



Daily Newswatch

Market Review

The FBM KLCI closed flat yesterday to 1,612.9 as investors' sentiment remained cautious despite the lower US inflation data. Among the index constituents, the top-performing stocks include CIMB (+1.6%), YTL (+1.5%), and IOICORP (+1.3%). Property (-3.3%) was the worst-performing sector yesterday, with heavy selling pressures seen on heavyweights SPSETIA (-15.1%) and SIMEPROP (-12.1%). Overall, the broader market breadth turned negative, with 768 losers outpacing 285 gainers.

Economics

- **EU:** Disappointing euro-area productivity complicates ECB's challenge
- **China:** PBOC injects US\$81bn, delays medium-term lending facility as seen re-aligning rate framework
- **Malaysia:** Johor proposes using recycled, rainwater for data centre development
- **Philippine:** Central bank cuts rates, flags more easing
- **China:** Impose export controls on strategic metal antimony

Companies

- **S P Setia:** JV unit claims RM70m from Putrajaya Holdings
- **IJM:** Aborts RM124m plan to subscribe 44.8% stake in Pestech; KLIA aerotrain JV still on
- **HCK Capital Group:** PKNS-HCK Capital Group to develop e.Sentral smart city in Subang Perdana
- **Titijaya:** Inks MOU with Bank Islam to assist homebuyers
- **BHIC:** Unit bags RM378m contract for RMAF chopper support

Upcoming key economic data releases

	<u>Date</u>
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	1,612.9	0.0	10.9
Dow Jones	40,008.4	0.6	6.2
Nasdaq CI	17,192.6	0.0	14.5
S&P 500	5,455.2	0.4	14.4
FTSE 100	8,281.1	0.6	7.1
Nikkei 225	36,442.4	0.6	8.9
Shanghai CI	2,850.7	(0.6)	(4.2)
HSI	17,113.4	(0.4)	0.4
STI	3,286.3	0.9	1.4

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,570.0	(0.1)
Value traded (RM m)	2,773.7	10.3
Gainers	285	
Losers	768	
Unchanged	481	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SPSETIA	1.290	(15.1)	142.2
CEB	0.430	(6.5)	137.4
SIMEPROP	1.310	(12.1)	100.1
PESTECH	0.170	(20.9)	42.6
MYEG	0.905	0.0	37.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
SPSETIA	1.290	(15.1)	189.2
CIMB	7.530	1.6	165.5
SIMEPROP	1.310	(12.1)	136.3
MAYBANK	10.180	(0.2)	87.2
RHB	5.700	0.2	78.2

Currencies	Last Close	% Chg
USD/MYR	4.4375	(0.4)
USD/JPY	147.43	(0.1)
EUR/USD	1.1009	(0.0)
USD/CNY	7.159	(0.3)
US Dollar Index	102.59	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	80.2	0.5
Gold (USD/troy oz)	2,457	0.4
CPO (MYR/metric t)	3,890	1.3
Bitcoin (USD/BTC)	58,487	(1.1)

Economics

EU: Disappointing euro-area productivity complicates ECB's challenge

Eurozone productivity barely improved in the second quarter and again missed the European Central Bank's expectations, a blow for its efforts to bring inflation back to 2%. Labour productivity per person fell by 0.4%, according to new data published by the ECB. That follows a decrease of 0.5% in the first three months of 2024 and compares to a minus of only 0.3% envisaged in the ECB's June staff projections. *(Bloomberg)*

China: PBOC injects US\$81bn, delays medium-term lending facility as seen re-aligning rate framework

On Thursday, the PBOC said it lent 577.7bn yuan (US\$80.9bn, or RM359.1bn) through seven-day reverse bond repurchases agreements at 1.7% in an open market operation, unchanged from previously. It added that the cash injection was meant to counteract factors including maturing medium-term lending facility (MLF) loans, tax payments and government bond issuance, to "keep banking system liquidity reasonably ample," according to an online statement. While a batch of 401bn yuan worth of MLF loans is set to expire on Thursday, the PBOC said it would conduct the rollover on Aug 26. *(Bloomberg)*

Malaysia: Johor proposes using recycled, rain water for data centre development

The Johor government is planning to include conditions regarding the use of recycled water and rainwater for the development of data centres in the state, to prevent domestic water consumption from being affected by the development of the sector. He said the state water operator Ranhill SAJ Sdn Bhd had also held discussions with the Ministry of Energy Transition and Water Transformation, so that the development of data centres in Johor would not affect domestic water consumption. *(Bernama)*

Philippine: Central bank cuts rates, flags more easing

The Bangko Sentral ng Pilipinas (BSP) reduced its target reverse repurchase rate by 25 basis points to 6.25%, its first rate cut since November 2020. BSP governor Eli Remolona said inflation is expected to return to its 2% to 4% target for the rest of the year even as consumer prices picked up to 4.4% in July. Another rate cut could come on October 17 or December 19, the last two monetary policy-setting meetings of the Philippine central bank, Remolona said. *(Reuters)*

China: Impose export controls on strategic metal antimony from Sept 15

China's commerce ministry said on Thursday that it would impose export controls on antimony and other elements, in the name of protecting national interests and security, effective from Sept 15. China announced it would ban the export of technology to make rare earth magnets, on top of a ban already in place on exporting technology to extract and separate the critical materials. *(Reuters)*

Companies

S P Setia: JV unit claims RM70m from Putrajaya Holdings for breach of contract

S P Setia Bhd has commenced arbitration proceedings against Putrajaya Holdings Sdn Bhd (PJH) for breach of contract with claims in damages of RM69.5m. "By reason of the breach of the development agreement by PJH, Setia Putrajaya has suffered damages and losses," said S P Setia in the filing. (*The Edge*)

IJM: Aborts RM124m plan to subscribe 44.8% stake in Pestech; KLIA aerotrain JV still on

Construction giant IJM Corp Bhd (IJM) has aborted a plan to subscribe 44.8% equity interest in engineering outfit Pestech International Bhd for RM124m due to non-fulfilment of the conditions precedent pursuant to a subscription agreement the two companies had signed in July last year. In a filing with Bursa Malaysia on Thursday, Pestech said the termination does not affect the current joint venture with IJM Construction Sdn Bhd for the automated people mover or aerotrain project at the Kuala Lumpur International Airport (KLIA). "The board of directors is currently exploring other alternative fund-raising proposals to meet its funding requirements, the details of which will be announced in due course," it added. (*The Edge*)

HCK Capital Group: PKNS-HCK Capital Group to develop e.Sentral smart city in Subang Perdana

The Selangor State Development Corporation (PKNS) will jointly develop the e.Sentral smart city project with property developer HCK Capital Group Bhd (HCK) as part of a move towards building low-carbon cities. "The entire project is expected to be completed within three-and-a-half years. We are offering 3,000 units (housing and shoplots) for both phases, at an offer price of between RM300,000 and RM550,000." HCK group managing director Datuk Dr Dennis Ling said. (*The Edge*)

Titijaya: Inks MOU with Bank Islam to assist homebuyers, unveils 264 @ Seiring in Damaisuria development

Titijaya Land Bhd inked a Memorandum of Understanding (MOU) with Bank Islam Malaysia Bhd (BIMB) to provide financing solution to homebuyers that are purchasing Titijaya's projects in its 46-acre Damaisuria development in Bukit Subang, Selangor. Apart from the MOU signing, Titijaya also unveiled 264 @ Seiring serviced apartments with a gross development value (GDV) of RM71m. (*The Edge*)

BHIC: Unit bags RM378m contract for RMAF chopper support

Boustead Heavy Industries Corp Bhd announced that its 51%-owned joint venture, BHIC AeroServices Sdn Bhd (BHICAS), has secured an RM378m contract to provide in-service support and performance for the Royal Malaysian Air Force's EC725 helicopters. In a bourse filing, BHIC said that the Letter of Award (LOA), dated August 2, was issued by the Ministry of Defence, representing the government of Malaysia, to BHICAS. The contract is for a period of five years, commencing from the date of acceptance and signing of the LOA by BHICAS, with a formal contract between the government of Malaysia and BHICAS to be finalised and executed at a later date. (*The Star*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.40	0.21	8.63
KIP REIT	REIT	0.89	0.08	8.54
Sentral REIT	REIT	0.82	0.07	8.22
Hektar REITS	REIT	0.54	0.04	7.29
YTL Hospital REIT	REIT	1.19	0.09	7.23
RHB Bank	Finance	5.70	0.40	7.09
Amway (M)	Consumer	7.04	0.50	7.06
British American Tobacco (M)	Consumer	7.93	0.55	6.87
Pavilion REIT	REIT	1.38	0.09	6.81
Ta Ann Holdings	Plantation	3.74	0.25	6.66
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.62
Datasonic Group	Technology	0.47	0.03	6.45
Paramount Corporation	Property	1.04	0.07	6.44
MBM Resources	Consumer	5.45	0.35	6.39
Gas Malaysia	Utilities	3.62	0.23	6.22

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 Bhd	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug
Elridge Energy Holdings Bhd	ACE Market	0.29	350.0	350.0	12 Aug	22 Aug
Vetece Holdings Bhd	ACE Market	0.25	98.0	39.2	14 Aug	28 Aug
99 Speed Mart Retail Holdings Bhd	Main Market	1.65	400.0	1,028.0	23 Aug	9 Sept

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