



Daily Newswatch

Market Review

The FBM KLCI closed higher on Monday at 1,639.0 (+0.2%) after positive remarks from Federal Reserve Chair Jerome Powell strengthened expectations of a September rate cut. Among the index constituents, the top-performers include SUNWAY (+2.5%), TENAGA (+1.5%), and PMETAL (+1.4%). The top-performing sectors include Energy (+1.5%), Industrial Products & Services (+0.7%), and REIT (+0.6%). Overall, the broader market breadth turned slightly more neutral, with 578 losers against 506 gainers.

Economics

- Indonesia:** Prabowo hopes to implement 50% palm-based biodiesel blending by 2025
- Canada:** Hit China with tariffs on electric vehicles, steel
- China:** Central bank rolls over maturing loans, injects cash
- US:** Industry seeks easing of steep Biden-Harris China tariff hikes

Companies

- Affin Bank:** Open more branches in Sarawak, tap into region's green economy
- Globaltec:** Australian unit makes cash call to raise A\$8.17m for Indonesian gas sales initiative
- T7 Global:** Secures RM74.6m contract from Mindef
- Velesto:** Wraps up periodic inspection of Naga 2, secures Vietnam contract for Naga 3
- KUB:** Sell 70% stake in agro unit for RM103m cash
- TM:** Posts RM396m profit in 2Q, announces higher dividend of 12.5 sen
- Bank Islam:** Posts flattish 2Q profit of RM137m
- TIME dotCom:** Posts RM99m profit, 18.93 sen dividend in 2Q

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 |
| EU – Q2 GDP | 6 Sep |
| US – Aug 2024 Unemployment Rate | 6 Sep |
| Malaysia – Jul 2024 IPI | 10 Sep |
| US – Aug 2024 CPI | 11 Sep |
| US – Aug 2024 PPI | 12 Sep |
| US – FOMC | 19 Sep |
| Malaysia – Aug 2024 CPI | 23 Sep |
| Malaysia – Aug 2024 PPI | 26 Sep |
| US – Q2 GDP | 26 Sep |
| US – Aug 2024 PCE | 27 Sep |

| Key Indices | Last Close | Daily chg % | YTD chg % |
|-------------|------------|-------------|-----------|
| FBM KLCI | 1,639.0 | 0.2 | 12.7 |
| Dow Jones | 41,240.5 | 0.2 | 9.4 |
| Nasdaq CI | 17,725.8 | (0.9) | 18.1 |
| S&P 500 | 5,616.8 | (0.3) | 17.8 |
| FTSE 100 | 8,327.8 | 0.5 | 7.7 |
| Nikkei 225 | 38,110.2 | (0.7) | 13.9 |
| Shanghai CI | 2,855.5 | 0.0 | (4.0) |
| HSI | 17,798.7 | 1.1 | 4.4 |
| STI | 3,396.0 | 0.2 | 4.8 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|--------|
| Vol traded (m shares) | 2,826.2 | (20.0) |
| Value traded (RM m) | 2,623.4 | (6.4) |
| Gainers | 506 | |
| Losers | 578 | |
| Unchanged | 434 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| ELRIDGE | 0.450 | 11.1 | 100.0 |
| CEB | 0.385 | 1.3 | 63.3 |
| VELESTO | 0.215 | 2.4 | 57.9 |
| WCT | 1.070 | 12.0 | 50.2 |
| MYEG | 0.900 | 1.1 | 50.1 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| CIMB | 7.890 | 0.0 | 273.6 |
| PBBANK | 4.510 | (0.4) | 118.4 |
| MAYBANK | 10.540 | 1.0 | 108.3 |
| TENAGA | 13.920 | 1.5 | 77.8 |
| TM | 6.760 | (1.3) | 76.9 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.3485 | 0.6 |
| USD/JPY | 143.9 | 0.3 |
| EUR/USD | 1.1178 | (0.1) |
| USD/CNY | 7.1202 | 0.0 |
| US Dollar Index | 100.71 | (0.0) |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 79.9 | 1.1 |
| Gold (USD/troy oz) | 2,525 | 0.5 |
| CPO (MYR/metric t) | 4,063 | 2.2 |
| Bitcoin (USD/BTC) | 63,654 | (0.9) |

Economics

Indonesia: Prabowo hopes to implement 50% palm-based biodiesel blending by 2025

Indonesia president-elect Prabowo Subianto hopes to implement mandatory 50% palm oil-based biodiesel blending by early next year, which he said would cut fuel imports by US\$20bn (RM86.9bn) per year. Indonesia said last week it planned to raise the blending to 40% in January 2025, from 35% now, in an effort to reduce fuel imports and lower emission from fossil fuels. *(Reuters)*

Canada: Hit China with tariffs on electric vehicles, steel

Canada will impose new tariffs on Chinese-made electric vehicles (EVs), aluminium and steel, lining up behind western allies and taking steps to protect domestic manufacturers. The government plans to announce a 100% levy on electric cars and 25% on steel and aluminium, according to people familiar with the matter, speaking on condition they not be identified because the matter is still private. Prime Minister Justin Trudeau is expected to unveil the policy in Halifax, Nova Scotia, where he's gathered with the rest of his cabinet for a series of meetings about the economy and foreign relations. *(Bloomberg)*

China: Central bank rolls over maturing loans, injects cash

The People's Bank of China (PBOC) said it was keeping the rate on 300bn yuan (US\$42.1bn or RM183bn) worth of one-year medium-term lending facility (MLF) loans to some financial institutions at 2.30%, unchanged from the previous operation. And it injected another 471bn yuan through seven-day reverse repos while keeping borrowing costs unchanged at 1.70%. *(Reuters)*

US: Industry seeks easing of steep Biden-Harris China tariff hikes

The Biden-Harris administration this week is expected to announce final implementation plans for steep tariff increases on certain Chinese imports, and if US industry gets its way, many of the planned duties would be softened. Manufacturers from electric vehicles to electric utility equipment have asked for the higher tariff rates to be reduced, delayed or abandoned, and for potential exclusions to be greatly expanded. The White House had said initially the new tariffs would take effect on Aug 1 but that was delayed until sometime in September as the US Trade Representative's office studied more than 1,100 public comments. A final determination is due by the end of August. The US decision will come in the same week that US National Security Adviser Jake Sullivan will meet with Wang in a visit aimed at keeping US-China tensions in check with the November US election fast approaching. *(Reuters)*

Companies

Affin Bank: Open more branches in Sarawak, tap into region's green economy

Affin Bank Bhd plans to more than double the number of branches in Sarawak by year end, offering both conventional and Islamic banking services as well as investment banking, according to news reports. The company plans to expand its network to 14 locations in Kuching, Bintulu and Miri to boost its presence in Sarawak, *Bernama* and *Borneo Post* reported, citing Affin Bank chief executive officer Datuk Wan Razly Abdullah. Sarawak offers significant potential for Affin Bank to expand its green and social financing packages, leveraging the government's initiatives to promote a green economy and support small and medium enterprises, *Bernama* reported. (*The Edge*)

Globaltec: Australian unit makes cash call to raise A\$8.17m for Indonesian gas sales initiative

Globaltec Formation Bhd said its Australian-listed unit NuEnergy Gas Ltd is making a cash call to raise gross proceeds up to A\$8.2m (RM24.1m) to fund its early gas sales initiative in Indonesia. The funds will be raised via a renounceable pro-rata entitlement offer of up to 408.5m new shares in NuEnergy, on the basis of eight new shares for every 29 shares held by existing shareholders, at an issue price of A\$0.02 per share. Under the offer, Globaltec's units Globaltec Energy Resources Sdn Bhd and New Century Energy Resources Ltd will subscribe to their entitlement of 264m new NuEnergy shares, totalling A\$5.28m, according to Globaltec's filing with the local bourse on Monday. (*The Edge*)

T7 Global: Secures RM74.6m contract from Mindef

T7 Global Bhd said on Monday that it had secured a RM74.6m contract from the Ministry of Defence (Mindef). Under the contract, T7 Global will supply, deliver, test, and commission airfield surveillance radar (ASR) systems, communication systems, and related air traffic management equipment to the Royal Malaysian Air Force. The contract spans five years from Aug 5, 2024, to Aug 4, 2029. (*The Edge*)

Velesto: Wraps up periodic inspection of Naga 2, secures Vietnam contract for Naga 3

Velesto Energy Bhd said it has completed the periodic inspection of its Naga 2 rig under what is called its Mandatory Five Yearly Special Periodical Survey (SPS) programme and that the rig will be heading to Sarawak soon. Naga 2 is currently dry-docked in Singapore, where it has been since June 24. On reaching Sarawak, it will start a development drilling campaign, Velesto said in a statement on Monday. Velesto also said it had received a letter of award for its Naga 3 rig from Thang Long Joint Operating Company, and that the rig is expected to be working in Vietnam during the September-November months. It did not disclose the value of the new job, which the rig will be taking on before its SPS in the first quarter of next year. (*The Edge*)

KUB: Sell 70% stake in agro unit for RM103m cash

KUB Malaysia Bhd is disposing of a 70% stake in its indirect wholly owned subsidiary KUB Sepadu Sdn Bhd (KUBS), the sole contributor to the group's agro division, for a cash consideration of RM103.4m. The expected pro forma gain on disposal is RM19.7m. KUB added that the proceeds from the proposed disposal will be allocated for its other core businesses, namely the liquefied petroleum gas (LPG) division which is involved in the importation, bottling and trading of LPG as well as the power division with its newly acquired power cables and wires manufacturing business. (*The Edge*)

TM: Posts RM396m profit in 2Q, announces higher dividend of 12.5 sen

Telekom Malaysia Bhd TM said on Monday that its net profit for the second quarter ended June 30, 2024 (2QFY2024) fell 30.3% to RM396.4m from RM568.7m a year ago. The decrease was primarily due to a one-time recognition of tax losses in the previous year, the fixed-line operator said in a filing to the local stock exchange. Quarterly revenue slid 1.7% year-on-year to RM2.9bn from RM3bn, dragged down by declining voice services, despite steady growth in internet and data services revenue. The company said it is maintaining its 2024 guidance. TM is proactively exploring new business opportunities through strategic partnerships, including collaboration with Singtel's Nxera to build an artificial intelligence-ready data centre in Johor, group chief executive officer Amar Huzaimi Md Deris said in a statement. (*The Edge*)

Bank Islam: Posts flattish 2Q profit of RM137m

Bank Islam Malaysia Bhd announced on Monday that it made a net profit of RM137.2m for its second quarter ended June 30, 2024, little changed from the RM136.1m it made in the same quarter last year. The flattish net profit was achieved as revenue rose to RM1.2bn from RM1.1bn, its bourse filing showed. No dividend was declared for the quarter under review. Bank Islam said its net income rose mainly due to higher net fund-based income, which improved by 5.8% to RM1.1bn, driven by year-on-year (y-o-y) financing and investment securities growth. Its net allowance for impairment on financing and advances, meanwhile, dropped 37.3% to RM77.5m, while its financing credit cost ratio was 0.23% compared to 0.38% recorded at 1H2023. As of end-June this year, its gross impaired financing ratio was 0.92%, remaining below the industry average of 1.60%. Bank Islam's customer deposits and investment accounts also increased by 8.5% y-o-y to RM78.5bn. *(The Edge)*

TIME dotCom: Posts RM99m profit, 18.93 sen dividend in 2Q

TIME dotCom Bhd's net profit in its second quarter fell year-on-year to RM99.1m from RM2.3bn a year ago, in the absence of gains from the divestment of its stake in AIMS data centre business last year. The group declared a special interim dividend of 18.93 sen per share, up from 16.25 sen in the same quarter last year. Its year-to-date dividend of 18.93 sen per share was nonetheless lower from 70.65 sen for the first half ended June 30, 2023 (1HFY2023) on the AIMS sale. Quarterly revenue rose 7.53% to RM418.49m, from RM389.2m on data product revenue boost, mainly contributed by retail customers. Meanwhile, 1HFY2024 net profit of RM209.7m was lower than RM2.4bn the year before, but was more than double on a continuing operations basis, from RM102.8m. Looking ahead, TIME dotCom said it continues to invest in its network and is committed to expanding its coverage footprint. *(The Edge)*



Stock Selection Based on Dividend Yield

| Company | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 2.42 | 0.21 | 8.55 |
| Sentral REIT | REIT | 0.79 | 0.07 | 8.48 |
| KIP REIT | REIT | 0.90 | 0.08 | 8.44 |
| YTL Hospital REIT | REIT | 1.19 | 0.09 | 7.23 |
| Amway (M) | Consumer | 6.90 | 0.50 | 7.20 |
| Hektar REITS | REIT | 0.55 | 0.04 | 7.09 |
| British American Tobacco (M) | Consumer | 7.82 | 0.54 | 6.97 |
| RHB Bank | Finance | 5.93 | 0.40 | 6.81 |
| Sports Toto | Consumer | 1.59 | 0.11 | 6.79 |
| CapitaLand Malaysia Trust | REIT | 0.64 | 0.04 | 6.72 |
| Pavilion REIT | REIT | 1.41 | 0.09 | 6.67 |
| Datasonic Group | Technology | 0.46 | 0.03 | 6.52 |
| Gas Malaysia | Utilities | 3.63 | 0.23 | 6.47 |
| Paramount Corporation | Property | 1.04 | 0.07 | 6.44 |
| Ta Ann Holdings | Plantation | 3.85 | 0.24 | 6.36 |

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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