



Daily Newswatch

Market Review

The FBM KLCI closed positively last Friday to 1,623.9 (+0.7%) after favourable US jobless claims and retail sales data helped to alleviate fears of US economic recession. Among the index constituents, the top-performing stocks include PETCHEM (+6.2%), SDG (+1.8%), and CIMB (+1.7%). All sectors were in the green except for Telecommunications & Media, which closed flat (-0.1%). The top-performing sectors include Energy (+2.5%), Health Care (1.8%), and Industrial Products & Services (+1.8%) Overall, the broader market breadth turned positive, with 802 gainers outpacing 324 losers.

Economics

- **Malaysia:** 2Q economic growth at 5.9%, faster than expected
- **US:** Consumer sentiment rises in August
- **US:** Home construction falls to slowest pace since May 2020
- **South Korea, Japan, US:** Leaders renew pledge to cooperate on regional challenges
- **Malaysia:** New minimum wage proposal to be presented to Cabinet next month — HR minister

Companies

- **MBSB:** Mohamed Rafe appointed MBSB Bank CEO
- **ITMAX:** Bags additional orders worth RM539m from DBKL
- **Bumi Armada:** Unit secures US\$400m syndicated facilities to refinance RM1.5bn sukuk
- **LKL:** Signs pact with Karl Group to explore hospital furniture manufacturing in the Philippines
- **Pestech:** Acquire 51% stake in Pestech for RM160m
- **SBC Corporation:** Sells 2.2-acre land for RM37m

Upcoming key economic data releases

Date

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	1,623.9	0.7	11.6
Dow Jones	40,659.8	0.2	7.9
Nasdaq CI	17,631.7	0.2	17.5
S&P 500	5,554.3	0.2	16.4
FTSE 100	8,311.4	(0.4)	7.5
Nikkei 225	38,062.7	3.6	13.7
Shanghai CI	2,879.4	0.1	(3.2)
HSI	17,430.2	1.9	2.2
STI	3,352.9	1.1	3.5

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,228.3	(9.6)
Value traded (RM m)	2,757.3	(0.6)
Gainers	802	
Losers	324	
Unchanged	453	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CEB	0.420	(2.3)	114.6
SPSETAI	1.300	0.8	82.9
PESTECH	0.200	17.6	80.8
HEXCARE	0.240	0.0	58.8
SIMEPROP	1.390	6.1	56.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAYBANK	10.260	0.8	135.5
CIMB	7.660	1.7	122.6
SPSETIA	1.300	0.8	109.4
TENAGA	13.860	0.1	105.8
PBBANK	4.290	0.5	87.6

Currencies	Last Close	% Chg
USD/MYR	4.431	0.2
USD/JPY	148.69	0.4
EUR/USD	1.0988	0.1
USD/CNY	7.1644	0.1
US Dollar Index	102.85	(0.1)

Commodities	Last Close	% Chg
Brent (USD/barrel)	80.1	(1.2)
Gold (USD/troy oz)	2,462	0.2
CPO (MYR/metric t)	3,878	0.4
Bitcoin (USD/BTC)	58,562	3.3



Economics

Malaysia: 2Q economic growth at 5.9%, faster than expected

Malaysia's Gross Domestic Product (GDP) grew 5.9% year-on-year in the April-June quarter, Bank Negara Malaysia (BNM) announced on Friday. On a seasonally adjusted basis, GDP rose 2.9% quarter-on-quarter. On the demand side, private consumption rose 6%, while private investment climbed 12%, data showed. Public consumption gained 3.6%, while public investment was 9.1% higher. Net exports were up 3.4%. On the supply side, the services sector expanded 5.9%, and manufacturing activity advanced 4.7%. Mining production edged up 2.7%, while the construction sector was 17.3% higher. *(The Edge)*

US: Consumer sentiment rises in August; inflation expectations steady

The University of Michigan's preliminary reading on the overall index of consumer sentiment came in at 67.8 this month, compared to a final reading of 66.4 in July. The survey noted that for consumers surveyed, sentiment for Democrats jumped 6% in the wake of Vice President Kamala Harris replacing President Joe Biden as the Democratic nominee for president. For Republicans, sentiment moved in the opposite direction, declining 5% in August. The survey showed 41% of consumers viewed Harris as the better candidate for the economy, while 38% chose Republican nominee Donald Trump. *(Reuters)*

US: Home construction falls to slowest pace since May 2020

Total housing starts decreased 6.8% to a 1.2m annualised rate last month, dragged down the biggest decline in single-family units since April 2020, according to government data released Friday. A sizeable decline in the South may have reflected the impact of Hurricane Beryl. The Commerce Department's report also showed the number of completed single-family units rose to the highest level in three months and remains well-above the pre-pandemic trend. *(Reuters)*

South Korea, Japan, US: Leaders renew pledge to cooperate on regional challenges

The leaders of South Korea, Japan and the United States issued a joint statement on Sunday, marking the anniversary of their summit at Camp David and reaffirmed a pledge to jointly tackle regional challenges, South Korea's presidential office said. US President Joe Biden, Japanese Prime Minister Fumio Kishida and Yoon met on Aug 18, and agreed to deepen military and economic cooperation and take a united stand against China's growing power and security threats from North Korea. *(Reuters)*

Malaysia: New minimum wage proposal to be presented to Cabinet next month – HR minister

The proposal for a new minimum wage is expected to be presented in a Cabinet meeting next month, said Human Resources Minister Steven Sim Chee Keong. Sim previously said that the government would review the minimum wage, which was last updated in May 2022, raising it from RM1,200 to RM1,500. On Friday, Prime Minister Datuk Seri Anwar Ibrahim expressed hope that the private sector, especially companies with high profits, would review their salary schemes to provide more reasonable remuneration to employees. *(Bernama)*

Companies

MBSB: Mohamed Rafe appointed MBSB Bank CEO

Mohamed Rafe Mohamed Haneef, group chief executive officer (CEO) of MBSB Bhd (MBSB), has taken up an additional role as the CEO of its Islamic banking unit MBSB Bank Bhd effective August 19. (*The Edge*)

ITMAX: Bags additional orders worth RM539m from DBKL

ITMAX System Bhd (ITMAX) said on Friday that it has secured an additional order worth RM539.5m for the installation of more surveillance cameras and video signages in Kuala Lumpur. The variation order from the Kuala Lumpur City Hall (DBKL) involves additional 5,000 closed circuit televisions (CCTVs) and video messaging signages (VMS), ITMAX said in an exchange filing on Friday. The contract would last 120 months, comprising 12 months' installation and 108 months of service subscription. (*The Edge*)

Bumi Armada: Unit secures US\$400m syndicated facilities to refinance RM1.5bn sukuk

Bumi Armada Bhd announced that its wholly-owned subsidiary Bumi Armada Holdings Labuan Ltd (BAHLL) has secured syndicated facilities with a six-year tenor at an aggregate principal amount of up to US\$400m (RM1.8bn) to refinance an RM1.5bn sukuk. The company said the facilities comprise a US\$135m conventional syndicated term loan and a US\$265m Islamic syndicated commodity Murabahah facility. "The proceeds are to be applied *inter alia* (among others) towards the full redemption of the sukuk and its related cross currency and interest rate hedge liabilities," it said in a stock exchange filing. (*The Edge*)

LKL: Signs pact with Karl Group to explore hospital furniture manufacturing in Philippines

Medical bed manufacturer LKL International Bhd (LKL) said on Friday it has signed a pact with Karl Group to explore opportunities and collaborate on manufacturing hospital furniture in the Philippines. Under the memorandum of understanding (MOU) signed, LKL will be responsible for providing technical expertise and technology, supporting training and capacity building, and assisting in identifying potential investors and financial support, the company said in an exchange filing. (*The Edge*)

Pestech: Acquire 51% stake in Pestech for RM160m

Dhaya Maju Infrastructure (Asia) Sdn Bhd has signed an agreement to acquire up to 51% stake in electrical engineering firm Pestech International Bhd. The latest proposal comes just a day after construction giant IJM Corp Bhd aborted its plan to acquire a 44.83% stake in Pestech for RM124m, due to unmet conditions in the acquisition agreement. A heads of agreement was signed for the proposed subscription of at least 1.03bn shares for 15.5 sen apiece totalling about RM160.1m, Pestech said in an exchange filing. Dhaya Maju will conduct a due diligence review of Pestech, it noted. The two parties will negotiate and execute a definitive agreement within two months, Pestech said. (*The Edge*)

SBC Corporation: Sells 2.2-acre land for RM37m

SBC Corporation Bhd said it is selling 2.2 acres of land in Kuala Lumpur for RM36.6m. In a bourse filing, the group said the disposal of the land, located in Taman Mastiara, off Jalan Ipoh, presents an opportunity to generate cash flow for its development projects.



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	0.53	0.04	7.36
YTL Hospital REIT	REIT	1.18	0.09	7.29
RHB Bank	Finance	5.74	0.40	7.04
Amway (M)	Consumer	7.14	0.50	6.96
British American Tobacco (M)	Consumer	7.86	0.54	6.93
Pavilion REIT	REIT	1.38	0.09	6.81
Ta Ann Holdings	Plantation	3.74	0.25	6.66
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.56
Datasonic Group	Technology	0.47	0.03	6.45
Paramount Corporation	Property	1.05	0.07	6.38
MBM Resources	Consumer	5.47	0.35	6.36
UOA REITS	REIT	1.03	0.06	6.21

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
Steel Hawk Bhd	ACE Market	0.15	90.0	44.7	23 Aug	5 Sept
99 Speed Mart Retail Holdings Bhd	Main Market	1.65	400.0	1,028.0	23 Aug	9 Sept

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



MERCURY SECURITIES SDN BHD
(A Participating Organisation of Bursa
Malaysia Securities Bhd.)

MARKET WATCH
Monday, August 19, 2024
Research Team
research@mersec.com.my

Email: mercurykl@mersec.com.my