

Daily Newswatch

Market Review

The FBMKLCI concluded the week on a positive note, closing 0.3% higher last Friday, in line with the strong performance of its regional peers. CELCOMDIGI (+6.1%), AXIATA (+2.8%) and MAXIS (+2.3%) were some of the index constituents that outperformed. Consequently, the Telecommunication sectors registered the best performance (+1.9%), followed by Healthcare (+1.4%), and Property (+1.2%). Market sentiment turned back positive, with 673 gainers against 411 losers.

Economics

- French:** Inflation resumes slowdown two days before elections
- US:** Favored price gauge slows, supporting case for rate cut
- Japan:** Inflation quickens, output gains keeping BOJ on hike path
- UK:** Grew more than expected on consumer spending and services

Companies

- CelcomDigi:** Intends to lead second 5G network after taking up stake in DNB
- Builder Haily:** Bags RM54m residential construction job in Johor
- UEM Sunrise:** File appeal over RM74m additional tax and penalty paid to IRB
- Coastal Contracts:** Bags RM64m liftboat charter contract extension
- Scanwolf:** Develop RM135m GDV office building project in Sungai Buloh
- Uzma:** Explore collaborations with Finnish firm ReOrbit in space satellite solutions
- Kawan Renergy:** Gets RM11.8m contract for bioethanol plant conversion
- NCT Alliance:** Inks deals with KDEB Waste Management, Mentari Alam EKO to bolster offerings at smart industrial park

<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	1,590.1	0.3	9.4
Dow Jones	39,118.9	(0.1)	3.7
Nasdaq CI	17,732.6	(0.7)	20.1
S&P 500	5,460.5	(0.4)	15.1
FTSE 100	8,164.1	(0.2)	5.7
Nikkei 225	39,583.1	0.6	18.9
Shanghai CI	2,967.4	0.7	0.2
HSI	17,718.6	0.0	5.5
STI	3,332.8	(0.3)	3.2

Market Activity	Last Close	Daily chg %
Vol traded (m shares)	4,299.0	1.7
Value traded (RM m)	3,079.7	(1.8)
Gainers	673	
Losers	411	
Unchanged	488	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
BORNOIL	0.010	100.0	224.6
NOVAMSC	0.215	10.3	86.5
MYEG	1.020	5.2	74.1
INGENIEU	0.050	(16.7)	62.5
YNHPROP	0.545	10.1	50.4

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MAYBANK	9.960	0.0	190.4
TENAGA	13.780	(1.1)	156.7
CIMB	6.800	0.4	132.3
GAMUDA	6.580	(1.1)	80.3
MYEG	1.020	5.2	75.6

Currencies	Last Close	% Chg
USD/MYR	4.7175	0.0
USD/JPY	160.82	0.1
EUR/USD	1.0740	0.1
USD/CNY	7.2673	(0.0)
US Dollar Index	105.87	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	85.00	0.0
Gold (USD/troy oz)	2,326.8	(0.0)
CPO (MYR/metric t)	3,985.5	1.1
Bitcoin (USD/BTC)	61,860.6	(2.1)

Economics

French: Inflation resumes slowdown two days before elections

Inflation in France slightly moderated in June, with France's consumer prices rising 2.5% year-on-year. This easing inflation supported the European Central Bank's decision to begin reducing record-high interest rates, which is seen as a positive economic signal ahead of French parliamentary elections. Despite these developments, uncertainty persists among ECB officials regarding future monetary policy adjustments, influenced by factors such as wage growth and geopolitical tensions. Market expectations suggest potential further rate cuts in 2024, pending upcoming inflation data releases for Germany and the euro zone. *(Bloomberg)*

US: Favored price gauge slows, supporting the case for rate cut

In May, the core personal consumption expenditures (PCE) price index in the US, excluding volatile food and energy prices, saw its smallest monthly increase in six months at 0.1%. Year-on-year, it rose by 2.6%, the lowest since early 2021, indicating a deceleration in underlying inflation. This data supports the Federal Reserve's intention to potentially lower interest rates later in the year, following adjustments to rate hike projections earlier due to higher-than-expected inflation in the first quarter. Despite some cooling in the labour market, consumer spending remains robust, buoyed by solid wage growth and increased real disposable income, with the saving rate reaching its highest level since the beginning of the year. *(Bloomberg)*

Japan: Inflation quickens, output gains keeping BOJ on hike path

In June, inflation in Tokyo accelerated to 2.1% year-on-year, driven by higher energy prices and supported by a rebound in industrial output, which rose 2.8% in May from the previous month. These developments are likely to influence the Bank of Japan's decision-making on potential interest rate hikes as early as July, with policymakers keenly observing the data ahead of their upcoming meetings. Despite the weak yen contributing to price increases, particularly in energy costs, there are mixed views on whether the current inflationary pressures are sufficient to prompt immediate action by the BOJ. *(Bloomberg)*

UK: Grew more than expected on consumer spending and services

Britain's economy grew by 0.7% in the first quarter of the year, exceeding previous estimates of 0.6%, fueled by robust performances in services and consumer spending. This growth supports Prime Minister Rishi Sunak's narrative of economic recovery ahead of the upcoming general election, where the Labour Party currently holds a significant lead. Despite the positive economic indicators, including rising GDP per head and improving living standards, concerns over inflationary pressures could influence the Bank of England's decision on interest rates, potentially delaying rate cuts previously anticipated for later this year. The UK's economic rebound since the pandemic still lags behind countries like the US, but wage growth outpacing inflation is helping to bolster consumer finances. *(Bloomberg)*

Companies

CelcomDigi: Intend to lead second 5G network after taking up stake in DNB

CelcomDigi Bhd has completed a share subscription agreement to acquire a 16.3% stake in Digital Nasional Bhd (DNB), positioning itself alongside other telcos to collectively hold a 65.1% stake in DNB. This move aims to facilitate the development of Malaysia's second 5G network, emphasising fair competition and technological advancement. CelcomDigi highlights its extensive experience in building mobile networks over three decades and its readiness to leverage an RM4 billion investment in digital infrastructure to lead the deployment of 5G technology across Malaysia. The company aims to create an extensive 5G-ready network encompassing 18,000 sites to enhance digital connectivity nationwide. (*The Edges*)

Builder Haily: Bags RM54m residential construction job in Johor

Builder Haily Group Bhd has secured an RM53.7m contract from Venice View Development Sdn Bhd to construct 221 two-storey houses and several Tenaga Nasional Bhd (TNB) substations in Pulai, Johor. The project, awarded to its subsidiary Haily Construction Sdn Bhd, spans two parcels of land and is scheduled for completion within 15 months from commencement, to be determined by ARC Alliance Sdn Bhd. (*The Edge*)

UEM Sunrise: File appeal over RM74m additional tax and penalty paid to IRB

UEM Sunrise Bhd intends to appeal a ruling by the Special Commissioners of Income Tax that upheld an RM73.8m additional tax and penalty assessed by the Inland Revenue Board for the year 2006. The amount was paid in December 2016, and the company will provide updates on any significant developments regarding the matter. (*The Edge*)

Coastal Contracts: Bags RM64m liftboat charter contract extension

Coastal Contracts Bhd announced a one-year extension of a charter contract for a liftboat, valued at RM64.1m, awarded to its subsidiary Elite Point Pte Ltd based in Singapore. This extension is expected to positively impact Coastal Contracts' earnings and net assets throughout the contract duration. Coastal Contracts entered the liftboat chartering business in February 2021 through the acquisition of Elite Point. (*The Edge*)

Scanwolf: Develop RM135m GDV office building project in Sungai Buloh

Scanwolf Corporation Bhd's subsidiary, Scanwolf Properties Sdn Bhd, has entered a joint venture agreement with Ratna Bina Sdn Bhd to develop an office building project in Sungai Buloh, Selangor, with an estimated gross development value of RM135m. The project is expected to be completed within 54 months from obtaining the full development order approval. Funding will be sourced from internally generated funds and bank borrowings. Scanwolf anticipates the project to enhance its future profitability and cash flow positively. (*The Edge*)

Uzma: Explore collaborations with Finnish firm ReOrbit in space satellite solutions

Uzma Bhd, an energy and technology solutions provider, has partnered with Finnish space technology start-up ReOrbit Oy to explore collaborations in space satellite solutions. They have signed an expression of interest to potentially utilize a satellite assembly facility in Malaysia and launch a satellite together. Additionally, Uzma will exclusively market and distribute ReOrbit's satellite solutions in Southeast Asia, pending final agreement on terms. This initiative, although non-binding and with no immediate financial impact, aims to expand Uzma's technological footprint amid a 52% rise in its share price this year. (*The Edge*)

Kawan Renergy: Gets RM11.8m contract for bioethanol plant conversion

Kawan Renergy Bhd, a newly listed engineering service company on Bursa Malaysia's ACE Market, has secured an RM11.8m contract to convert a bioethanol plant in Ipoh, Perak, from molasses to corn feedstock. This contract, awarded by Chemical Industries Malaya Sdn Bhd (CIM), includes fabrication and installation services and is set to commence on July 1, with completion expected within four months. The company's orderbook now totals RM138.3m following this contract and a previous RM2.2m contract with CIM for steel structure installation. (*The Edge*)

NCT Alliance: Inks deals with KDEB Waste Management, Mentari Alam EKO to bolster offerings at smart industrial park

NCT Group's subsidiary, NCT Smart Management Sdn Bhd, has signed memorandums of understanding (MOUs) with KDEB Waste Management (KDEBWM) and Mentari Alam EKO (M) Sdn Bhd (MAEKO) to enhance services at the NCT Smart Industrial Park (NSIP), Malaysia's first managed industrial park in Selangor's Integrated Development Region. The collaboration with KDEBWM aims to improve waste collection, public cleansing, and recycling services across NSIP, particularly for the industrial, commercial, and institutional sectors. Meanwhile, the partnership with MAEKO focuses on implementing advanced food and organic waste management solutions, leveraging MAEKO's expertise in wastewater treatment and waste processing technologies. (*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	2.51	0.20	8.13
YTL Hospital REIT	REIT	1.21	0.10	8.02
KIP REIT	REIT	0.90	0.07	7.82
British American Tobacco (M)	Consumer	8.30	0.61	7.39
RHB Bank	Finance	5.51	0.40	7.31
Amway (M)	Consumer	6.92	0.50	7.18
CapitaLand Malaysia Trust	REIT	0.68	0.05	6.81
MAG Holdings	Consumer	1.12	0.08	6.70
Magnum	Consumer	1.12	0.08	6.70
MBM Resources	Consumer	5.29	0.35	6.60
Gas Malaysia	Utilities	3.60	0.24	6.56
Hektar REITS	REIT	0.60	0.04	6.55
Pavilion REIT	REIT	1.39	0.09	6.55
Ta Ann Holdings	Plantation	3.81	0.25	6.54

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
Kucingko Berhad	ACE Market	0.30	100.0	100.0	12 Jul	26 Jul
EPB Group Berhad	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug

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