



Daily Newswatch

Market Review

The FBM KLCI inched up slightly yesterday to 1,609.5 (+0.2%), amid cautious investors' sentiment ahead of the release of US inflation data. Among the index constituents, the top-performing stocks include PETDAG (+2.9%), SUNWAY (+2.2%), and PETCHEM (+1.9%). Only three sectors ended in gain yesterday, which include Financial Services (+0.2%), REIT (+0.2%) and Plantation (+0.2%). The overall broader market breadth was negative with losers outnumbered gainers by 705 to 334.

Economics

- **Japan:** Parliament asks BOJ governor Ueda to discuss rate hike
- **UK:** Pay growth drops to lowest in nearly two years, joblessness falls
- **Malaysia:** Fitch sees supportive operating environment for Malaysian banks
- **US:** Budget deficit hits US\$1.5tn as fiscal year nears end
- **US:** Producer prices rise less than expected in July

Companies

- **FGV:** Reaffirms bonus issue plan
- **Paramount:** Issues RM100m sustainability-linked sukuk
- **Signature International:** Sells Techpark land for RM25.7m
- **Minetech:** Secures RM37m sewage upgrade project
- **LBS Bina:** Unit Sued for alleged unsettled sum

Upcoming key economic data releases

| | Date |
|---------------------------------|--------|
| 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 | 1,609.5 | 0.2 | 10.6 |
| Dow Jones | 39,765.6 | 1.0 | 5.5 |
| Nasdaq CI | 17,187.6 | 2.4 | 14.5 |
| S&P 500 | 5,434.4 | 1.7 | 13.9 |
| FTSE 100 | 8,235.2 | 0.3 | 6.5 |
| Nikkei 225 | 36,232.5 | 3.4 | 8.3 |
| Shanghai CI | 2,867.9 | 0.3 | (3.6) |
| HSI | 17,174.1 | 0.4 | 0.7 |
| STI | 3,258.6 | 0.7 | 0.6 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|--------|
| Vol traded (m shares) | 3,418.8 | (14.8) |
| Value traded (RM m) | 2,499.6 | (14.3) |
| Gainers | 334 | |
| Losers | 705 | |
| Unchanged | 460 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| CEB | 0.455 | (9.9) | 229.3 |
| SCB | 0.360 | 33.3 | 128.5 |
| TOPGLOV | 0.905 | (3.2) | 53.6 |
| VELESTO | 0.205 | (2.4) | 51.9 |
| MYEG | 0.905 | (1.1) | 42.4 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| CIMB | 7.420 | 0.8 | 118.3 |
| CEB | 0.455 | (9.9) | 107.3 |
| SUNWAY | 4.190 | 2.2 | 103.5 |
| MAYBANK | 10.200 | 0.0 | 93.5 |
| TENAGA | 13.900 | (0.3) | 81.4 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.448 | 0.1 |
| USD/JPY | 147.72 | (0.3) |
| EUR/USD | 1.0919 | (0.1) |
| USD/CNY | 7.1695 | 0.1 |
| US Dollar Index | 103.25 | 0.1 |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 82.0 | (0.4) |
| Gold (USD/troy oz) | 2,460 | (0.5) |
| CPO (MYR/metric t) | 3,840 | 0.3 |
| Bitcoin (USD/BTC) | 58,820 | (0.1) |

Economics

Japan: Parliament asks BOJ governor Ueda to discuss rate hike

Japan's parliament will ask central bank governor Kazuo Ueda to participate in special sessions next week to discuss the decision last month to raise interest rates, officials said on Tuesday. Ueda will be requested to participate in separate sessions on August 23 held by the finance committees of the upper and lower houses. *(Reuters)*

UK: Pay growth drops to lowest in nearly two years, joblessness falls

British pay growth dropped to its lowest in nearly two years in the second quarter, likely reassuring the Bank of England that inflation pressures are easing, while the unemployment rate unexpectedly dropped, official figures showed on Tuesday. Average weekly earnings, excluding bonuses, were 5.4% higher than a year earlier in the three months to the end of June, down from 5.8% in the three months to May and the lowest since August 2022, the Office for National Statistics said. However, the jobless rate — which is based on a survey the ONS is currently overhauling — unexpectedly fell from 4.4% to 4.2%, its lowest since February *(Reuters)*

Malaysia: Fitch sees supportive operating environment for Malaysian banks

The operating environment for Malaysian banks is expected to remain favourable over the next 12-18 months on sustained credit demand, recovery in net interest margins and constructive market trading environment, according to Fitch Ratings. In a bank sector report published on Monday, it said the key interest rate is likely to remain stable in the near term which could lend support to banks' loan yields and also help limit impairment risks on their loan portfolios that remain largely retail focused. Fitch rates Malaysia's banking system operating environment (OE) score BBB+/ Stable, the same level as the sovereign rating. *(The Edge)*

US: Budget deficit hits US\$1.5tn as fiscal year nears end

The US budget deficit exceeded US\$1.5tn (RM6.7tn) with two months to go until the end of the fiscal year, down slightly in 2023, though vastly larger than pre-pandemic times. The interest burden on outstanding US debt remained a major drag on the budget. Interest costs in the first ten months of the fiscal year totalled US\$956bn, up 32% from 2023. *(Bernama)*

US: Producer prices rise less than expected in July

U.S. producer prices increased less than expected in July as a rise in the cost of goods was tempered by cheaper services, indicating that inflation continued to moderate. The producer price index for final demand gained 0.1% last month after rising by an unrevised 0.2% in June, the Labor Department's Bureau of Labor Statistics said on Tuesday. In the 12 months through July, the PPI increased 2.2% after climbing 2.7% in June. *(Reuters)*



Companies

FGV: Reaffirms bonus issue plan, says Felda awaiting government consent

FGV Holdings Bhd on Tuesday reaffirmed its plan to undertake a bonus issue, saying it is still waiting for its controlling shareholder Felda to obtain the government's consent on the matter. The bonus issue, initially planned for completion in the fourth quarter of 2023, involves issuing 364.8m new FGV RPS-i on a basis of one RPS-i for every 10 existing FGV shares. Additionally, FGV has proposed amendments to its constitution to facilitate the bonus issue. *(The Edge)*

Paramount: Issues RM100m sustainability-linked sukuk, AmBank Islamic sole subscriber

Paramount Corporation Bhd on Tuesday issued its first sustainability-linked sukuk wakalah with a nominal value of RM100m. AmBank Islamic is the sole subscriber, according to a statement. The sukuk was issued out of Paramount's unrated Islamic medium-term notes programme of up to RM1bn based on the shariah principle of Wakalah Bi-Al Istithmar. *(The Edge)*

Signature International: Sells Techpark land for RM25.7m

Signature International Bhd (SIGN) is selling two freehold land parcels within an industrial park Techpark @ Enstek Phase 2 in Negeri Sembilan for RM25.7m cash or RM59 per sq ft. The company said in a bourse filing on Monday that the proceeds of the land disposal will be utilised to pay intercompany loan and bank borrowings. It is estimated to register a gain of RM3.7m. The sale is expected to be completed by the first quarter of 2025. *(The Edge)*

Minetech: Secures RM37m sewage upgrade project in Terengganu

Minetech Resources Bhd said it has secured a sewage system upgrading project in Terengganu, valued at RM36.8m. The subcontract, awarded by Puncak Utara Sdn Bhd, involves enhancing the sewage system and associated infrastructure in the Ketengah Jaya, Bukit Besi and Seri Bandi areas. The job is expected to be completed by June 23, 2027. *(The Edge)*

LBS Bina: Unit sued for alleged unsettled sum

LBS Bina Group Berhad announced that its wholly owned subsidiary, Gerbang Mekar Sdn Bhd (GMSB) has received and filed a memorandum of appearance at the Kuala Lumpur High Court in respect to a writ and statement of claim amounting to RM43.0m. According to its bourse filing, the claim was filed by Mega Planner Jaya Sdn Bhd, which is currently in liquidation, against GMSB alongside five other parties over the sum. *(The Edge)*



Stock Selection Based on Dividend Yield

| Company | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 2.37 | 0.21 | 8.73 |
| KIP REIT | REIT | 0.89 | 0.08 | 8.54 |
| Sentral REIT | REIT | 0.82 | 0.07 | 8.22 |
| Hektar REITS | REIT | 0.52 | 0.04 | 7.50 |
| RHB Bank | Finance | 5.68 | 0.40 | 7.11 |
| YTL Hospital REIT | REIT | 1.22 | 0.09 | 7.05 |
| Amway (M) | Consumer | 7.07 | 0.50 | 7.03 |
| Pavilion REIT | REIT | 1.37 | 0.09 | 6.86 |
| British American Tobacco (M) | Consumer | 7.97 | 0.54 | 6.84 |
| Ta Ann Holdings | Plantation | 3.78 | 0.25 | 6.59 |
| CapitaLand Malaysia Trust | REIT | 0.67 | 0.04 | 6.47 |
| Datasonic Group | Technology | 0.47 | 0.03 | 6.45 |
| Paramount Corporation | Property | 1.04 | 0.07 | 6.44 |
| MBM Resources | Consumer | 5.47 | 0.35 | 6.36 |
| Gas Malaysia | Utilities | 3.56 | 0.23 | 6.32 |

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 |
| Vetece Holdings Berhad | ACE Market | 0.25 | 98.0 | 39.2 | 14 Aug | 28 Aug |

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