

# Daily Newswatch

## Market Review

The FBMKLCI extended its gains yesterday, closing 0.2% higher, buoyed by investor optimism about the prospect of interest rate cut by the US Fed. Among the index constituents, TM (+1.8%), CIMB (+1.7%) and PPB (+0.8%) led the outperformance. Construction was the best-performing sector (+1.7%), followed by Technology (+0.6%) and REIT (+0.5%). Likewise, the broader market sentiment turned positive, with 569 gainers against 549 losers.

## Economics

- **China:** Launches tit-for-tat investigation into EU trade barriers
- **China:** June consumer inflation misses expectations amid anaemic demand
- **Japan:** Wholesale inflation picks up as weak yen raises import costs
- **US:** Treasuries slip as Powell calls for evidence of inflation's ebb
- **US:** Fed's Powell signals revamped bank capital proposal is coming

## Companies

- **Vestland:** Bags RM195m earthwork contract for Kota Bharu-Kuala Krai Expressway
- **Eduspec:** Plans to diversify into E&E testing, placement to raise RM30.5m for the venture
- **QL Resources:** Proposes one-for-two bonus issue
- **Solarvest:** Appoints Daniel Ruppert as chief investment officer
- **Econpile:** Gets RM26.5m contract
- **MUI:** Sells land in Negeri Sembilan for RM80.8m
- **Agmo:** Appointed strategic integration partner for MyDigital ID

<u>Upcoming key economic data releases</u>	<u>Date</u>
US – Jun 2024 CPI	11 Jul
US – Jun 2024 PPI	12 Jul
EU – May 2024 Industrial Production	15 Jul
EU – June 2024 CPI	17 Jul
Malaysia – Jun 2024 CPI	24 Jul
US – Q2 GDP	25 Jul
Malaysia – Jun 2024 PPI	29 Jul
US – Jul 2024 Consumer Confidence	30 Jul
EU – Jun 2024 Unemployment Rate	1 Aug

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,618.4	0.2	11.3
Dow Jones	39,721.4	1.1	5.4
Nasdaq CI	18,647.5	1.2	24.2
S&P 500	5,633.9	1.0	18.1
FTSE 100	8,193.5	0.7	6.0
Nikkei 225	41,832.0	0.6	25.0
Shanghai CI	2,939.4	(0.7)	(1.2)
HSI	17,471.7	(0.3)	2.5
STI	3,459.9	1.0	6.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,763.8	2.3
Value traded (RM m)	3,711.4	(3.4)
Gainers	569	
Losers	549	
Unchanged	518	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
DATAPRP	0.245	16.7	109.8
WCT	1.050	8.2	81.8
JAKS	0.180	5.9	70.1
CABNET	0.700	18.6	60.0
HUBLINE	0.075	(6.3)	56.7

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	6.970	0.3	228.9
TENAGA	0.900	7.1	159.4
PBBANK	10.060	0.2	153.8
MAYBANK	14.420	1.4	153.5
GAMUDA	4.110	1.7	147.4

Currencies	Last Close	% Chg
USD/MYR	4.6997	0.2
USD/JPY	161.58	0.1
EUR/USD	1.0833	0.0
USD/CNY	7.2761	(0.0)
US Dollar Index	105.05	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	85.1	0.5
Gold (USD/troy oz)	2,373	0.1
CPO (MYR/metric t)	3,998	(0.4)
Bitcoin (USD/BTC)	57,680	0.5

## Economics

### **China: Launches tit-for-tat investigation into EU trade barriers**

China is investigating whether the European Union's recent actions against its economy constitute illegal trade barriers, potentially escalating towards a trade war. The Chinese Ministry of Commerce announced the probe, covering sectors like rail, solar, wind power, and security equipment, which the EU has targeted with new measures to defend against what it calls Beijing's unfair practices. If found illegal, China may pursue bilateral talks, multilateral dispute settlements, or even recommend retaliatory measures. This investigation follows rising tensions between China and the EU, particularly over electric car exports, where the EU has already set provisional tariffs, mirroring US actions. The probe will conclude by January 10, possibly extending to mid-April. (*Bloomberg*)

### **China: June consumer inflation misses expectations amid anaemic demand**

China's consumer prices rose for the fifth month in June but missed expectations, with a 0.2% year-on-year increase, below the predicted 0.4%. This slowest rise in three months, coupled with ongoing producer price deflation, highlights weak domestic demand despite Beijing's efforts to revive consumption post-Covid. Contributing factors include a prolonged housing downturn and job insecurity, which have impacted consumer and industrial activity. Food prices fell further, and the producer price index (PPI) decreased by 0.8% year-on-year, marking the smallest decline in 17 months. (*Reuters*)

### **Japan: Wholesale inflation picks up as weak yen raises import costs**

Japan's wholesale inflation accelerated to 2.9% in June, driven by the yen's decline and rising global commodity costs, signalling heightened inflationary pressure. The corporate goods price index (CGPI) hit a record high for the seventh consecutive month, while the yen-based import price index surged 9.5%, the fastest increase since February 2023. This data, reflecting the impact of the weak yen and elevated energy prices, will be crucial for the Bank of Japan's (BOJ) policy meeting on July 30-31, where it will consider raising interest rates from near-zero levels. (*Bloomberg*)

### **US: Treasuries slip as Powell calls for evidence of inflation's ebb**

US Treasuries slipped as Federal Reserve chair Jerome Powell told lawmakers he wants more evidence of cooling inflation before considering interest-rate cuts this year. The benchmark 10-year yield rose up to 4.327% during his Senate hearing. Powell emphasised that policy decisions will be made "meeting by meeting" and traders maintained a 70% probability for a September rate cut. He highlighted the need for "more good data" to ensure inflation returns to target. His comments precede the consumer price index report for June, expected on Thursday, and follow a US\$58bn three-year note auction with strong demand. (*Reuters*)

### **US: Fed's Powell signals revamped bank capital proposal is coming**

US Federal Reserve chair Jerome Powell said US regulators are close to agreeing to changes to plans to force big banks to hold significantly more capital. Powell told senators on Wednesday that officials are near an agreement on changes to last July's plan, which could have forced the biggest US lenders to hold as much as 19% more capital to buffer against losses. He didn't elaborate on the specific adjustments but said regulators would likely seek fresh comments on the revised plan. He added that the Fed and the other two other banking agencies had made no final decisions. (*Bloomberg*)

## Companies

### **Vestland:** Bags RM195m earthwork contract for Kota Bharu-Kuala Krai Expressway

Vestland Bhd has secured an RM195m contract to undertake earthworks for the Kota Bharu–Kuala Krai Expressway project in Kelantan. Euro Saga Sdn Bhd awarded the contract to Vestland's wholly-owned subsidiary, Vestland Resources Sdn Bhd, covering site clearance, demolition, earthworks, drainage, pavement, and road furniture works. The construction work is scheduled to start on July 19 and is expected to be completed by July 18, 2026. (*The Edge*)

### **Eduspec:** Plans to diversify into E&E testing, placement to raise RM30.5m for the venture

Eduspec Holdings Bhd plans to diversify its business by providing testing services for electrical and electronic (E&E) components, aiming to reduce reliance on its education sector. This new venture is expected to contribute significantly to the company's assets and profits. Eduspec's subsidiary, ETSB, has already secured RM40m in contracts for testing 5G Optical Printed Circuit Board Assemblies. To support this expansion, Eduspec will raise RM30.5m through a private placement to purchase additional testing equipment, leveraging the expertise of its executive chairman, Datuk Kang Pang Kiang. (*The Edge*)

### **QL Resources:** Proposes one-for-two bonus issue

QL Resources Bhd has proposed a bonus issue of up to 1.22bn shares on a one-for-two basis to reward shareholders. As of June 28, the company has an issued share capital of RM620m with 2.4bn shares. To comply with Bursa Malaysia's listing requirements, the adjusted share price must be at least 50 sen, based on the daily volume-weighted average market price (VWAMP) for the three months prior to the application date. The bonus issue aims to enhance trading liquidity and affordability of QL shares, increase the number of shares without affecting market capitalisation, and attract a wider pool of investors. The bonus issue is expected to be completed by the third quarter of 2024. (*The Edge*)

### **Solarvest:** Appoints Daniel Ruppert as chief investment officer

Solarvest Holdings Bhd has appointed Daniel Ruppert as chief investment officer effective July 1, 2024. Ruppert, a regional clean energy expert with over 15 years of experience in investment banking and business management, will be instrumental in driving Solarvest's investment strategies and accelerating its growth. Executive director and CEO Davis Chong Chun Shiong emphasised Ruppert's role in leading the clean energy transition regionally and achieving sustainable growth. Ruppert will focus on clean energy asset acquisitions, strategic capital allocation, and portfolio and risk management, seeking immediate investment opportunities in various clean energy technologies across ASEAN. (*The Edge*)

### **Econpile:** Gets RM26.5m contract

Econpile Holdings Bhd has secured an RM26.5 million contract from SNA Consult Sdn Bhd, on behalf of Modern Plus Sdn Bhd, to perform earthworks, piling, and sub-structure works for a 40-storey condominium at Jalan Kiara, Kuala Lumpur. The project, which includes 244 units and nine levels of podium car park and a basement level, is set to be completed within 15 months starting July 9, 2024. (*The Star*)

### **MUI:** Sells land in Negeri Sembilan for RM80.8m

MUI Properties Bhd (MUIP) is selling 53 out of 79 acres of land in Bandar Springhill, Port Dickson, Negeri Sembilan, to Antmed Malaysia Sdn Bhd for RM80.8m. This sale aims to develop Bandar Springhill into a leading medical hub, leveraging Antmed's expertise to attract other healthcare-related investments and stimulate local economic growth. The partnership is expected to spur infrastructure improvements, job creation, and further development in the area. The disposal is anticipated to positively impact MUIP's earnings, with an expected gain of approximately RM7.6m after taxes and non-controlling interests. (*The Star*)

**Agmo: Appointed strategic integration partner for MyDigital ID**

Agmo Holdings Bhd's subsidiary, Agmo Studio Sdn Bhd, has been appointed as a strategic integration partner for MyDigital ID, a government initiative under MIMOS Bhd. This appointment highlights Agmo Studio's commitment to supporting government efforts to secure digital identities. As a strategic integration partner, Agmo Studio will integrate MyDigital ID with various applications for both government and private sectors. Agmo CEO Tan Aik Keong expressed the company's dedication to enhancing digital security for Malaysians and leveraging their expertise for successful integration, contributing to a more secure digital environment. (*The Star*)

## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
Bermaz Auto	Consumer	2.56	0.20	7.97
YTL Hospital REIT	REIT	1.22	0.10	7.95
KIP REIT	REIT	0.89	0.07	7.87
British American Tobacco (M)	Consumer	8.31	0.61	7.38
RHB Bank	Finance	5.54	0.40	7.29
Amway (M)	Consumer	7.08	0.50	7.02
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.92
MBM Resources	Consumer	5.25	0.35	6.65
Hektar REITS	REIT	0.59	0.04	6.61
Pavilion REIT	REIT	1.39	0.09	6.55
UOA REITS	REIT	1.11	0.07	6.49
Ta Ann Holdings	Plantation	3.88	0.25	6.42
Gas Malaysia	Utilities	3.61	0.23	6.37
MAG Holdings	Consumer	1.19	0.07	6.30

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		
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
<a href="#">Kucingko Berhad</a>	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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