



# Daily Newswatch

## Market Review

The FBMKLCI closed lower by 0.5% on Wednesday due to the selling pressure in banking stocks and selective heavyweights such as Press Metal (-3.9%), YTL Power (-2.0%), and IHH (-1.0%). All sectors ended in the red today, except REIT and Transportation sectors (both +1.1%). Industrial Products & Services (-1.6%), Construction (-1.5%) and Property (-1.1%) were among the worst performing sectors. Likewise, the broader market breadth was negative, with 773 decliners against 341 gainers.

## Economics

- **Malaysia:** CPI up 2% y-o-y in June, matching pace in May
- **Malaysia:** Gross fixed capital formation recorded at RM314.5bn
- **Japan:** Kishida calls for more money to develop Japan's chip sector
- **Malaysia:** Reviews dumping laws as cheap China goods spark concern
- **US:** 30-Year mortgage rate eases to lowest level since February

## Companies

- **YTL:** Acquires NSL stake for RM792m
- **Sime Darby:** Expands Porsche assembly facility in Kulim
- **Malakoff:** Inks MOU with South Korea's KOEN
- **Sunway:** Achieves RM1.1bn in bookings
- **AME Elite:** Launch RM1bn GDV industrial park in Penang
- **GHL:** Files application to exit Bursa

### Upcoming key economic data releases

	<u>Date</u>
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	1,621.1	(0.5)	11.4
Dow Jones	39,853.9	(1.2)	5.7
Nasdaq CI	17,342.4	(3.6)	15.5
S&P 500	5,427.1	(2.3)	13.8
FTSE 100	8,153.7	(0.2)	5.4
Nikkei 225	39,154.9	(1.1)	17.0
Shanghai CI	2,902.0	(0.5)	(2.5)
HSI	17,311.1	(0.9)	1.5
STI	3,460.8	(0.0)	6.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,392.4	(14.2)
Value traded (RM m)	2,801.8	(22.0)
Gainers	341	
Losers	773	
Unchanged	487	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
EKOVEST	0.490	0.0	97.2
SCBUILD	0.020	100.0	77.1
OCR	0.105	(16.0)	71.6
MQTECH	0.015	50.0	65.9
MYEG	1.010	2.5	65.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	7.200	0.0	122.5
YTLPOWR	4.790	(2.0)	73.9
PMETAL	5.200	(3.9)	72.4
TM	6.920	(1.0)	69.2
MYEG	1.010	2.5	66.1

Currencies	Last Close	% Chg
USD/MYR	4.672	0.0
USD/JPY	153.78	0.1
EUR/USD	1.0839	(0.0)
USD/CNY	7.2635	0.2
US Dollar Index	104.39	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.7	0.9
Gold (USD/troy oz)	2,400	0.1
CPO (MYR/metric t)	3,980	(0.3)
Bitcoin (USD/BTC)	65,306	(1.1)

## Economics

### Malaysia: CPI up 2% y-o-y in June, matching pace in May

The Consumer Price Index (CPI) rose 2.0% in June when compared to the same month in 2023, the Department of Statistics Malaysia said in a statement. The food and beverages group, which accounts for nearly 30% of the index's weightage, rose 2.0% in June. The category that covers housing, water, electricity, gas and other fuels was up 3.2%, while the restaurant and accommodation services index climbed 3.3%. However, both clothing and footwear as well as insurance and financial services groups, declined 0.1% in June from a year earlier. Inflation for transport, which includes the purchase of vehicles and public transport services, rose 1.2% y-o-y in June, picking up from May's rate of 1.4%, following diesel subsidy re-targeting. Core inflation came in at 1.9% in June, the same pace as in May. The official forecast calls for a headline inflation rate of 2% to 3.5% in 2024, versus 2.5% in 2023, with core inflation at 2% to 3% against the 3% average in 2023. (*The Edge*)

### Malaysia: Gross fixed capital formation recorded at RM314.5bn in 2023

Malaysia's gross fixed capital formation (GFCF) was recorded at RM314.5bn at constant prices in 2023 versus RM298.2bn in 2022, said the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the GFCF remained the second largest component of gross domestic product (GDP) with a 20.1% share of the total economy. The GFCF for services rose by 6.1% and the growth in fixed asset acquisition in manufacturing moderated by 5.5%. The private sector remained the main contributor to the GFCF at 77.2%; it grew by 4.6% versus 7.2% in 2022. The public sector's 22.8% share of the GFCF rose by 8.6% versus 5.3% in 2022. (*Bernama*)

### Japan: Kishida calls for more money to develop Japan's chip sector

Prime Minister Fumio Kishida's administration is drafting legislation to propel further investment in Japan's chipmaking capacity. Tokyo has said it will diversify support to the country's chip supply chain, which it sees as critical to catch up in AI. Options may involve extending public guarantees on loans to the sector. Rapidus is the country's most ambitious effort in the sector yet, with plans to manufacture state-of-the-art two-nanometre chips that would be tailored to customers' designs. To enable full-scale mass production at Rapidus, Japan will also need to secure a stable supply of cheap and clean power sources, Kishida said. (*Bloomberg*)

### Malaysia: Reviews dumping laws as cheap china goods spark concern

Malaysia's Trade Ministry is reviewing its anti-dumping legislation and plans to present it to Parliament next year, joining Indonesia in heeding concerns about cheap Chinese products hurting local businesses. The government supports protecting small- and medium-sized enterprises from the effects of unfair trade following the large influx of cheap imported goods from countries including China, Deputy Trade Minister Liew Chin Tong said in parliament Wednesday. The Malaysian Trade Ministry is open to working with the association to study the impact of Chinese products on local businesses, Liew added. But he was quick to add that the government doesn't target individual nations, signalling the delicate balancing act Malaysia has to play in attracting trade while ensuring domestic producers remain competitive. (*Bloomberg*)

### US: 30-Year mortgage rate eases to lowest level since February

The contract rate on a 30-year fixed mortgage slipped 5 basis points to 6.82% in the week ended July 19, according to Mortgage Bankers Association data released Wednesday. An index of mortgage applications to buy a home decreased by 4% to the lowest level since the end of May. While mortgage rates remain below 7%, they're still twice as high as they were at the end of 2021. Combined with elevated home prices, many potential homebuyers have been shuffled to the sidelines, evidenced by waning sales of previously owned houses. A National Association of Realtors measure of homebuyer affordability declined for a fourth straight month in May and stood at one of the lowest levels in the group's data back to 1989. (*Bloomberg*)

## Companies

### **YTL: Acquires NSL stake for RM792m**

YTL Corp Bhd's subsidiary YTL Cement Bhd has entered into a conditional sale and purchase agreement with 98 Holdings Pte Ltd for the proposed acquisition of shares in NSL Ltd for SGD227.6m (about RM792.32m) in cash, representing about 81.24% equity interest. "The acquisition provides a unique opportunity for YTL Corp's expansion via YTL Cement and its subsidiaries into the industrialised building system sector in Malaysia, Dubai, Finland and Singapore. "It also facilitates the expansion of YTL Cement's environmental services business into Singapore through NSL's environmental service business in the republic with synergistic advantages," it said. (*Bernama*)

### **Sime Darby: Expands Porsche assembly facility in Kulim**

Sime Darby Bhd has announced the expansion of Porsche's assembly facility at Inokom in Kulim, Kedah. The facility has been expanded to 11,000 sq m to accommodate higher capacity and a new assembly line for a second model variant of the plug-in hybrid Porsche Cayenne S E-Hybrid Coupe, Sime Darby and Porsche said in a joint statement. The model would also be exported to Thailand from the facility, the statement read. (*The Edge*)

### **Malakoff: Inks MOU with South Korea's KOEN for potential collaborations**

Malakoff Power Bhd, a wholly-owned subsidiary of Malakoff Corp Bhd, signed a memorandum of understanding (MOU) with Korea South-East Power Company (KOEN) to explore potential collaborations. In a statement on Wednesday, Malakoff said the MOU aims to facilitate the exchange of information, experiences and positive practices in the operation and maintenance of power plants. The MOU also included aims to support supply chain management, site visits, technical workshops and training. (*The Edge*)

### **Sunway: Achieves RM1.1bn in bookings for its Signature Series 2024 campaign**

Sunway Bhd's Sunway Property said its Signature Series 2024 campaign has achieved RM1.1bn in bookings across 14 properties nationwide. In a statement on Wednesday, the master community developer said this marked the third consecutive year of growth, with the achievement surpassing the RM1bn bookings in 2023 and RM800m in 2022. (*The Edge*)

### **AME Elite: Launch RM1bn GDV industrial park in Penang in 2H2024**

AME Elite Consortium Bhd plans to launch the 176-acre Northern TechValley industrial park in Penang, with a gross development value (GDV) of RM1bn, in the second half of 2024. It is also actively pursuing opportunities to extend its presence into other high-potential locations across Malaysia, based on its latest annual report. (*The Edge*)

### **GHL: Files application to exit Bursa after takeover by NTT Data Japan Corp**

GHL Systems Bhd has applied to Bursa Malaysia Bhd to withdraw its listing status, with its shares to be suspended at 9 am on July 31. (*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	2.48	0.21	8.31
YTL Hospital REIT	REIT	1.24	0.10	7.82
KIP REIT	REIT	0.90	0.07	7.78
British American Tobacco (M)	Consumer	8.37	0.61	7.32
RHB Bank	Finance	5.68	0.40	7.11
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	3.94	0.25	6.32
Gas Malaysia	Utilities	3.59	0.22	6.27
Malayan Banking	Finance	10.12	0.62	6.15

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		
<a href="#">Kucingko Berhad</a>	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

# Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. ("Mercury Securities") and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

## Published & Printed By:

MERCURY SECURITIES SDN BHD  
Registration No. 198401000672 (113193-W)  
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara,  
50480 Kuala Lumpur  
Telephone: (603) - 6203 7227  
Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my