



# Daily Newswatch

## Market Review

The FBM KLCI closed lower to 1,642.8 (-0.4) on Tuesday as investors decided to take some money off the table after seven consecutive days of gains. Among the index constituents, the top-lose-making stocks include YTL (-9.5%), YTLPOWR (-8.1%), and SUNWAY (-4.1%). Not surprisingly, the utilities sector dropped the most yesterday at -2.8%. Overall, the broader market breadth turned negative, with 857 losers outpacing 357 gainers.

## Economics

- **Malaysia:** Elevating strategic alliance with 'true friend' India
- **US:** Trump says he may end EV tax credit, open to naming Elon Musk as adviser
- **US:** Trump pledges to end pollution rule, block steel merger
- **Japan:** BOJ highlights rising wage pressure from structural job market changes

## Companies

- **TNB:** Hit with additional RM1.4bn tax bill, planning appeal
- **South Malaysia Industries:** Takeover offer at 45 sen per share
- **Uzma:** Signs pact with Taiwan's Terawatt for battery, renewable energy projects
- **Solarvest, Agmo:** Form joint venture to develop digital products
- **MCE Holdings:** Secures contracts from Proton
- **Utilities:** SEDA to allocate up to 190MW feed-in-tariff quota for non-solar RE via e-bidding — Fadillah

### 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	1,642.8	(0.4)	12.9
Dow Jones	40,835.0	(0.2)	8.3
Nasdaq CI	17,816.9	(0.3)	18.7
S&P 500	5,597.1	(0.2)	17.3
FTSE 100	8,273.3	(1.0)	7.0
Nikkei 225	38,062.9	1.8	13.7
Shanghai CI	2,866.7	(0.9)	(3.6)
HSI	17,511.1	(0.3)	2.7
STI	3,370.3	0.4	4.0

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,199.0	7.8
Value traded (RM m)	4,553.8	5.8
Gainers	357	
Losers	857	
Unchanged	433	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CEB	0.400	(4.8)	124.9
PBBANK	4.670	2.9	119.8
VELOCITY	0.065	0.0	88.3
YTLPOWR	3.860	(8.1)	61.8
MYEG	0.905	(2.7)	55.1

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.670	2.9	556.9
CIMB	7.850	(1.5)	364.0
YTLPOWR	3.860	(8.1)	241.7
TENAGA	14.000	0.7	209.4
MAYBANK	10.600	0.0	154.2

Currencies	Last Close	% Chg
USD/MYR	4.3815	0.0
USD/JPY	145.14	0.1
EUR/USD	1.1129	(0.0)
USD/CNY	7.1293	0.1
US Dollar Index	101.44	(0.4)

Commodities	Last Close	% Chg
Brent (USD/barrel)	77.2	(0.6)
Gold (USD/troy oz)	2,515	0.0
CPO (MYR/metric t)	3,871	0.1
Bitcoin (USD/BTC)	59,374	0.1

## Economics

### Malaysia: Elevating strategic alliance with 'true friend' India

Malaysia and India have agreed to elevate their relationship from an enhanced strategic partnership (ESP) to a comprehensive strategic partnership (CSP), said Prime Minister Datuk Seri Anwar Ibrahim. "This must be further strengthened in a multitude of areas," Anwar said, highlighting sectors such as digital investments, trade, construction, agriculture, education, research and military collaboration, including joint operations to safeguard borders. The prime minister also mentioned new initiatives and programmes that would encourage further collaboration between Indian and Malaysian companies, particularly in challenging areas like energy transition, digitalisation and food security. He specifically highlighted the importance of cooperation in the semiconductor industry, where Malaysia is recognised as a hub in Southeast Asia and acknowledged India's achievements in this field. *(Bernama)*

### US: Trump says he may end EV tax credit, open to naming Elon Musk as adviser

Republican presidential candidate Donald Trump said on Monday that if elected he would consider ending a US\$7,500 (RM32,818) tax credit for electric-vehicle (EV) purchases, and that he would be open to naming Tesla Inc chief executive officer Elon Musk to a cabinet or advisory role. Trump also said on Monday he would take steps to discourage exports of vehicles produced by the Detroit Three automakers and others from Mexico for US consumers by imposing new tariffs and would prevent Chinese automakers from building new plants in Mexico for US market vehicles. But Trump is open to Chinese and other automakers building vehicles in the US. *(Reuters)*

### US: Trump pledges to end pollution rule, block steel merger

Republican presidential candidate Donald Trump ratcheted up his pledge to radically limit foreign access to domestic markets, saying he would ensure the supply chain for essential goods would be 100% American if he wins the Nov 5 election. Trump also pledged to eliminate rules published by the Environmental Protection Agency (EPA) in April, which limit air and water pollution from power plants and are designed to cut over one billion metric tons of greenhouse gas emissions by 2047. Trump said his administration would bring more "advanced small, modular nuclear reactors" online, and that he would invoke the Defence Production Act to ramp up production of essential products. Even as he pledged broad tax cuts for families, businesses, Social Security disbursements and tips, he said he would slash the deficit, a claim that good government experts have cast doubt on. *(Reuters)*

### Japan: BOJ highlights rising wage pressure from structural job market changes

Japan's dwindling working-age population is leading to structural changes in the labour market that are heightening pressure on firms to hike wages and services prices, the Bank of Japan (BOJ) said in two research papers released on Tuesday. Permanent workers' pay remained stagnant even as labour shortages intensified since the mid-2010s, as female and elderly workers filled the gap by taking on low-paid, part-time jobs. The trend is changing as a dwindling pool of female and elderly workers, rising job hoppers and an increase in pay for part-time jobs prod firms to hike permanent workers' pay, the BOJ said in a research paper on Japan's labour market. Such wage pressure is beginning to replace raw material costs as the main driver of inflation, the BOJ said in another research paper on Japan's service-sector prices. BOJ Governor Kazuo Ueda has said the central bank will keep raising interest rates if economic growth and inflation move in line with its projections. *(Reuters)*



## Companies

### **TNB: Hit with additional RM1.4bn tax bill, planning appeal**

Tenaga Nasional Bhd has received a new tax bill totalling RM1.4bn from the Inland Revenue Board (IRB). The additional assessments cover year 2020 (amounting to RM685.8m) and 2021 (amounting to RM705.2m), stated in a bourse filing on Tuesday. Based on legal advice it has received, TNB believes that IRB's assessments are incorrect as it seeks to appeal the notices promptly. *(The Edge)*

### **South Malaysia Industries: Gets takeover offer at 45 sen per share**

South Malaysia Industries Bhd (SMI) on Tuesday received a takeover offer worth more than RM47m from a group of major shareholders. Francis Leong and two subsidiaries of Techbase Industries Bhd are offering 45 sen per share to acquire the rest of the shares not already owned by them. The offer price represents a premium of 11% to SMI's closing price of 40.5 sen on Monday. *(The Edge)*

### **Uzma: Signs pact with Taiwan's Terawatt for battery, renewable energy projects**

Uzma Bhd said on Tuesday it had signed a pact with Taiwan's Terawatt Ltd to explore development of products or projects in energy storage and renewable energy (RE). Under the memorandum of understanding (MOU), the parties agree to work together including to conduct a feasibility study on product commercialisation via a pilot project and business plan in the area of energy storage, Uzma said in an exchange filing. The MOU is valid until Aug 19, 2025. The parties also agree to "facilitate knowledge exchange via joint activities including, but not limited to, programmes, workshops and seminars", as well as "to explore additional areas of cooperation through mutual agreement", Uzma said. *(The Edge)*

### **Solarvest, Agmo: Form joint venture to develop digital products**

Solarvest Holdings Bhd on Tuesday said it is partnering with Agmo Holdings Bhd to jointly develop digital products catering to the clean energy sector. The two companies will set up a joint venture (JV) to produce the digital products, including software, digital platform, data analytics and technology integration services, Solarvest said in an exchange filing. Solarvest will hold 70% in the JV while Agmo will have the remaining 30%. "The collaboration is intended to capitalise on the emerging opportunities for digital solutions in the clean energy sector and to accelerate the adoption of these technologies," the company said. Products to be developed by the JV company will include a renewable energy certificate platform, a home solar project management system, and an electric vehicle platform. *(The Edge)*

### **MCE Holdings: Secures contracts from Proton to supply components**

MCE Holdings Bhd said it had secured contracts from Proton Holdings Bhd worth RM52.1m to supply automotive electronic and mechatronic components. The five-year contracts are expected to commence in the first financial quarter ending Oct 31, 2024 (1QFY2025), said MCE in an exchange filing on Tuesday. As part of the job, MCE will be providing parts such as the front reading lamp, rear reflector, and pull cup handle assembly for Proton vehicles. The estimated total investment cost for the project is RM2.2m. Besides clinching the new job from Proton, Goh updated that the group is on track to complete its new plant, the MCE Auto Hub, by early 2025. *(The Edge)*

### **Utilities: SEDA to allocate up to 190MW feed-in-tariff quota for non-solar RE via e-bidding**

The Sustainable Energy Development Authority (SEDA) will allocate up to 190 megawatt (MW) feed-in tariff (FiT) quota for biogas, biomass, and mini-hydro development through an e-bidding process, according to Deputy Prime Minister Datuk Seri Fadillah Yusof. During a press conference, Fadillah explained that the FiT quota will go through an open tender, "similar to large-scale solar (LSS)". Meanwhile, the timeline and the details for the e-bidding will be announced soon, according to SEDA. *(The Edge)*



## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.43	0.21	8.52
KIP REIT	REIT	0.90	0.08	8.49
Sentral REIT	REIT	0.82	0.07	8.22
Hektar REITS	REIT	0.54	0.04	7.29
YTL Hospital REIT	REIT	1.18	0.09	7.29
Amway (M)	Consumer	7.00	0.50	7.10
British American Tobacco (M)	Consumer	7.74	0.55	7.04
RHB Bank	Finance	5.92	0.40	6.82
Pavilion REIT	REIT	1.38	0.09	6.81
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.56
Ta Ann Holdings	Plantation	3.81	0.25	6.54
Gas Malaysia	Utilities	3.67	0.24	6.40
Datasonic Group	Technology	0.47	0.03	6.38
Paramount Corporation	Property	1.06	0.07	6.32
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		
<a href="#">EPB Group Bhd</a>	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
<a href="#">Vetece Holdings Bhd</a>	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
<a href="#">99 Speed Mart Retail Holdings Bhd</a>	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](http://www.mercurysecurities.com.my)



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

**MARKET WATCH**  
**Wednesday, August 21, 2024**  
**Research Team**  
**research@mersec.com.my**

Email: mercurykl@mersec.com.my