



Daily Newswatch

Market Review

The FBMKLCI experienced a downturn yesterday and closed at 1,622.06 (-0.9%), largely influenced by market reactions to the political development in the US and an escalation of profit-taking activities from retailers. Key decliners among the index constituents are AXIATA (-3.8%), MRDIY (-2.8%) and YTL (-2.8%). The majority of sectors also ended in negative territory, with notable underperformers including Construction (-2.0%), Energy (-1.4%), and Telecommunications & Media (-1.8%). The broader market breadth was deeply negative with 1,044 losers against 285 gainers.

Economics

- **China:** Vows to accelerate new affordable-housing model
- **China:** Surprises with rate cut after big meeting disappointment
- **Indonesia:** Launches nickel, tin online tracking system
- **US:** Harris races to lock up White House bid
- **Malaysia:** Mulling OECD membership

Companies

- **Eversendai:** Seals Abu Dhabi-based partner to supply steel beams
- **Protasco:** Sell university unit Ikram Education for RM30m
- **RCE Capital:** Proposes one-for-one bonus issue
- **EPIC:** Plans to expand solar energy service network
- **Crescendo:** Proposes three-to-one share split

Upcoming key economic data releases Date

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	1,622.1	(0.9)	11.5
Dow Jones	40,415.4	0.3	7.2
Nasdaq CI	18,007.6	1.6	20.0
S&P 500	5,564.4	1.1	16.7
FTSE 100	8,198.8	0.5	6.0
Nikkei 225	39,599.0	(1.2)	18.3
Shanghai CI	2,964.2	(0.6)	(0.4)
HSI	17,635.9	1.3	3.5
STI	3,437.3	(0.3)	6.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,342.6	20.6
Value traded (RM m)	3,420.9	4.6
Gainers	284	
Losers	1,044	
Unchanged	405	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
BWYS	0.350	59.1	347.6
SAPURA	0.040	(11.1)	123.4
MYEG	0.980	(0.5)	86.1
EKOVEST	0.560	(0.9)	77.4
HUBLINE	0.105	5.0	72.0

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	7.120	(0.4)	144.6
BWYS	0.350	59.1	121.1
GAMUDA	7.950	(3.0)	100.5
PUBLIC BANK	4.190	(1.2)	90.1
YTL POWER	4.750	(1.0)	88.0

Currencies	Last Close	% Chg
USD/MYR	4.682	0.1
USD/JPY	157.03	0.0
EUR/USD	1.0891	0.0
USD/CNY	7.2737	(0.1)
US Dollar Index	104.31	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	82.4	(0.3)
Gold (USD/troy oz)	2,396	(0.0)
CPO (MYR/metric t)	4,032	(0.1)
Bitcoin (USD/BTC)	67,467	(1.0)

Economics

China: Vows to accelerate new affordable-housing model

China's ruling Communist Party has pledged to accelerate the shift towards a housing model that emphasises renting and affordable homes, following a severe property slump. During the Third Plenum, President Xi Jinping reiterated the call to promote both renting and buying, a policy stance since 2017 aimed at curbing speculative property prices. The government plans to increase the supply of affordable housing for the working class and address the challenges faced by younger, first-time homebuyers. Despite setbacks from the property downturn and economic impacts of the COVID-19 pandemic, new measures will empower local governments to tailor policies to their specific needs, ease property ownership restrictions, and lower thresholds for purchasing larger homes. (*Bloomberg*)

Malaysia: Mulling OECD membership

Malaysia is considering joining international organisations like the Organisation for Economic Co-operation and Development (OECD) to balance economic development and maintain good relations with global trading partners. Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz emphasised Malaysia's independent, principled, and pragmatic foreign policy. The government aims to uphold national interests through a multi-directional approach, ensuring the country's involvement in BRICS aligns with its economic agenda and trade stability. Malaysia already plays an active role in ASEAN, APEC, the UN, and the OIC. By joining BRICS, Malaysia could benefit from the bloc's combined GDP of USD26.6tn and population of 3.54bn, while continuing to strengthen ties with key partners globally. (*The Star*)

China: Surprises with rate cut after big meeting disappointment

China's central bank surprised markets by cutting key interest rates to support the economy after a lack of short-term stimulus from a major Communist Party meeting. The People's Bank of China (PBOC) lowered the seven-day reverse repo rate, which was quickly followed by banks reducing their benchmark lending rates, making borrowing cheaper for mortgages and other loans. This move aims to boost an economy growing at its slowest pace in over a year. The rate cuts reflect the urgency to bolster growth amidst a prolonged property slump and slow recovery from the pandemic. (*Reuters*)

Indonesia: Launches nickel, tin online tracking system

Indonesia launched an online system called Simbara to track nickel and tin movements from mines to domestic processing facilities, aiming to enhance accountability and government revenue. Initially implemented for coal in 2022, Simbara monitors documentation, logistics, and compliance, forcing companies to pay liabilities to the state. Finance Minister Sri Mulyani Indrawati noted the system's success in the coal sector and its potential for nickel and tin. Expected to boost royalty payments by up to \$616m annually, the system also aims to prevent illegal mining and oversupply. The government plans to expand Simbara to other resources like gold, copper, and bauxite, and link it to compliance with manpower and environmental regulations. (*Reuters*)

US: Harris races to lock up White House bid, Trump campaign pivots

The U.S. Vice President Kamala Harris quickly moved to secure the Democratic presidential nomination after President Joe Biden, 81, decided not to seek re-election due to growing opposition within his party. At 59, Harris aims to unite the Democratic Party and the nation to defeat Republican Donald Trump in the November 5 election. Following Biden's withdrawal, Harris's campaign officials have been rallying delegates for her nomination at next month's Democratic Party convention. Biden, endorsing Harris, will remain in office until his term ends on January 20, 2025. Prominent Democrats, including potential challengers like California Governor Gavin Newsom, have shown support for Harris, though some key figures have yet to endorse her officially. (*Bloomberg*)

Companies

Eversendai: Seals Abu Dhabi-based partner to supply steel beams for Trojena Ski Village project

Eversendai Corp Bhd has partnered with Abu Dhabi's Emirates Steel Arkan Group (ESA) to develop the Trojena Ski Village project in Saudi Arabia, part of the NEOM mega-development and set to host the 2029 Asian Winter Games. Eversendai, through its unit Eversendai Engineering Saudi LLC, will handle the structural steel erection, collaborating with Saudi state-linked Albawani Co Ltd, while Emirates Steel will supply premium steel beams. Eversendai's deputy group managing director, Narishnath Nathan, expressed pride in the collaboration, highlighting their ability to deliver world-class steel construction solutions. Emirates Steel CEO Saeed Alghafri emphasised their commitment to sustainable steel solutions. The Trojena Ski Village will feature skiing slopes, chalets, apartments, and luxury mansions. *(The Edge)*

Protasco: Sell university unit Ikram Education for RM30m

Protasco Bhd will sell its entire stake in Ikram Education Sdn Bhd, owner of Infrastructure University Kuala Lumpur (IUKL), to Hong Kong-based Star Teenagers International Group Ltd (STI) for RM30m. The sale, facilitated through Kumpulan Ikram Sdn Bhd, is expected to yield Protasco RM12.7m and improve its FY2024 earnings. This move allows Protasco to monetise its non-essential investment in Ikram Education, which has been loss-making in recent years. Proceeds will be used to settle liabilities, cover expenses, and serve as working capital. *(The Edge)*

RCE Capital: Proposes one-for-one bonus issue

Consumer finance company RCE Capital Bhd has proposed a one-for-one bonus issue, involving the issuance of 764.9m new bonus shares. The entitlement date will be set once all approvals are secured, with the theoretical ex-bonus share price estimated at RM1.41 based on the five-day volume-weighted average price up to June 30, 2024. The bonus issue aims to enhance trading liquidity and attract a broader investor base. The proposal is expected to be completed in Q3 2024. *(The Edge)*

EPIC: Plans to expand solar energy service network

Eastern Pacific Industrial Corporation Bhd is expanding its service network in solar energy through its subsidiary, EPIC Solar Sdn Bhd (ESSB). The initiative aligns with Malaysia's goal of achieving 40% renewable energy by 2035. ESSB, a pioneer in solar projects on the East Coast, recently launched a 28-hectare solar farm in Teluk Kalong with an 18.5 Megawatt capacity, supplying energy to Tenaga Nasional Bhd for 21 years. Additionally, ESSB is contributing to the green port initiative at Kemaman Port by installing solar streetlights and floodlights. The company has also developed the EPIC Solar Car (ESCAR), an eco-friendly vehicle powered by solar energy, in collaboration with Universiti College TATI. ESSB aims to become a key player in the renewable energy sector, with plans to invest in solar-powered roofs and further enhance its capabilities. *(The Edge)*

Crescendo: Proposes three-to-one share split

Crescendo Corp Bhd has proposed a share split of three new shares for each existing share to boost trading liquidity. With the current issued share capital of 280.46m shares, including 1.04m treasury shares, the split will increase the total to 841.39m shares. At the last traded price of RM3.63, the adjusted reference price post-split would be RM1.21. Additionally, Crescendo is establishing an executive share option scheme covering up to 10% of its shares over the next five years. Both proposals are expected to be completed in the second half of 2024. *(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	2.50	0.21	8.24
British American Tobacco (M)	Consumer	8.32	0.68	8.17
YTL Hospital REIT	REIT	1.23	0.10	7.89
KIP REIT	REIT	0.90	0.07	7.78
RHB Bank	Finance	5.69	0.40	7.10
Amway (M)	Consumer	7.00	0.50	7.10
CapitaLand Malaysia Trust	REIT	0.66	0.05	7.02
Hektar REITS	REIT	0.58	0.04	6.78
Pavilion REIT	REIT	1.40	0.09	6.71
MBM Resources	Consumer	5.30	0.35	6.66
UOA REITS	REIT	1.12	0.07	6.43
Ta Ann Holdings	Plantation	3.97	0.25	6.27
Gas Malaysia	Utilities	3.60	0.23	6.25
Malayan Banking	Finance	10.06	0.62	6.18

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
Sik Cheong Berhad	ACE Market	0.27	66.0	20.0	30 Jul	13 Aug

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