

Daily Newswatch

Market Review

The FBMKLCI remain in the positive trajectory for the third consecutive trading session, closing 0.3% higher, amid improved domestic and global market risk sentiments driven by investor optimism about the prospect of an interest rate cut by the US Fed. Among index constituents that end in positive notes include SUNWAY (+4.3%), QL (+3.2%) and SIME (+2.7%). Most of the sectors register positive gain, led by Construction (+2.7%), Property (+2.1%) and Telecommunication & Media (+0.9%). Similarly, the broader market sentiment was more positive, with 761 gainers against 478 losers.

Economics

- UK:** BOE's Mann signals caution on rate cuts
- Malaysia:** Bank Negara maintains OPR at 3%
- Malaysia:** JP Morgan upgrades Malaysia's rating
- US:** Powell says Fed will cut rates when ready, regardless of political calendar
- Korea:** Bank of Korea weighs rate cut timing as it delivers dovish hold
- Malaysia:** Malaysia-Singapore Business Council discusses exploring Special Economic Zone opportunities

Companies

- Sime Darby Property:** Forms joint venture with GSPARX to carry out rooftop solar projects
- Genting Malaysia:** Subsidiary makes early redemption of RM1.3bn from MTNs
- KLK:** Expands oleochemicals processing capacity in China
- Hextar Capital:** Secures RM97.04m contract for construction of student hostels
- Theta Edge:** Clarifies IoT job secured from Ampang Jaya will require RM674m investment cost
- Keyfield International:** Delivers vessel to Helms Geomarine for three-plus-two years charter

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,623.1	0.3	11.6
Dow Jones	39,753.8	0.1	5.5
Nasdaq CI	18,283.4	(2.0)	21.8
S&P 500	5,584.5	(0.9)	17.1
FTSE 100	8,223.3	0.4	6.3
Nikkei 225	42,224.0	0.9	26.2
Shanghai CI	2,970.4	1.1	(0.2)
HSI	17,832.3	2.1	4.6
STI	3,475.1	0.4	7.2

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,390.3	13.2
Value traded (RM m)	4,412.5	18.9
Gainers	761	
Losers	478	
Unchanged	471	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
NOVAMSC	0.200	(25.9)	204.2
ATAIMS	0.520	(5.5)	136.6
DATAPRP	0.225	(8.2)	93.0
G3	0.035	16.7	80.3
AIMFLEX	0.195	(2.5)	76.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
GAMUDA	7.880	4.8	219.9
CIMB	7.090	0.0	205.7
TENAGA	14.600	1.4	173.0
TM	7.020	1.2	132.8
SUNWAY	4.100	4.3	125.4

Currencies	Last Close	% Chg
USD/MYR	4.6875	0.3
USD/JPY	159.19	(0.2)
EUR/USD	1.0868	0.0
USD/CNY	7.2579	0.3
US Dollar Index	104.44	(0.6)

Commodities	Last Close	% Chg
Brent (USD/barrel)	85.4	0.4
Gold (USD/troy oz)	2,413	(0.1)
CPO (MYR/metric t)	3,988	(0.4)
Bitcoin (USD/BTC)	57,457	(0.2)

Economics

UK: BOE's Mann signals caution on rate cuts, seeing higher inflation

Bank of England (BOE) policy maker Catherine Mann, who is the most hawkish of the nine members of the Monetary Policy Committee, pointed to stubbornly high wage growth and services inflation as roadblocks to the UK central bank meeting its 2.0% target sustainably. Mann said she wanted to see a "sustained deceleration" in services inflation. Mann's remarks suggest she is not ready to let up on her resistance to interest rate cuts, despite headline inflation falling to the BOE's 2.0% target in recent data, making her different from other policymakers who are considering easing policy ahead of the next meeting on Aug. 1. (*Bloomberg*)

Malaysia: Bank Negara maintains OPR at 3%

Bank Negara (BNM) has kept the overnight policy rate (OPR) unchanged at 3% following the conclusion of its two-day monetary policy committee (MPC) meeting. BNM stated that the latest indicators point towards sustained strength in economic activity in the second quarter of 2024, driven by resilient domestic expenditure and better export performance. Headline and core inflation in 2024 are expected to average within the earlier projected ranges of 2.0%-3.5% and 2.0%-3.0%, respectively. (*The Star*)

Malaysia: JP Morgan upgrades Malaysia's rating, credits policy reforms, pace of progress

JP Morgan has upgraded Malaysia's rating from underweight to neutral after almost six years, crediting the country's policy reforms, data centre investments and infrastructure build-up. In an interview with CNBC yesterday, JP Morgan head of Asia-Pacific, Rajiv Batra, commented on Malaysia's measures in rationalising subsidies, a string of data centre investments, the electric vehicle segment, and the green energy segment. (*The Star*)

US: Powell says Fed will cut rates when ready, regardless of political calendar

Federal Reserve Chair Jerome Powell said on Wednesday the U.S. central bank will make interest rate decisions "when and as" they are needed, pushing back on a suggestion that a September rate cut could be seen as a political act ahead of the fall presidential election. Powell emphasised that risks to the job market now stand on about equal footing with the risks of high inflation and the Fed's intent to meet both its price stability and full employment goals. From ongoing growth to a 4.1% unemployment rate and falling inflation, Powell said the U.S. was enjoying "good numbers." (*Reuters*)

Korea: Bank of Korea weighs rate cut timing as it delivers dovish hold

South Korea's central bank said it was time to prepare for a pivot to interest rate cuts after leaving the benchmark interest rate steady at 3.50% for the 12th straight meeting. Still, more evidence is needed to strengthen confidence that inflation is returning to its 2.0% target after it left a key policy rate unchanged on Thursday. The decision to leave rates unchanged was unanimous; two of the central bank's seven board members said they might support a reduction in the policy rate within the next three months, according to Governor Rhee Chang-Yong. However, policymakers are still worrying about a re-acceleration in mortgage loan growth, as South Korea has the developed world's highest household debt-to-GDP ratio. (*Reuters*)

Malaysia: Malaysia-Singapore Business Council discusses exploring Special Economic Zone opportunities

The 25th Joint Meeting of the Malaysia-Singapore Business Council (MSBC) discussed on Thursday, on advancing mutual interests and exploring new opportunities through the Johor-Singapore Special Economic Zone (JS-SEZ). The discussions highlighted strategic deliberations on promoting sustainable growth, harnessing technological advancements, particularly in cross-border transactions, to enhance business operations, and expanding market access for Malaysian and Singaporean companies. The meeting also addressed shared challenges in the global landscape and engaged in constructive dialogue aimed at deepening partnerships and reinforcing the longstanding business relations between both countries. (*The Edge*)

Companies

Sime Darby Property: Forms joint venture with GSPARX to carry out rooftop solar projects

Sime Darby Property Bhd and GSPARX Sdn Bhd, a solar solution provider and a wholly owned subsidiary of Tenaga Nasional Bhd, have formed a joint venture focusing on financing, developing and operating rooftop solar generation projects at Sime Darby Property's asset portfolio and township as a near-term company's green transition strategies. GSPARX managing director Elmie Fairul Mahsuri also stated that the joint venture is a significant step towards achieving the government's renewable energy targets and demonstrates its dedication to advancing Malaysia's green energy landscape. *(The Edge)*

Genting Malaysia: Subsidiary makes early redemption of RM1.3bn from MTNs

Genting Malaysia Bhd said its subsidiary GENM Capital Bhd has made an early redemption of RM1.3bn in nominal value from its RM2.4bn medium-term notes (MTN). The early redemption of RM1.3bn comprises the second tranche of the MTN, which was issued in August 2015 for a tenure of 10 years, with a coupon rate of 4.9% per year. When it was issued, Genting Malaysia said the proceeds from the issuance of the MTNs would be utilised for the operating expenses, capital expenditure and working capital requirements of the group, including financing the development of its properties located in Genting Highlands. *(The Star)*

KLK: Expands oleochemicals processing capacity in China

Kuala Lumpur Kepong Bhd's (KLK) wholly owned Taiko Palm-Oleo (Zhangjiagang) Co Ltd's new high-purity fatty acids and glycerin plant, located on 58 acres in Zhangjiagang, Suzhou, in the Jiangsu province of China, was launched on Wednesday. The facility's annual processing capacity will now be 500,000 tonnes. Kow Tiat Yong, deputy CEO of KLK OLEO, stated that the facility has been pivotal in realising the vision of becoming an integrated player in the oils and fats sector, both locally and internationally. *(The Edge)*

Hextar Capital: Secures RM97m contract for construction of student hostels

Hextar Capital Bhd's wholly-owned subsidiary T&J Engineering Sdn Bhd has secured a contract from Landasan Kapital (M) Sdn Bhd valued at RM97.0m to supply materials, labour, tools and equipment for the construction of student hostels at Universiti Malaysia Kelantan in Bachok. The contract commenced on April 15, 2024, and is expected to be completed on Aug 14, 2026. *(The Star)*

Theta Edge: Clarifies IoT job secured from Ampang Jaya will require RM674m investment cost

Theta Edge Bhd has clarified that the project it secured from the Ampang Jaya Municipal Council (MPAJ) will involve an investment cost of RM673.8m in operating expenditure for Internet of Things (IoT) technology for Smart Economy in Ampang Jaya. As part of the city's Smart Business Initiative, the project aims to transform Ampang Jaya into a model smart city, leveraging advanced technology to improve business operations, enhance public services, and drive sustainable growth. The project financing will be managed via local financial institutions, and MPAJ, as a statutory body, will facilitate council administration's licensing requirements and digitalisation processes through revenue sharing. *(The Edge)*

Keyfield International: Delivers vessel to Helms Geomarine for three-plus-two years charter

Oil and gas services firm Keyfield International Bhd delivered its Keyfield Helms 1 (KH1) geotechnical vessel to Helms Geomarine Sdn Bhd for a three-plus-two years charter contract. The charter party agreement, signed in December 2023, is expected to begin this month until the end of June 2027. KH1 will be utilised to primarily support Helms Geomarine, which recently secured a three-year geotechnical investigation contract from Petrolia Nasional Bhd (Petronas) and long-term contracts with other oil majors in Malaysia and Thailand. *(The Edge)*

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
YTL Hospital REIT	REIT	1.22	0.10	7.95
Bermaz Auto	Consumer	2.58	0.20	7.91
KIP REIT	REIT	0.90	0.07	7.82
British American Tobacco (M)	Consumer	8.30	0.61	7.39
RHB Bank	Finance	5.57	0.40	7.25
Amway (M)	Consumer	7.09	0.50	7.01
CapitaLand Malaysia Trust	REIT	0.67	0.05	6.92
MBM Resources	Consumer	5.21	0.35	6.70
Hektar REITS	REIT	0.60	0.04	6.55
Pavilion REIT	REIT	1.41	0.09	6.45
UOA REITS	REIT	1.12	0.07	6.43
Ta Ann Holdings	Plantation	3.88	0.25	6.42
MAG Holdings	Consumer	1.18	0.07	6.36
Magnum	Consumer	1.18	0.07	6.36

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
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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