



Daily Newswatch

Market Review

Bursa Malaysia ended last Friday in the red at 1,635.7 (-0.4%) as investors turned cautious given the weaker US market performance overnight. Among the index constituents, the top-decliners include YTLPOWR (-1.7%), YTL (-1.6%), and PCHEM (-1.6%). Overall, the sector performances were mostly negative, with Technology (-3.2%) leading the decliners. The broader market breadth continues to remain negative, with 888 losers against 255 gainers.

Economics

- Malaysia:** Leading Index rises 3.5% in June 2024
- Malaysia:** Number of unemployed persons continued to decline in 2Q
- US:** Fed's Powell, in policy shift, says 'time has come' to cut rates
- Japan:** Core inflation picks up, but demand-driven growth below 2%
- Japan:** BOJ's Ueda signals readiness to raise rates if growth, inflation on track

Companies

- REDtone:** Becomes substantial shareholder in HeiTech Padu
- Tomypak:** Sell non-core land, factory assets in Senai for RM31m
- TM:** DNB calls off share sale agreement with TM
- Pantech:** Confirms plan to list two subsidiaries on Main Market via SPV
- Keyfield:** Bags RM48m accommodation workboat contract
- Jati Tinggi:** Secures RM39.9m contract to lay underground cables
- Hibiscus Petroleum:** Indirect unit acquires 30% stake in Block PM327 production sharing contract
- MISC:** 2Q net profit grows over 19% to RM540.9m, to pay eight sen dividend
- Affin Bank:** Says margin could continue to narrow in short term, records 4.7% gain in 2Q net profit

Upcoming key economic data releases

	Date
Malaysia – Jul 2024 PPI	28 Aug
US – Jul 2024 PCE	30 Aug
EU – Jul 2024 Unemployment Rate	30 Aug
US – Aug 2024 Manufacturing PMI	3 Sep
US – Aug 2024 Services PMI	4 Sep
US – Aug 2024 Unemployment Rate	6 Sep
US – Aug 2024 CPI	11 Sep
US – Aug 2024 PPI	12 Sep
US – FOMC	19 Sep
US – Q2 GDP	26 Sep

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,635.7	(0.4)	12.4
Dow Jones	41,175.1	1.1	9.2
Nasdaq CI	17,877.8	1.5	19.1
S&P 500	5,634.6	1.1	18.1
FTSE 100	8,327.8	0.5	7.7
Nikkei 225	38,364.3	0.4	14.6
Shanghai CI	2,854.4	0.2	(4.1)
HSI	17,612.1	(0.2)	3.3
STI	3,388.0	0.4	4.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,534.6	(5.2)
Value traded (RM m)	2,804.2	(9.1)
Gainers	255	
Losers	888	
Unchanged	427	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CEB	0.380	(5.0)	120.0
MYEG	0.890	(5.3)	104.2
NOTION	1.140	(16.8)	104.1
EPB	0.620	10.7	96.2
ELRIDGE	0.405	1.3	95.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
MAYBANK	10.440	0.0	176.9
CIMB	7.890	0.0	166.8
NOTION	1.140	(16.8)	113.8
GENETEC	1.190	(16.2)	101.2
MYEG	0.890	(5.3)	93.9

Currencies	Last Close	% Chg
USD/MYR	4.3748	0.1
USD/JPY	144.37	1.3
EUR/USD	1.1192	0.7
USD/CNY	7.1209	0.3
US Dollar Index	100.72	(0.8)

Commodities	Last Close	% Chg
Brent (USD/barrel)	79.0	2.3
Gold (USD/troy oz)	2,513	1.1
CPO (MYR/metric t)	3,976	1.2
Bitcoin (USD/BTC)	63,927	(0.4)

Economics

Malaysia: Leading Index rises 3.5% in June 2024, reaching 113.4 points — DOSM

The Leading Index (LI) continued its positive trend by registering a 3.5% growth and reached 113.4 points in June 2024, compared with 109.6 in the same month last year, said the Department of Statistics Malaysia (DOSM) on Friday. "However, the monthly performance of the LI decreased marginally by 0.7% due to declines in five out of the seven components except for the Bursa Malaysia Industrial Index (0.4%) and Real Money Supply, M1 (0.2%)," he said in a statement. Regarding the current economic performance, the DOSM said the Coincident Index (CI) maintained its positive growth since September 2021 with 2.6%, achieving 126.4 points in June 2024. *(Bernama)*

Malaysia: Number of unemployed persons continued to decline in 2Q — DOSM

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the number in the labour force grew by 2.5% to 17.2m persons, primarily driven by a 2.8% increase in the number of employed persons, which reached 16.6m persons in 2Q2024. Mohd Uzir said labour supply remained strong, as the labour force participation rate increased by 0.5 percentage point to 70.5% from a year ago. "As a result, the number of persons in time-related underemployment decreased by 8.9% to 169,800 persons, with a rate of 1.0%," he said. As the economy advanced in 2Q2024, he said labour productivity measured by value added per employment edged up by 3.1% as compared to the same quarter last year, reaching a value of RM24,151 per person (2Q2023: RM23,434; 1Q2024: RM24,236). Meanwhile, total hours worked during 2Q2024 improved by 3.4%, registering a total of 9.6bn hours. *(Bernama)*

US: Fed's Powell, in policy shift, says 'time has come' to cut rates

Federal Reserve (Fed) Chair Jerome Powell on Friday endorsed an imminent start to interest rate cuts, saying further cooling in the job market would be unwelcome and expressing confidence that inflation is within reach of the US central bank's 2% target. "The time has come for policy to adjust," Powell said in a highly anticipated speech to the Kansas City Fed's annual economic conference in Jackson Hole, Wyoming. "The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks." Powell said his "confidence has grown that inflation is on a sustainable path back to 2%", after rising to about 7% during the Covid-19 pandemic, and the upside risks have diminished. Meanwhile, he said, a slowdown in the labour market is "unmistakable" and "the downside risks to employment have increased". *(Reuters)*

Japan: Core inflation picks up, but demand-driven growth below 2%

The nationwide core consumer price index (CPI), which excludes fresh food items, rose 2.7% from a year earlier, faster than a 2.6% climb in June. But the "core core" index, which excludes fresh food and energy costs and is closely watched by the Bank of Japan (BOJ) as a key gauge of broader inflation trends, rose 1.9% after increasing 2.2% in June. *(Reuters)*

Japan: BOJ's Ueda signals readiness to raise rates if growth, inflation on track

Bank of Japan (BOJ) Governor Kazuo Ueda on Friday reaffirmed his resolve to raise interest rates if inflation stayed on course to sustainably hit the 2% target, suggesting recent market volatility would not derail its long-term rate hike plan. But Ueda warned that markets remained jittery and may affect the BOJ's inflation forecasts, a sign that yen and stock price moves will be key to determining the next rate hike timing. But he said there was "no change to the BOJ's basic stance to adjust the degree of monetary easing if it became convinced that economic and price developments were moving as forecast". "Japan's short-term rates are very low. If the economy is in good shape, they will move up to levels deemed neutral," Ueda said. But he added that there was "very high uncertainty on where rates will eventually rise to." *(Reuters)*

Companies

REDtone: Becomes substantial shareholder in HeiTech Padu

REDtone Digital Bhd has emerged as a substantial shareholder in HeiTech Padu Bhd after acquiring a 6.4% equity stake comprising 7.1m shares in the open market for RM15.4m. In a filing with Bursa Malaysia on Friday, REDtone said it purchased the 6.4% stake in HeiTech Padu at an average price of RM2.16 per share between June 27 and Aug 23, 2024. The integrated telecommunications and digital infrastructure service provider noted that the acquisitions were funded entirely through internal funds and did not impose any additional liabilities on the group. *(The Edge)*

Tomypak: Sell non-core land, factory assets in Senai for RM31m

Tomypak Holdings Bhd said it is disposing of a property in Senai, Johor for RM31m, cash, as it seeks to realise the value of its investment in non-core assets. The 4.14-hectare land, together with factory buildings, represent part of the group's idle and non-core assets, and so proceeds from the disposal will provide a surplus cash flow for the group, said Tomypak in a filing with Bursa Malaysia on Friday. *(The Edge)*

TM: DNB calls off share sale agreement with TM

Telekom Malaysia Bhd (TM) said on Friday an agreement to buy a stake in Digital Nasional Bhd (DNB) was terminated, after its request for additional time to seek shareholders' approval was declined. The company asked DNB, the special purpose vehicle building the country's first 5G network, for an extension last month, which was not approved, and an appeal later was also denied, TM said in an exchange filing. DNB issued a notice on the termination of the share subscription agreement on Friday. *(The Edge)*

Pantech: Confirms plan to list two subsidiaries on Main Market via SPV

Pantech Group Holdings Bhd has confirmed that it will be listing two wholly-owned subsidiaries, Pantech Stainless & Alloy Industries Sdn Bhd (PSA) and Pantech Steel Industries Sdn Bhd (PSI) on the Main Market of Bursa Malaysia via a special purpose vehicle (SPV) named Pantech Global Bhd. As part of the listing exercise, the SPV will acquire the entire issued share capital of PSA and PSI from Pantech for RM180.1m (PSA) and RM113.8m (PSI). Both acquisitions will be satisfied by the issuance of new Pantech Global shares at 50 sen per share. A total of 587.8m new shares of Pantech Global will be issued to the holding company for this purpose. Pantech's shareholders are entitled to one IPO share of Pantech Global for every 25 existing shares in Pantech. *(The Edge)*

Keyfield: Bags RM48m accommodation workboat contract

Keyfield International Bhd said on Friday it had secured a contract to provide an accommodation workboat worth RM48m that includes an extension option. The primary charter started in August and is valued at RM34.6m for an unspecified period, while the extension option is valued at RM13.4m, Keyfield said in an exchange filing. *(The Edge)*

Jati Tinggi: Secures RM39.9m contract to lay underground cables in Selangor

Jati Tinggi Group Bhd said on Friday that it has secured a contract to install 33kV aluminium cross-linked polyethylene underground cables and accessories for asset development in Selangor worth RM39.9m. The contract is effective from the date of acceptance and is expected to be completed within 660 days from the acceptance date. *(The Edge)*

Hibiscus Petroleum: Indirect unit acquires 30% stake in Block PM327 production sharing contract

Hibiscus Petroleum Bhd's indirect wholly owned subsidiary Straits Hibiscus Sdn Bhd has signed an agreement to acquire a 30% participation interest in the Block PM327 production sharing contract (PSC). The acquisition is being made through a farm-in arrangement with Petronas Carigali Sdn Bhd, said Hibiscus Petroleum in a statement on Friday. The transaction is currently pending regulatory approvals and fulfilment of conditions precedent. *(The Edge)*

MISC: 2Q net profit grows over 19% to RM540.9m, to pay eight sen dividend

MISC Bhd's second quarter net profit rose 19.43% from a year earlier mainly due to higher profit in the marine and heavy engineering segment, amid the absence of additional cost provisions recognised in the corresponding quarter and cost recovery claims in the current quarter. Revenue, however, dropped 6.2% to RM3.3bn in 2QFY2024, from RM3.6bn in the quarter a year ago, mainly due to lower revenue from ongoing projects in the marine and heavy engineering segment, coupled with lower earning days from contract expiries and lower charter rates in the gas assets and solutions segment. The group has proposed a second interim dividend of eight sen per share, amounting to RM357.1m, to be paid on Sept 26. (*The Edge*)

Affin Bank: Says margin could continue to narrow in the short term, records 4.7% gain in 2Q net profit

Net interest margin is expected to compress as the bank focuses on "higher credit quality clients given the soft economics conditions", said CEO Datuk Wan Razly Abdullah. Affin is betting on the entry of Sarawak state as a shareholder, which could provide a "quantum shift" with access to a large number of customers and deposits. "The group's presence in Sarawak will be amplified by the end of 2024," said Wan Razly. On Friday, Affin reported that its net profit edged up 4.7% year-on-year in the second quarter, thanks largely to writeback of impairment losses that helped offset a decline in income. Net interest margin fell to 1.40% in April-June 2024 (2QFY2024) compared to 1.44% in the preceding three months while its cost of funds rose to 3.37% from 3.34% in 1QFY2024. Deposits from customers meanwhile fell 0.7% quarter-on-quarter. Affin's gross loans expanded 1.4% quarter-on-quarter and 10.5% year-on-year. net profit slipped 13% to RM228.8m from RM262.2m over the same period last year. Net interest income was 11% lower at RM336.1m though non-interest income rose 10% to RM144.9m. Affin's gross impaired loan edged up to 1.89%. (*The Edge*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.79	0.07	8.54
KIP REIT	REIT	0.90	0.08	8.49
Bermaz Auto	Consumer	2.46	0.21	8.41
Amway (M)	Consumer	6.81	0.50	7.30
YTL Hospital REIT	REIT	1.18	0.09	7.29
British American Tobacco (M)	Consumer	7.63	0.54	7.14
Hektar REITS	REIT	0.56	0.04	7.03
Sports Toto	Consumer	1.59	0.11	6.92
Pavilion REIT	REIT	1.37	0.09	6.86
RHB Bank	Finance	5.93	0.40	6.81
CapitaLand Malaysia Trust	REIT	0.64	0.04	6.77
Gas Malaysia	Utilities	3.64	0.24	6.46
Ta Ann Holdings	Plantation	3.81	0.24	6.43
Datasonic Group	Technology	0.47	0.03	6.38
Paramount Corporation	Property	1.05	0.07	6.38

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		
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

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Published & Printed By:

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