

Daily Newswatch

Market Review

The FBMKLCI continue to close on a positive note, gaining 0.1% higher on Thursday due to selective buying in heavyweight stocks. Outperformances were seen in index constituents such as GAMUDA (+1.0%), MAYBANK (+0.8%) and TENAGA (+0.6%). Healthcare (+2.1%), Transportation & Logistics (+0.6%) and Financial Services (+0.3%) are among some of the sectors that register gains. The broader market sentiment was rather mixed, with 586 gainers against 558 losers.

Economics

- Thailand:** Thai bank sees no need to cut rates despite slow recovery
- EU:** Moves ahead with provisional tariffs on Chinese EV imports
- US:** Fed sought more evidence of cooling inflation
- Germany:** Factory orders unexpectedly slump as recovery falters

Companies

- Jati Tinggi:** Secures RM20m underground cable job
- Awanbiru Technology:** Wins RM25.7m contract renewal from MOE
- YLI Holdings:** Buys 80% stake in chemicals supplier
- Keyfield International:** Secures two contracts amounting to RM40m to supply accommodation workboats
- SNS Network:** HIMSS and SNS Network partner to drive digital health transformation in Malaysia
- MMAG Holdings:** Air cargo unit inks interline deal with Teleport

Upcoming key economic data releases

	<u>Date</u>
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	1,616.8	0.1	11.1
Dow Jones	39,308.0	(0.1)	4.3
Nasdaq CI	18,188.3	0.9	21.2
S&P 500	5,537.0	0.5	16.1
FTSE 100	8,241.3	0.9	6.6
Nikkei 225	40,913.7	0.8	22.3
Shanghai CI	2,957.6	(0.8)	(0.6)
HSI	18,028.3	0.3	5.8
STI	3,439.9	0.7	6.2

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,930.1	(9.8)
Value traded (RM m)	3,791.0	(5.0)
Gainers	586	
Losers	558	
Unchanged	495	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
OFB	0.770	175.0	135.1
MUIIND	0.090	20.0	119.2
DATAPREP	0.195	14.7	90.1
SNS	0.885	0.6	64.8
JAKS	0.170	6.3	71.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	7.290	0.7	224.7
CIMB	7.000	0.6	178.2
OFB	0.770	175.0	112.8
SUNWAY	3.950	0.0	102.6
TENAGA	14.240	0.4	96.6

Currencies	Last Close	% Chg
USD/MYR	4.709	0.2
USD/JPY	161.25	0.3
EUR/USD	1.0812	0.2
USD/CNY	7.2682	0.0
US Dollar Index	105.128	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	87.4	0.1
Gold (USD/troy oz)	2,357	0.0
CPO (MYR/metric t)	4,117	(0.4)
Bitcoin (USD/BTC)	58,127	(2.4)

Economics

Thailand: Thai bank sees no need to cut rates despite slow recovery

Thailand's economic recovery remains sluggish and has not yet reached its full potential, although there is currently no need to cut interest rates, said Bank of Thailand (BOT) Governor Sethaput Suthiwartnarueput on Thursday. Despite lower inflation, product prices remain high, and the current interest rate is still suitable for economic recovery and maintaining inflation expectations within the target. The central bank, under pressure from the government to ease policy, held its key interest rate steady at 2.50% last month. The economy grew 1.5% year-on-year in the first quarter, with the BOT forecasting economic growth of 2.6% this year and 3% next year. Headline inflation is expected to be below the target range in the third quarter but return to the range in the fourth quarter, with forecasts of 0.6% for this year and 1.3% for next year. *(Reuters)*

Europe: Moves ahead with provisional tariffs on Chinese EV imports

The European Union (EU) has announced provisional tariffs on Chinese-made electric vehicles (EVs), set to begin on Friday, with rates up to 48% for major manufacturers like SAIC Motor Corp, Geely, and BYD Co. These tariffs aim to counteract what the EU views as harmful subsidies from China affecting the European EV market. While China has threatened retaliation, the EU and China are in ongoing talks to find a mutually beneficial solution before the definitive tariffs take effect in November. European carmakers, including Mercedes-Benz, Volkswagen, and BMW, oppose the tariffs, warning they could harm business models, limit EV supply to European customers, and slow decarbonization efforts. *(Bloomberg)*

US: Fed sought more evidence of cooling inflation

The latest Federal Reserve meeting minutes showed officials are waiting for clearer signs that inflation is decreasing before considering any interest rate cuts. They remain divided on when to start lowering rates, with some advocating caution due to uncertainties in the economic outlook. Discussions highlighted concerns about inflation and potential impacts on employment if economic demand weakens. The minutes also mentioned ongoing debates about the long-term equilibrium of the economy and how monetary policy should respond to current conditions. *(Bloomberg)*

German: Factory orders unexpectedly slump as recovery falters

In May, German factory orders saw an unexpected decline of 1.6% from April, contrasting sharply with analysts' expectations of a 0.5% increase. This marks the fifth consecutive monthly drop and highlights ongoing challenges for German manufacturers, exacerbated by weakened demand outside the euro zone. The Economy Ministry anticipates stabilization only with a global trade recovery and gradual improvement in industrial product demand, while recent economic indicators suggest a mixed outlook for Germany's economic rebound. *(Bloomberg)*

Companies

Jati Tinggi: Secures RM20m underground cable job

Jati Tinggi Group Bhd has secured an RM20m contract from Worktime Engineering Sdn Bhd to install 33kV underground cables in the southern region of Peninsular Malaysia. This two-year contract will start on July 25. Previously, Jati Tinggi secured an RM22m contract from the same company on March 6 for laying underground cables for data centres in the same region. (*The Edge*)

Awanbiru Technology: Wins RM25.7m contract renewal from MOE

Awanbiru Technology Bhd's wholly-owned subsidiary, Awantec Systems Sdn Bhd (ASSB), has secured an RM25.7m contract from the Education Ministry (MOE) to provide cloud-based solutions, including Google Workspace for Education and Google Cloud Platform, to all schools under MOE. The contract will run for 36 months, from July 9, 2024, to July 8, 2027. The letter of award was issued by MOE on July 1 and accepted by ASSB on July 4, with the formalisation of the agreement currently underway. (*The Star*)

YLI Holdings: Buys 80% stake in chemicals supplier

Pipe manufacturer YLI Holdings Bhd is acquiring an 80% stake in Damini Corporation Sdn Bhd, a company that supplies chemicals and assembles water and electric meters, from Bumiraya Armani Sdn Bhd for RM10m. The acquisition is expected to create synergistic benefits by expanding YLI's product and service range to include the assembly and trading of water and electric meters and chemicals for waterworks and sewerage customers. YLI will pay RM3.5m in cash and RM6.5m by issuing 10m new YLI shares at 65 sen per share. (*The Edge*)

Keyfield International: Secures two contracts amounting to RM40m to supply accommodation workboats

Oil and gas service company Keyfield International Bhd announced that its wholly owned subsidiary, Keyfield Offshore Sdn Bhd, has secured two contracts worth RM40m to supply accommodation workboats for Hess Exploration and Production Malaysia BV's offshore operations. The contracts, commencing in June and July 2024, include a five-month charter for an accommodation work barge (AWB) and a six-month charter for an anchor handling tug supply (AHTS) vessel, along with crew and on-board services. (*The Edge*)

SNS Network: HIMSS and SNS Network partner to drive digital health transformation in Malaysia

SNS Network Technology Bhd, through its subsidiary SNS Network (M) Sdn Bhd, has partnered with HIMSS to drive digital healthcare transformation in Malaysia. This partnership marks SNS Network as the first HIMSS Digital Health Technology Partner in Malaysia, enabling them to deploy tools like the electronic medical record adoption model (EMRAM) across the country. With Malaysia's Ministry of Health aiming for widespread digital transformation in healthcare facilities over the next few years, SNS Network sees significant growth opportunities in expanding its ICT solutions, particularly in the healthcare sector. (*The Edge*)

MMAG Holdings: Air cargo unit inks interline deal with Teleport

MMAG Holdings Bhd's subsidiary MJets Air Sdn Bhd has entered into a cargo interline agreement with Teleport Everywhere Pte Ltd, a logistics arm of Capital A Bhd. The agreement allows both parties to handle each other's cargo shipments on specified routes for an initial term of one year, aiming to optimise operations and enhance efficiency in cargo transport. (*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	1.20	0.10	8.08
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.35	0.61	7.34
RHB Bank	Finance	5.52	0.40	7.32
Amway (M)	Consumer	7.00	0.50	7.10
CapitaLand Malaysia Trust	REIT	0.66	0.05	7.02
Hektar REITS	REIT	0.59	0.04	6.61
Pavilion REIT	REIT	1.38	0.09	6.59
MBM Resources	Consumer	5.30	0.35	6.58
MAG Holdings	Consumer	1.14	0.07	6.58
Magnum	Consumer	1.14	0.07	6.58
UOA REITS	REIT	1.11	0.07	6.49
Sports Toto	Consumer	1.53	0.10	6.47

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		
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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