlook, currently assessed as negative. (*The Star*)

YNH Property: Extends the conditional period for RM215m sale of 163 Retail Park to Sunway REIT till Sept 26

YNH Property Bhd has extended the conditional period for selling 163 Retail Park to Sunway REIT by three months, marking the second extension of the deal which now ends on Sept 26. The property developer plans to use proceeds from the RM215m sale primarily to redeem its charge from Public Bank Bhd and for working capital and loan repayments. Despite these plans, YNH Property anticipates recording a pro forma net loss of approximately RM12.0m from the disposal, considering the property's audited carrying amount of RM234.7m as of June 2023. (*The Edge*)

EA Technique: Voultier completes acquisition of 51% stake in EA Technique

Voultier Sdn Bhd, led by Datuk Wira Mubarak Hussain Akhtar Husni and Datuk Lai Keng Onn, has acquired a controlling 51% stake in EA Technique (M) Bhd through a share issuance as part of EA Tech's plan to resolve its PN17 status. The acquisition, priced at 10 sen per share, represents a significant discount to EA Tech's market price, valuing the company at approximately RM183.0m. Johor Corp now holds a 21% indirect stake in EA Tech following the share issuance, with funds raised primarily earmarked to settle debts and support working capital. (*The Edge*)

Tropicana Corp: Partners with Maybank for home financing solutions

Tropicana Corp Bhd has partnered with Malayan Banking Bhd to offer home financing solutions through the Maybank MyDeco Financing scheme, allowing Tropicana homeowners to integrate financing with their existing loans up to 120% of property value or RM250k, with a competitive interest rate starting from 4.4% per annum. This initiative aims to address financial constraints faced by property buyers, enhancing their ability to customise their homes with interior design and furnishings. Concurrently, Tropicana Corp is promoting its FL45H Deals campaign across five developments, offering comprehensive financing packages and attractive incentives such as gold coins and stamp duty absorption. (*The Edge*)

Axiata: Completes acquisition of India's Airtel Lanka

Axiata Group Bhd's subsidiary, Dialog, has successfully acquired Airtel Lanka from Bharti Airtel, making it a wholly-owned unit through the issuance of shares. This acquisition aims to consolidate operations in Sri Lanka, enhancing efficiencies and synergies in broadband connectivity and services despite concerns over Airtel Lanka's recent financial losses. Analysts suggest that while the merger may initially face challenges due to Airtel Lanka's financial performance, it could ultimately strengthen Dialog Axiata's market position in Sri Lanka's telecommunications sector. (*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	0.90	0.07	7.82
RHB Bank	Finance	5.50	0.40	7.33
British American Tobacco (M)	Consumer	8.33	0.59	7.14
Amway (M)	Consumer	6.99	0.50	7.11
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
Pavilion REIT	REIT	1.37	0.09	6.64
MAG Holdings	Consumer	1.13	0.07	6.64
Magnum	Consumer	1.13	0.07	6.64
Ta Ann Holdings	Plantation	3.80	0.25	6.55
MBM Resources	Consumer	5.34	0.35	6.54
Gas Malaysia	Utilities	3.62	0.24	6.52
UOA REITS	REIT	1.11	0.07	6.49

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		
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
Well Chip Group Berhad	Main Market	1.15	150.0	-	10 Jul	23 Jul
BWYS Group Berhad	ACE Market	0.22	256.3	100.0	4 Jul	24 Jul
EPB Group Berhad	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug

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