



Daily Newswatch

Market Review

The FBMKLCI rebounded on Tuesday as investors' risk appetite improved following yesterday's selloff. The index closed at 1,629.68, gaining 0.5%. Newly listed Well Chip Group was the top gainer on Bursa Malaysia, surging 49.6% on debut. Other notable gainers included YTL (+4.6%), SUNWAY (+3.9%), IJM (+3.1%), and GAMUDA (+2.6%). Most sectors today ended in the green, with Construction (+2.0%), Property (+1.7%) and Utilities (+1.1%) leading the gainers. There were 685 gainers against 458 decliners, while 502 counters traded unchanged.

Economics

- Malaysia:** Govt committed to reducing debt-to-GDP ratio to 60%
- Singapore:** Core inflation slows below 3% for first time since 2022
- China:** Surprises with rate cut after big meeting disappointment
- India:** Spends billions on jobs, key allies in first budget after election
- US:** Kamala Harris secures enough delegates for nomination

Companies

- Varia:** Bags subcontract worth RM555m for sewerage plant job in Penang
- Advancecon:** Bags mining services job from Imerys Minerals in Johor
- T7 Global:** Gets LOA from Petronas Carigali to provide jack-up drilling rig
- Uzma:** Secures RM19m contract for infill well preparation services in Thailand
- DPS:** Enters JV for agro-tourism and RE development in Melaka

Upcoming key economic data releases

	<u>Date</u>
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	1,629.7	0.5	12.0
Dow Jones	40,358.1	(0.1)	7.1
Nasdaq CI	17,997.4	(0.1)	19.9
S&P 500	5,555.7	(0.2)	16.5
FTSE 100	8,167.4	(0.4)	5.6
Nikkei 225	39,594.4	(0.0)	18.3
Shanghai CI	2,915.4	(1.6)	(2.0)
HSI	17,469.4	(0.9)	2.5
STI	3,461.2	0.7	6.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,119.6	(4.2)
Value traded (RM m)	3,593.0	5.0
Gainers	685	
Losers	458	
Unchanged	502	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
EKOVEST	0.490	(12.5)	262.9
ZENTECH	0.015	0.0	207.5
HUBLINE	0.125	19.0	164.9
WELL CHIP	1.720	49.6	106.8
VELESTO	0.240	4.3	102.0

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
WELL CHIP	1.720	49.6	181.9
EKOVEST	0.490	(12.5)	133.8
TENAGA	14.440	0.0	104.2
CIMB	7.200	1.1	102.4
YTL POWER	4.890	2.9	100.4

Currencies	Last Close	% Chg
USD/MYR	4.6733	0.2
USD/JPY	155.64	(0.0)
EUR/USD	1.0851	(0.0)
USD/CNY	7.2748	(0.0)
US Dollar Index	104.45	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.0	(1.7)
Gold (USD/troy oz)	2,409	(0.0)
CPO (MYR/metric t)	4,025	0.3
Bitcoin (USD/BTC)	65,935	0.1

Economics

Malaysia: Govt committed to reducing debt-to-GDP ratio to 60% within five years

The Malaysian government plans to reduce its debt-to-GDP ratio from 64% to 60% within five years, aiming for a stronger fiscal position, said Treasury Secretary-General Datuk Johan Mahmood Merican. Annual net borrowings have already been cut from RM100bn in 2021 and 2022 to RM93bn in 2023, with a target of RM86bn in 2024. Efforts include reducing the fiscal deficit, cutting waste, and rationalising subsidies. The diesel subsidy rationalisation alone will save RM4bn annually. Despite ongoing borrowing for essential projects, the government aims to keep debt growth slower than economic growth to meet the 60% debt-to-GDP target. Prime Minister Datuk Seri Anwar Ibrahim emphasised the need for prudent spending and borrowing only for crucial development projects. (*The Star*)

Singapore: Core inflation slows below 3% for first time since 2022

Singapore's core inflation slowed more than expected in June, easing to 2.9% year-on-year, down from 3.1% in May. This allows the central bank to focus on protecting the economy from global shocks. All-item inflation also decreased to 2.4% from 3.1%, driven by lower private transport and healthcare costs. With inflation slowing, policymakers have more flexibility to maintain supportive monetary settings. The Monetary Authority of Singapore (MAS) is expected to keep its current policy stance in its upcoming review, helping to manage imported inflation. MAS projected core inflation to average 2.5%–3.5% this year and will update its forecast on Friday. (*Bloomberg*)

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*)

India: Spends billions on jobs, key allies in first budget after election

India's government unveiled a budget on Tuesday aimed at job creation and political support following an election setback, with billions allocated for rural programs, job creation, and state-specific spending. Key changes include increased taxes on equity investments and lower corporate taxes for foreign companies to attract investment. Despite increased spending, the fiscal deficit target was reduced to 4.9% of GDP for 2024-25, aided by a USD25bn surplus from the central bank. The budget also emphasises long-term infrastructure projects and reforms in land and labour. (*Bloomberg*)

US: Kamala Harris secures enough delegates for nomination

On July 23, Vice President Kamala Harris will campaign in Wisconsin for the first time as a presidential candidate after securing enough Democratic delegates to clear her path to the nomination. This comes after President Joe Biden withdrew from his re-election campaign on Sunday. Harris secured the nomination by winning the support of a majority of the party's delegates. "Tonight, I am proud to have secured the broad support needed to become our party's nominee," she said, looking forward to formally accepting the nomination soon. Harris plans to attack her Republican rival, Donald Trump, and reset the Democrats' campaign in the crucial battleground state. Her campaign has raised USD81m since Biden stepped aside, gaining support from Hollywood donors and celebrities. Harris aims to appeal to independents, young voters, and crucial Black voters in states like Wisconsin, Michigan, and Pennsylvania. Speculation about her vice presidential pick includes notable figures such as Kentucky Governor Andy Beshear and Secretary of Transportation Pete Buttigieg. (*Bloomberg*)



Companies

Varia: Bags subcontract worth RM555m for sewerage plant job in Penang

Varia Bhd said on Tuesday it had secured a construction subcontract worth RM555m. Under the subcontract, Varia will supply labour, plants, materials, equipment, tools, transport, temporary works and ancillary needed to build a sewage treatment plant in Penang. The contract is for a period of 57 months and is expected to complete by March 24, 2029, the company said. "Securing this major project in Penang is a testament to Varia's capabilities and reputation in the construction sector," said Varia managing director Datuk Benson Lau Beng Sin. "This project not only strengthens our order book, but also aligns with our commitment to Environmental, Social, and Governance principles." (*The Edge*)

Advancecon: Bags mining services job from Imerys Minerals in Johor

Advancecon Holdings Bhd announced a mining services agreement with Imerys Minerals Malaysia Sdn Bhd through its 51%-indirect subsidiary, Spring Energy Sdn Bhd. The agreement involves providing quarry development, maintenance, drilling, blasting, marble handling, waste management, and environmental protection at Gunung Terundum, Johor. Spring Energy aims to extract 193,000 metric tons of marble monthly, potentially valuing RM110m over 42 months starting in July. Advancecon's CEO, Datuk Phum Ang Kia, highlighted the contract as a testament to Imerys Minerals' confidence in Spring Energy, enhancing the group's standing in earthworks and civil engineering. (*The Edge*)

T7 Global: Gets LOA from Petronas Carigali to provide jack-up drilling rig

T7 Global has received a letter of award (LOA) from Petronas Carigali Sdn Bhd to provide a low-cost jack-up drilling rig. In a bourse filing on Tuesday, T7 Global said its unit Tanjung Offshore Services Sdn Bhd had received the LOA for the Petronas Carigali Plug and Abandonment Program (P&A). The company, however, did not disclose the contract price. It said the duration of the contract is from March 20 this year until completion of the 53 firm wells under the P&A. (*The Edge*)

Uzma: Secures RM19m contract for infill well preparation services in Thailand

Uzma Bhd announced that its Thai subsidiary, MMSVS Group Holding Co Ltd Thailand, secured an RM19m contract to provide infill well preparation services for offshore platforms from PTTEP Energy Development Company Ltd, valid until July 15, 2025. The contract involves providing hydraulic workover unit equipment and services for up to six offshore platforms in the Gulf of Thailand. This is Uzma's seventh contract win in 2024, including contracts with Hibiscus Petroleum Bhd, Petronas Carigali Sdn Bhd, Medco Energi Thailand, PTTEP International Limited, and ExxonMobil Exploration and Production Malaysia Inc. (*The Edge*)

DPS: Enters JV for agro-tourism and RE development in Melaka

DPS Resources Bhd's wholly-owned subsidiary, DPS Energy Sdn Bhd (DPSE), has entered a joint venture agreement with Mutiara Mahajuta Sdn Bhd to develop a 170-acre land in Alor Gajah, Melaka. The project will be executed in three phases over 21 to 25 years, with an initial tenure of thirty years and an option for a fifteen-year extension. The first phase will focus on agro-tourism, crop cultivation, bio-farming, and aquaponics. The second phase will emphasise renewable energy with a solar farm, while the third phase will include mixed development projects such as residential, commercial, and industrial components. DPSE has the first right of refusal for additional solar farm or mixed-use developments. Profits will be shared 65% to DPSE and 35% to Mutiara. DPS executive chairman Tan Sri Sow Chin Chuan highlighted the strategic alignment with Malaysia's renewable energy goals and the long-term benefits for stakeholders and the community. (*The Star*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.07	8.81
Bermaz Auto	Consumer	2.49	0.21	8.27
YTL Hospital REIT	REIT	1.23	0.10	7.89
KIP REIT	REIT	0.90	0.07	7.78
British American Tobacco (M)	Consumer	8.34	0.61	7.35
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	5.31	0.35	6.65
UOA REITS	REIT	1.11	0.07	6.49
Ta Ann Holdings	Plantation	3.99	0.25	6.24
Gas Malaysia	Utilities	3.63	0.22	6.20
Malayan Banking	Finance	10.10	0.62	6.16

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		
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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