

Daily Newswatch

Market Review

The FBMKLCI began the week with gains (+0.7%) and surged to a 3-year high, driven by strong gains in heavyweight banking counters. Among the index constituents, there are 24 gainers against 5 losers with AXIATA (+3.3%), GENTING (+2.6%) and GENM (+2.4%) being the top 3 performers. Most of the sectors ended in positive notes with the performance led by Construction (+2.2%), Property (+1.3%) and Technology (+1.2%). Similarly, the broader market sentiment turned positive, with 737 gainers against 491 losers.

Economics

- **EU:** Industrial production down
- **China:** Home prices fall sharply despite latest rescue plan
- **China:** Withdraws cash from banking system amid Yuan pressure
- **France:** Auditor says plan to fix finances is unrealistic
- **Canada:** Freeland hints at broader trade action against China

Companies

- **MISC:** Could take a substantial stake in Bumi Armada
- **BIMB:** Issues RM1bn senior Sukuk Murabahah
- **PMB Technology:** Aims to raise RM27m via private placement
- **Ekovest:** Discharged duties as River of Life project delivery partner
- **WCT:** Clinches another Kwasa Land contract worth RM214m
- **Advancecon:** Inks JV with Perak govt

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,629.8	0.7	12.0
Dow Jones	40,211.7	0.5	6.7
Nasdaq CI	18,472.6	0.4	23.1
S&P 500	5,631.2	0.3	18.1
FTSE 100	8,183.0	(0.8)	5.8
Nikkei 225	41,190.7	(2.4)	23.1
Shanghai CI	2,974.0	0.1	(0.0)
HSI	18,015.9	(1.5)	5.7
STI	3,499.9	0.1	8.0

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,364.5	17.0
Value traded (RM m)	3,954.5	6.1
Gainers	737	
Losers	491	
Unchanged	480	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
VELESTO	0.230	(9.8)	381.0
EKOVEST	0.515	2.0	159.4
JTGROUP	0.700	5.3	67.6
JAKS	0.175	2.9	62.9
UUE	0.840	(9.2)	61.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
MAYBANK	10.140	1.0	165.2
GAMUDA	7.900	1.3	132.5
PBBANK	4.130	0.5	121.3
IJM	3.540	5.4	95.9
VELESTO	0.230	(9.8)	92.0

Currencies	Last Close	% Chg
USD/MYR	4.6735	(0.0)
USD/JPY	158.09	(0.0)
EUR/USD	1.0897	0.0
USD/CNY	7.2583	(0.1)
US Dollar Index	104.19	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	84.9	(0.2)
Gold (USD/troy oz)	2,421	(0.0)
CPO (MYR/metric t)	3,932	0.3
Bitcoin (USD/BTC)	64,404	1.0

Economics

EU: Industrial production down

In May 2024, compared with April 2024, seasonally adjusted industrial production decreased by 0.6% in the Euro area and by 0.8% in the EU, according to first estimates from Eurostat, the statistical office of the European Union. In April 2024, industrial production remained unchanged in the Euro area and grew by 0.5% in the EU. In May 2024, compared with May 2023, industrial production decreased by 2.9% in the Euro area and by 2.5% in the EU. The largest annual decreases were recorded in Romania (-6.9%), Germany (-6.6%) and Bulgaria (-6.3%). The highest increases were observed in Denmark (+9.6%), Ireland (+8.7%) and Greece (+6.8%). (*Eurostat*)

China: Home prices fall sharply despite latest rescue plan

China's new-home prices in 70 cities, excluding state-subsidised housing, dropped 0.7% from May. Values of existing homes declined 0.9%, compared with a 1.0% decrease a month earlier. The figures add to evidence that a rescue package unveiled in May, centred on relaxing mortgage rules and encouraging local governments to buy unsold homes, has done little to boost sentiment in the real estate market. (*Bloomberg*)

China: Withdraws cash from banking system amid Yuan pressure

The People's Bank of China drained a net 3bn yuan of cash via its medium-term lending facility on Monday, while holding the interest rate on its one-year policy loans at 2.5%, as the Third Plenum gets underway in the nation's capital. The yuan has fallen about 2.0% this year despite consistent support by Beijing, as the pushback of expectations for a Fed rate cut favours the dollar. (*Bloomberg*)

France: Auditor says plan to fix finances is unrealistic

President Emmanuel Macron's outgoing administration pledged new spending cuts and revenue-boosting measures in April to get back on course with derailed plans to bring the budget deficit within 3% of economic output in 2027. But state auditor Cour des Comptes said Monday that the updated program relied on "particularly optimistic" growth forecasts, unprecedented spending cuts, and imprecise measures to boost tax revenue. The government also seemed not to have accounted for the depressive impact of such tightening, it said. (*Bloomberg*)

Canada: Freeland hints at broader trade action against China

Canada's finance minister Chrystia Freeland said she'll hold talks next week with business and labour groups about erecting trade barriers against Chinese-made vehicles and may even go beyond autos. Canada, which relies heavily on two-way trade with the US, has been closely watching the Biden administration's moves to impose higher tariffs against Chinese EVs, solar cells, batteries, steel and other products. Canada has no choice but to view its trading relationships through a national security lens, said Freeland, who's also the deputy prime minister. (*Bloomberg*)

Companies

MISC: Could take a substantial stake in Bumi Armada

MISC Bhd is believed to be in talks with the shareholders of Bumi Armada Bhd and could take up a substantial stake in the floating production storage and offloading (FPSO) player, sources familiar with the matter tell The Edge. In an emailed response to questions from The Edge, MISC says, "MISC actively explores investment opportunities that have the potential to add value to its shareholders. MISC will certainly communicate with relevant stakeholders if and when there is material development." No questions were sent to Bumi Armada as the talks are understood to be at the shareholder level and not involving the company's management. *(The Edge)*

BIMB: Issues RM1bn senior Sukuk Murabahah

Bank Islam Malaysia Bhd has successfully issued RM1bn senior sukuk Murabahah under its RM10bn sukuk Murabahah programme in nominal value to finance its banking activities, working capital requirements, and other corporate purposes. The sukuk Murabahah, rated AA3/stable by RAM Ratings Services Bhd, offers fixed profit rates of 4.01% and 4.13% per annum, with respective tenures of five and seven years. *(The Star)*

PMB Technology: Aims to raise RM27m via private placement

PMB Technology Bhd said it is selling a parcel of leasehold land amounting 113,312 sq metre-land in Klang for RM79.3m to Knauf Sdn Bhd, primarily to fund its working capital and is expected to result in a one-time gain of RM51m. PMB Technology said the sale, which is expected to be completed by the fourth quarter of this year, will reduce the group's gearing ratio from 0.89 times to 0.84 times. Net assets per share will increase to 0.71 sen from 0.67 sen. *(The Edge)*

Ekovest: Discharged duties as River of Life project delivery partner

Ekovest Bhd clarified that it had officially concluded its contractual role as the project delivery partner (PDP) for the River of Life project in January 2015, according to a filing with Bursa Malaysia on Monday. In the filing, the company said its role was to mainly provide horizontal coordination with up to 42 agencies, while the respective agencies under multiple ministries spearheaded the project. Under the PDP contract, Ekovest was authorised by the government solely to tender for/participate in beautification works under the project (via Swiss Challenge). *(The Edge)*

WCT: Clinches another Kwasa Land contract worth RM214m

WCT Holdings Bhd has secured another contract worth RM214m from EPF and master developer of Kwasa Damansara's wholly-owned subsidiary, Kwasa Land Sdn Bhd, to undertake construction works at the Kwasa Damansara township development in Sungai Buloh. The contract is expected to be completed within 30 months from Aug 1, 2024. The contract was awarded to its wholly-owned unit WCT Bhd under work package contract two, which is related to the construction and completion of common infrastructure works phase one and a new vehicular underpass at Kwasa Damansara. *(The Edge)*

Advancecon: Inks JV with Perak govt to develop centralised labour quarters

Advancecon Holdings Bhd's wholly-owned subsidiary, Advancecon Ventures Sdn Bhd, has formed a joint venture (JV) and shareholders' agreement with Perak Equity Sdn Bhd, a unit of the Perak State Development Corporation. The agreement is for the development, construction, operation, management, and maintenance of centralised labour quarters (CLQs) in the state. The aim is to accommodate 12,000 workers over the next five years and to pave the way for further CLQ developments to strengthen the state's industrial infrastructure. In this joint venture, Advancecon Ventures will retain a 70% stake in the JV company, while Perak Equity will hold the remaining 30% stake. *(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
YTL Hospital REIT	REIT	1.22	0.10	7.95
Bermaz Auto	Consumer	2.61	0.20	7.82
KIP REIT	REIT	0.90	0.07	7.78
British American Tobacco (M)	Consumer	8.32	0.61	7.37
RHB Bank	Finance	5.69	0.40	7.10
Amway (M)	Consumer	7.05	0.50	7.05
CapitaLand Malaysia Trust	REIT	0.66	0.05	7.02
MBM Resources	Consumer	5.17	0.35	6.83
Hektar REITS	REIT	0.60	0.04	6.50
UOA REITS	REIT	1.11	0.07	6.49
Pavilion REIT	REIT	1.42	0.09	6.41
Ta Ann Holdings	Plantation	3.91	0.25	6.37
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		
BWYS Group Berhad	ACE Market	0.22	256.3	100.0	5 Jul	22 Jul
Well Chip Group Berhad	Main Market	1.15	150.0	-	10 Jul	23 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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