

Daily Newswatch

Market Review

The FBMKLCI regained its momentum and closed higher yesterday (+0.5%) at fresh 3-year high, buoyant by the optimism of interest rate cut by US Fed. Among the index constituents, MRDIY (+3.4%), CDB (+2.8%) and KLK (+2.5%) are some of the counters that ended in positive note. Construction is the best performing sector (+3.6%) mainly due to gains seen in IJM (+6.0%), WCT (+6.0%) and GAMUDA (+3.8%). Similarly, the broader market breadth turned positive with 770 gainers against 445 losers.

Economics

- **US:** Fed's Williams says recent inflation data positive, more needed
- **Canada:** Inflation decelerates to 2.7%, core measures sticky
- **UK:** Inflation pressures stay hot, reducing chance of August rate cut
- **EU:** Annual inflation down to 2.5% in the euro area
- **UK:** Plans to bolster budget watchdog after 'mini budget' crisis
- **China:** Central Bank uses hedge fund tactic to tame bond bulls

Companies

- **LBS Bina:** Launches Imperial Garden in Batu Pahat, Johor
- **Synergy House:** Gets UMA query
- **PTT Synergy:** Acquire land in Selangor for RM22m cash
- **Ewein:** Changes name to Skygate Solutions Bhd

	<u>Date</u>
Upcoming key economic data releases	
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	1,633.5	0.5	12.3
Dow Jones	41,198.1	0.6	9.3
Nasdaq CI	17,996.9	(2.8)	19.9
S&P 500	5,588.3	(1.4)	17.2
FTSE 100	8,187.5	0.3	5.9
Nikkei 225	41,097.7	(0.4)	22.8
Shanghai CI	2,962.9	(0.5)	(0.4)
HSI	17,739.4	0.1	4.1
STI	3,489.6	0.0	7.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,284.5	13.4
Value traded (RM m)	3,877.9	10.2
Gainers	770	
Losers	445	
Unchanged	513	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
EKOVEST	0.555	7.8	146.1
VELESTO	0.235	0.0	114.7
BJCORP	0.385	8.5	89.6
SNS	0.920	9.5	80.3
MRCB	0.680	5.4	68.3

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
GAMUDA	8.250	3.8	192.9
CIMB	7.140	(0.1)	118.1
IJM	3.690	6.0	111.0
TENAGA	14.500	0.3	95.5
YTLPOWR	4.950	(0.2)	84.7

Currencies	Last Close	% Chg
USD/MYR	4.6642	0.3
USD/JPY	155.79	0.3
EUR/USD	1.094	0.0
USD/CNY	7.2621	0.1
US Dollar Index	103.75	(0.5)

Commodities	Last Close	% Chg
Brent (USD/barrel)	85.1	1.6
Gold (USD/troy oz)	2,461	0.1
CPO (MYR/metric t)	3,966	(0.3)
Bitcoin (USD/BTC)	64,283	(0.4)

Economics

US: Fed's Williams says recent inflation data positive, more needed

Federal Reserve (Fed) Bank of New York President John Williams comments, along with those made by Chair Jerome Powell and other policymakers in recent days, suggest the central bank is moving closer to cutting rates but is not ready to do so quite yet. Readings from the last three months are "getting us closer to a disinflationary trend that we're looking for", he said in an interview with the Wall Street Journal published Wednesday. "These are positive signs. I would like to see more data to gain further confidence inflation is moving sustainably to our 2% goal." The interview was conducted on Tuesday. (*Bloomberg*)

Canada: Inflation decelerates to 2.7%, core measures sticky

Inflation in Canada is decelerating again, giving the Bank of Canada leeway to cut interest rates next week. The consumer price index (CPI) rose 2.7% in June from a year ago, slowing from a 2.9% pace in May. It's the sixth straight month that Canada's headline yearly inflation rate has been within the central bank's target range and brings the annual pace of price pressures back to their weakest levels since early 2021. (*Bloomberg*)

UK: Inflation pressures stay hot, reducing chance of August rate cut

British inflation held at 2% last month, defying forecasts for a slight fall, and strong underlying price pressures prompted investors to scale back bets that the Bank of England (BOE) will cut interest rates for the first time since 2020 next month. Increases in hotel prices, in a month when US pop star Taylor Swift and other performers toured the UK, were partly to blame for the higher-than-expected inflation number, underscoring the BOE's concern about service prices. (*Reuters*)

EU: Annual inflation down to 2.5% in the euro area

The euro area annual inflation rate was 2.5% in June 2024, down from 2.6% in May. European Union annual inflation was 2.6% in June 2024, down from 2.7% in May. The lowest annual rates were registered in Finland (0.5%), Italy (0.9%) and Lithuania (1.0%). The highest annual rates were recorded in Belgium (5.4%), Romania (5.3%), Spain and Hungary (both 3.6%). Compared with May 2024, annual inflation fell in seventeen Member States, remained stable in one and rose in nine. In June 2024, the highest contribution to the annual euro area inflation rate came from services (+1.84 percentage points, pp), followed by food, alcohol & tobacco (+0.48 pp), non-energy industrial goods (+0.17 pp) and energy (+0.02 pp). (*Eurostat*)

UK: Plans to bolster budget watchdog after 'mini budget' crisis

Britain's new government said on Wednesday it will strengthen the role of the country's official budget watchdog under new laws that Prime Minister Keir Starmer hopes will boost Britain's attractiveness to investors. Under the planned new legislation, all fiscal events making "significant and permanent tax and public spending changes" will be assessed by the Office of Budget Responsibility (OBR), the government said. The watchdog's forecasts on growth and government borrowing typically accompany budgets and other big fiscal statements. (*Reuters*)

China: Central Bank uses hedge fund tactic to tame bond bulls

President Xi Jinping and his top Party colleagues prepared for this week's once-in-five-year Third Plenum to chart the broad economic path ahead. Governor Pan Gongsheng's People's Bank of China has been busy lining up "hundreds of billions" of government bonds it could sell to prevent a bubble forming in the nation's \$4tn debt market. Having long-eschewed quantitative easing, the PBOC is now set to embrace the unorthodox policy of steering yields by dealing directly with the bond market, but from an unusual direction. Where the Federal Reserve and peers bought bonds to push yields down when their economies flat-lined, the PBOC is readying to sell them to guide long-term yields higher as a rally extends to record levels. (*Bloomberg*)

Companies

LBS Bina: Launches Imperial Garden in Batu Pahat, Johor

LBS Bina Group Bhd unveiled a double-storey semi-detached development called Imperial Garden located at Bandar Putera Indah of Batu Pahat, Johor. The development has an estimated gross development value of RM237m. The first phase, which consists of 30 semi-detached houses, has opened for sale, while the second phase (33 units) will be launched next month. The developer also highlighted that the project will be participating in the Maybank — My Deco Financing campaign to assist homebuyers in renovation works. *(The Edge)*

Synergy House: Gets UMA query as shares fall to lowest in three months, short selling suspended

Synergy House Bhd received an unusual market activity (UMA) query from Bursa Malaysia on Wednesday after its shares suffered their biggest daily fall since being listed more than a year ago. The sharp decline in price during the day, which began late in the afternoon session, also triggered a suspension in intraday short selling, which automatically kicks in when the last done price of approved securities falls by more than 15% or five sen from the previous day's price. Intraday short selling in Synergy House shares will be allowed to resume on Thursday at 8.30am. *(The Edge)*

PTT Synergy: Acquire land in Selangor for RM22m cash

PTT Synergy Group Bhd, which recently announced a one-for-one bonus issue exercise, is acquiring two parcels of land with semi-detached factories in Selangor from Sime Darby Property Bhd for RM22m in cash. "The properties are strategically located and easily accessible by major highways. Hence, the properties are expected to be suitable to accommodate the business expansion," PTT Synergy said in a bourse filing. PTT Synergy plans to fund the proposed acquisitions, which are expected to be completed within 36 months, through external borrowings. *(The Edge)*

Ewein: Changes name to Skygate Solutions Bhd

Ewein Bhd's shares will be traded under its new name, Skygate Solutions Bhd, effective 19 July. The change in name comes after the restructuring exercise at Ewein, which saw Ooi Eng Leong emerging as its largest shareholder in June 2023 after raising his stake from 3.8% to 43.8%. *(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
KIP REIT	REIT	0.90	0.07	7.82
Bermaz Auto	Consumer	2.66	0.21	7.74
British American Tobacco (M)	Consumer	8.31	0.61	7.38
RHB Bank	Finance	5.68	0.40	7.11
Amway (M)	Consumer	7.05	0.50	7.05
CapitaLand Malaysia Trust	REIT	0.66	0.05	7.02
Hektar REITS	REIT	0.59	0.04	6.67
MBM Resources	Consumer	5.31	0.35	6.65
UOA REITS	REIT	1.11	0.07	6.49
Pavilion REIT	REIT	1.41	0.09	6.45
Ta Ann Holdings	Plantation	3.91	0.25	6.37
Gas Malaysia	Utilities	3.62	0.23	6.22
Malayan Banking	Finance	10.08	0.62	6.17

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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