

When it may be better to put money in stocks than in banks

WITH several regional central banks having cut interest rates, or having indicated that they will do so, high-yielding dividend stocks may be a better bet for investors than depositing their money in banks.

The weak economic environment amid the Wuhan virus outbreak makes these stocks more attractive as they are usually labelled as safe havens for investors.

The Edge Financial Daily has compiled data showing the counters that present the best indicative dividend yields. Of the 900 over companies, 146 offer yields of 4% and above, reaching as much as 25.2%.

Looking at the available data, it appears that more than half of the 30 FBM KLCI component stocks have yields which are more than the current overnight policy rate (OPR) of 2.75%.

Last month, Bank Negara Malaysia had cut the OPR by 25 basis points to 2.75%, making it a nine-year low.

Thailand and the Philippines also recently cut interest rates, while Singapore has indicated it may do the same.

Interestingly, five of the top 10 dividend-yielding stocks are banking stocks. Malayan Banking Bhd led the pack with the highest yield of 6.7%, followed by AMMB Holdings Bhd and CIMB Group Holdings Bhd with 5.48% and 5.05% respectively.

Petroliaam Nasional Bhd (Petronas)-linked counters such as Petronas Chemicals Group Bhd and Petronas Gas Bhd are also among the top 10 KLCI stocks that give the best yields, at 4.5% and 4.44% respectively.

For counters with a market capitalisation of between RM5 billion and RM10 billion, given their defensive nature, it is no surprise that three real estate investment trusts (REITs) — Sunway REIT, Pavilion REIT and IGB REIT — made it to the top list, with yields ranging from 4.56% to 5.56%.

Of some 110 stocks with a market capitalisation of RM1 billion to RM5 billion, 30 have a yield of 4% and above.

Within this bracket, British American Tobacco (Malaysia) Bhd is observed to have the highest dividend yield of 10.77%. The stock, however, saw its total return decline 66.02% over the past year.