



Daily Newswatch

Market Review

The FBM KLCI rebounded by 2.5% to 1574.4, recovering nearly half of the previous session's losses as regional markets saw a relief rally on Tuesday. Among the index constituents, the top-performing stocks include PCHEM (+5.1%), KLK (+4.5%), SDG (+4.4%), PETDAG (+4.4%) and TM (+4.2%). Sectors that bounce back the most include Construction (+4.8%), Property (+4.6%), and Technology (+3.9%). Overall, the broader market breadth returned back to positive, with 1,078 gainers against 308 losers.

Economics

- Malaysia:** Services Producer Price Index up 0.7% in 2Q2024
- Malaysia:** National Unity Ministry needs RM290m for five initiatives from Budget 2025
- Australia:** Central bank rules out near-term rate cut on inflation risks
- Philippine:** CPI quickens in July, rate cut 'little less likely'
- Indonesia:** Keeps growth above 5% as Prabowo's stimulus looms

Companies

- Chin Hin:** Enter data centre market with RM51.5m acquisitions
- AWC:** Gets sub-contract job worth RM10.2m
- Keyfield:** Bags AHTS supply contract from Carigali-PTTEPI
- JTGB:** Gets RM33.8m horizontal directional drilling job from Gamuda
- Cape EMS:** Plummets to new low; CEO sells more shares

Upcoming key economic data releases

	<u>Date</u>
Malaysia – Jun 2024 Unemployment Rate	9 Aug
US – Jul 2024 PPI	13 Aug
US – Jul 2024 CPI	14 Aug
Malaysia – Q2 GDP	16 Aug
Malaysia – Jul 2024 CPI	22 Aug
Malaysia – Jul 2024 PPI	28 Aug
US – Jul 2024 PCE	30 Aug
EU – Jul 2024 Unemployment Rate	30 Aug

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,574.4	2.5	8.2
Dow Jones	38,997.7	0.8	3.5
Nasdaq CI	16,366.9	1.0	9.0
S&P 500	5,240.0	1.0	9.9
FTSE 100	8,026.7	0.2	3.8
Nikkei 225	34,675.5	10.2	3.6
Shanghai CI	2,867.3	0.2	(3.6)
HSI	16,647.3	(0.3)	(2.3)
STI	3,198.4	(1.4)	(1.3)

Market Activities	Last Close	% Chg
Vol traded (m shares)	6,396.7	(30.9)
Value traded (RM m)	5,317.8	(33.3)
Gainers	1,083	
Losers	309	
Unchanged	348	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CEB	0.405	(28.3)	265.2
MYEG	0.885	7.3	141.0
JIANKUN	0.080	(27.3)	99.3
EKOVEST	0.375	0.0	94.1
VELESTO	0.205	5.1	92.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TENAGA	13.640	3.6	199.6
YTLPOWR	4.020	1.0	186.6
CIMB	7.200	2.7	184.9
GAMUDA	7.400	6.5	163.3
MAYBANK	10.100	2.0	162.1

Currencies	Last Close	% Chg
USD/MYR	4.474	0.0
USD/JPY	144.75	(0.3)
EUR/USD	1.0926	(0.0)
USD/CNY	7.1557	(0.2)
US Dollar Index	102.97	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	76.5	0.2
Gold (USD/troy oz)	2,384	(0.3)
CPO (MYR/metric t)	3,829	(2.6)
Bitcoin (USD/BTC)	56,151	(0.7)

Economics

Malaysia: Services Producer Price Index up 0.7% in 2Q2024

Malaysia's Services Producer Price Index (SPPI) grew marginally by 0.7% to 115.7 points in the second quarter of 2024 (2Q2024), compared to a 1.0% increase in 1Q2024, said the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the arts, entertainment and recreation index rose 7.7% in 2Q2024, compared to 7.5% in 1Q2024, which was contributed by the other amusement and recreation activities (2.3%). "The index of accommodation and food and beverage service activities continued to increase by 2.4% (1Q2024: 2.5%), attributed to beverage service activities (3.6%) and restaurants and mobile food service activities (2.6%), following an incline in food prices," he said in a statement. (*The Edge*)

Malaysia: National Unity Ministry needs RM290m for five initiatives from Budget 2025

The Ministry of National Unity (KPN) has proposed five budget initiatives totaling RM290m for Budget 2025 to the Ministry of Finance (MOF), said Minister Datuk Aaron Ago Dagang on Tuesday. The initiatives focus on unity, national integration and harmony; community wellbeing; digitalisation and technology; heritage preservation and conservation; and unity infrastructure improvements. Key elements include empowering community roles such as the Kawasan Rukun Tetangga (KRT) and voluntary patrol schemes, digitalizing national heritage, and improving ministry premises. These initiatives aim to achieve a National Unity Index of 0.7% by 2025, as outlined in the 12th Malaysia Plan (12MP). Prime Minister Datuk Seri Anwar Ibrahim is set to table the budget on October 18. (*The Star*)

Australia: Central bank rules out near-term rate cut on inflation risks

Australia's central bank unexpectedly held interest rates steady at a 12-year high, defying market expectations of a potential rate cut on Tuesday. In a hawkish stance, the Reserve Bank of Australia (RBA) emphasized the need for persistent monetary tightening to curb core inflation, which remains stubbornly above the target range. While acknowledging a recent cooling in inflation, the RBA expressed concerns about its persistence and signaled that further rate hikes could be on the table if necessary. The decision sent shockwaves through financial markets, driving up the Australian dollar and bond yields as investors revised their expectations for future monetary policy. The RBA's determination to bring inflation back within its target band suggests a prolonged period of high interest rates for the Australian economy. (*Reuters*)

Philippine: CPI quickens in July, rate cut 'little less likely'

The Philippine central bank could hold off easing interest rates next week after annual inflation in July accelerated to a "worse-than-expected" level, its governor said on Tuesday. Annual inflation rose 4.4% in July on elevated food and utility costs, government statistics data showed, breaching the 4.1% forecast and higher than June's 3.7% print. Inflation averaged 3.7% in the first seven months, near the top end of the central bank's 2.0% to 4.0% target this year. The representatives told reporters on Tuesday that a rate cut in August would be "a little bit less likely, since inflation is elevated". "It's still worse than expected, but not that bad," Remolona said. Monetary authorities will meet on Aug 15 to review its policy rate, which had been kept steady at 6.5% at the last six meetings. (*Reuters*)

Indonesia: Keeps growth above 5% as Prabowo's stimulus looms

Indonesia's economy grew 5.05% year-on-year in the April-June period, exceeding forecasts despite slower government spending, the government statistics office said on Tuesday. Sequentially, GDP rose 3.79%, rebounding from a prior contraction. This marks the third consecutive quarter of above 5% growth, highlighting the resilience of Southeast Asia's largest economy. However, sluggish government consumption shifts focus to incoming President-elect Prabowo Subianto's stimulus program, which aims for an ambitious 8% GDP growth. The upcoming 2025 budget is expected to support his priorities and stimulate economic growth. Meanwhile, stable household spending and accelerating investment growth contributed to the positive economic performance. (*Bloomberg*)

Companies

Chin Hin: Enter data centre market with RM51.5m acquisitions

Chin Hin Group Bhd has acquired substantial stakes in two data centre specialist firms, Critical System Specialist Sdn Bhd and CSS Engineering and Construction Sdn Bhd, for RM51.5m. The acquisitions, involving 65% shares in each company, were made through a conditional share sale agreement with Liew Choon Fui, Teng Bee Ling, and Ho John Chan. These firms specialise in data centre engineering and construction solutions. Chin Hin anticipates that the acquisitions will expand its service offerings, increase revenue, and generate additional income streams. Synergistic benefits include cross-selling, economies of scale, and enhanced market positioning with a profit guarantee of RM12.4m for 2023 and 2024. Managing Director Chiau Haw Choon highlighted the acquisitions' potential to capitalise on the booming data centre sector and CSS' strong RM388m order book. (*The Star*)

AWC: Gets sub-contract job worth RM10.2m

AWC Bhd has accepted a letter of award from CBTech (M) Sdn Bhd worth RM10.2m for sub-contract works for a multi-block serviced apartment development in Kuala Lumpur for UEM Land Bhd. In a filing with Bursa Malaysia, AWC said the contract will entail the supply, delivery, installation, testing, commissioning, service and maintenance of cold water and sanitary plumbing system, rainwater down pipe services and installation of sanitary fittings and accessories. "The sub-contract works shall commence from June 18, 2024 and be completed by Aug 31, 2027." In a separate announcement, AWC said it had entered into a memorandum of understanding (MoU) with Beijing Energy Envision Linking Smart (Beijing) Technology Co Ltd, Southwest Branch and Zhizi Automotive Technology Co Ltd, aimed at exploring opportunities in the importation, production, and sales of new energy heavy trucks and construction machinery in Malaysia. (*The Star*)

Keyfield: Bags AHTS supply contract from Carigali-PTTEPI

Keyfield International Bhd has accepted a letter of award from Carigali-PTTEPI Operating Company Sdn Bhd (CPOC) for the provision of an 80-tonne Bollard Pull anchor handling tug supply (AHTS) vessel for CPOC's offshore activities. In a filing with Bursa Malaysia, Keyfield said the contract, which will commence in September 2024, is for a firm charter period of two years with a one-year extension at CPOC's option. "The contract for the primary charter period is valued at approximately US\$10m (RM44.3m), while the extension period is valued at approximately US\$5m (RM22.2m)," Keyfield said it will provide one AHTS with crew and on-board services perform agreed scope of works to meet CPOC's requirement. (*The Star*)

JTGB: Gets RM33.8m horizontal directional drilling job from Gamuda

Jati Tinggi Group Bhd (JTGB) has accepted a letter of award (LOA) from Gamuda Engineering Sdn Bhd worth RM33.8m to perform engineering, procurement, construction and commissioning of horizontal directional drilling works for incoming power supply in Gombak, Selangor. In a filing with Bursa Malaysia, JTGB said the contract shall commence on Aug 1, 2024 and for a contract period of 198 days. "The substantial completion date shall be Feb 15, 2025." (*The Star*)

Cape EMS: Plummets to new low; CEO sells more shares

Cape EMS Bhd, an electronics manufacturing services firm, suffered a dramatic 28.3% plunge in its share price on Tuesday, reaching an all-time low. This steep decline coincided with the sale of 15.22m shares by the company's CEO, Christina Tee Kim Chin. Despite the selling pressure and plummeting stock price, Tee maintains optimism about the company's financial health, citing strong profit margins and projected revenue growth driven by the green energy and data center sectors. However, the stock has experienced a significant 42.5% drop in the past two weeks, raising investor concerns and prompting increased market activity.



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.78	0.07	8.97
Bermaz Auto	Consumer	2.35	0.21	8.77
KIP REIT	REIT	0.90	0.08	8.44
Hektar REITS	REIT	0.53	0.04	7.43
Amway (M)	Consumer	6.83	0.50	7.28
YTL Hospital REIT	REIT	1.19	0.09	7.23
RHB Bank	Finance	5.62	0.40	7.19
Pavilion REIT	REIT	1.32	0.09	7.12
CapitaLand Malaysia Trust	REIT	0.63	0.04	6.83
British American Tobacco (M)	Consumer	8.10	0.54	6.73
MBM Resources	Consumer	5.20	0.35	6.69
Paramount Corporation	Property	1.01	0.07	6.63
Ta Ann Holdings	Plantation	3.77	0.25	6.60
Datasonic Group	Technology	0.46	0.03	6.59
Gas Malaysia	Utilities	3.51	0.22	6.41

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		
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
Elridge Energy Holdings Bhd	ACE Market	0.29	350.0	350.0	12 Aug	22 Aug

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