



Daily Newswatch

Market Review

The FBM KLCI marched higher for the third day to 1675.2 (+1.4%), its highest in almost four years, as investors piled into heavyweight banking stocks. Among the index constituents, the top-performers include CIMB (+5.7%), HLBANK (+4.7%), and PCHEM (+4.6%). On the flipside, most of the sectors were in the red except for Financial Services (+2.8%), Plantation (+1.1%), and Telecommunications & Media (+0.2%). The broader market breadth was remained negative with 783 losers outpacing 407 gainers.

Economics

- Malaysia:** Producer price index up 1.3% in July
- US:** Clean energy jobs growth rate double that of overall jobs
- India:** Planning to raise import taxes on vegetable oils to help farmers
- Japan:** BOJ deputy governor sees rate hike justified if outlook realised
- India:** Solar panels face US scrutiny for possible links to China forced labour

Companies

- Capital A:** Corporate guarantee for US\$443m bond valid only till completion of aviation business sale to AAX
- IOI Properties:** Not buying Shenton House from CEO but will manage its redevelopment
- Citaglobal:** Plan to jointly develop eco-friendly industrial park in Gebeng
- Maybank:** 2Q net profit rises 8.2% on lower provisions, tax expense
- Axiata:** Posts second straight quarterly profit in 2Q
- IJM:** 1Q net profit drops 14% on unrealised forex and fair value losses
- Malakoff:** Posts second consecutive net profit despite revenue dip, declares higher dividend of 2.23 sen
- KPJ Healthcare:** 2Q net profit up 62%, pays one sen DPS

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	1,675.2	1.4	15.2
Dow Jones	41,091.4	(0.4)	9.0
Nasdaq CI	17,556.0	(1.1)	17.0
S&P 500	5,592.2	(0.6)	17.2
FTSE 100	8,343.9	(0.0)	7.9
Nikkei 225	38,371.8	0.2	14.7
Shanghai CI	2,837.4	(0.4)	(4.6)
HSI	17,692.5	(1.0)	3.8
STI	3,391.0	(0.2)	4.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,955.7	24.2
Value traded (RM m)	4,655.2	45.6
Gainers	407	
Losers	783	
Unchanged	457	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
LUSTER	0.075	0.0	335.8
PBBANK	4.800	2.6	98.0
NOTION	0.880	(1.1)	74.8
VTC	0.405	62.0	63.1
SPSETIA	1.080	(15.0)	60.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.680	3.8	320.5
CIMB	7.930	0.5	214.0
MAYBANK	10.700	1.5	176.3
RHB	4.080	(1.0)	82.2
TENAGA	0.890	(17.6)	84.0

Currencies	Last Close	% Chg
USD/MYR	4.3425	0.1
USD/JPY	144.17	(0.1)
EUR/USD	1.1141	(0.4)
USD/CNY	7.1235	0.0
US Dollar Index	100.88	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	79.0	(0.6)
Gold (USD/troy oz)	2,510	(0.6)
CPO (MYR/metric t)	4,011	0.1
Bitcoin (USD/BTC)	59,341	(4.1)

Economics

Malaysia: Producer price index up 1.3% in July — DOSM

Malaysia's producer price index (PPI) rose by 1.3% year-on-year in July, continuing its growth, according to the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said all sectors in PPI local production had been increasing since March this year. Monthly PPI local production fell further by 0.2% in July, from -0.1% in June, due to the manufacturing sector, which was down by 0.3%. *(Bernama)*

US: Clean energy jobs growth rate double that of overall jobs, report says

Employment in clean energy businesses, including wind, solar, nuclear and battery storage, rose by 142,000 jobs, or 4.2% last year, up from a rise of 3.9% in 2022, the US Energy and Employment Report said. The rate was above the overall US job growth rate of 2% in 2023. Unionisation rates in clean energy hit 12.4%, more than the 11% in the overall energy business, it said. That was driven by growth in construction and utility industries and after legislation passed in 2022 including the bipartisan Chips Act and President Joe Biden's Inflation Reduction Act, the department said. *(Reuters)*

India: Planning to raise import taxes on vegetable oils to help farmers — govt sources

India, the world's biggest vegetable oil importer, is considering raising import taxes on vegetable oils to help protect farmers reeling from lower oilseed prices, two government sources said on Wednesday. The move, which is likely to be announced in the coming weeks, could dampen demand and reduce overseas purchases of palm oil, soyoil and sunflower oil. *(Reuters)*

Japan: BOJ deputy governor sees rate hike justified if outlook realised

Deputy governor Ryozi Himino said the Bank of Japan (BOJ) will raise interest rates as long as inflation moves in line with the bank's view, underscoring the central bank's essentially unchanged stance following ructions in the financial markets earlier in the month. *(Bloomberg)*

India: Solar panels face US scrutiny for possible links to China forced labour

US Customs and Border Protection (CBP) has detained nearly US\$43m (RM186.7m) in shipments of electronics equipment from India since October, under a 2022 law banning goods made with forced labour, according to agency data, representing a new focus for the trade enforcement agency. While CBP does not specify what types of electronic equipment it has detained. No Indian electronics shipments were detained under the UFLPA in previous years. Nearly a third of the detained Indian electronics shipments were denied, according to CBP. *(Reuters)*



Companies

Capital A: Corporate guarantee for US\$443m bond valid only till completion of aviation business sale to AAX

Capital A Bhd said the corporate guarantee for its US\$443m (RM1.9bn) dual-tranche revenue bond will be valid only until the disposal of its aviation business to AirAsia X Bhd is completed. The private financing will be provided in two tranches. Ares Management Corp and Indies Capital Partners will contribute US\$200m, strategically used to reactivate aircraft grounded during the pandemic. The remaining US\$243m, subscribed by existing aircraft lessors, will be used to refinance current lease liabilities, further strengthening the company's balance sheet. *(The Edge)*

IOI Properties: Not buying Shenton House from CEO but will manage its redevelopment

IOI Properties Group Bhd has declined the offer to purchase Singapore commercial property Shenton House from its chief executive officer and major shareholder Lee Yeow Seng. However, subsidiaries of IOI Properties have been appointed to be the sole project manager and property manager for the redevelopment of the commercial property. *(The Edge)*

Citaglobal: Plan to jointly develop eco-friendly industrial park in Gebeng

In a filing with Bursa Malaysia on Wednesday, Citaglobal said it has entered a binding term sheet with Tree Technologies for the proposed joint venture (JV), based on an equity shareholding of 65% for Citaglobal and 35% for Tree Technologies. Measuring 247 acres, the land is owned by Tree Technologies. The term sheet also encompasses a call option granted by Tree Technologies to Citaglobal to acquire the land for RM90m to be satisfied via a combination of cash and the issuance of new class B irredeemable convertible preference shares in Citaglobal (ICPS-B) to Tree Technologies at an issue price of 80 sen per ICPS-B. Citaglobal said the issue price of 80 sen per ICPS-B represents a 5.68% premium to the five-day volume weighted average market price of Citaglobal shares as of Aug 27, 2024. It did not disclose the estimated gross development value of the proposed industrial park project. *(The Edge)*

Maybank: 2Q net profit rises 8.2% on lower provisions, tax expense

Net profit for the three months ended June 30, 2024, was RM2.5bn compared to RM2.3bn over the same period a year earlier. Net interest income decreased by 0.6% year-on-year to RM3.2bn, while non-interest income dropped by 2.8% to RM2.4bn. Allowances for impairment losses on loans, advances, financing, and other debts decreased to RM381.3m from RM561.7m booked in 2QFY2023. Maybank also announced an interim cash dividend of 29 sen per share, with the payment date to be determined later.

The net interest margin narrowed by 15 basis points year-on-year due to higher funding costs across its home markets of Malaysia, Singapore, and Indonesia. Gross loans expanded by 10.4%, and deposits from customers increased by 7.9%. In terms of asset quality, gross impaired loans improved by 18 basis points to 1.3%, while loan loss coverage stood at 128.7%. *(The Edge)*

Axiata: Posts second straight quarterly profit in 2Q

Axiata Group Bhd reported a return to profitability in the second quarter ended June 30, 2024, with a net profit of RM134.9m, compared to a net loss of RM576.2m in the previous year. This turnaround was due to strong performances from all operating companies except Link Net and Dialog, higher share of results of associates, and lower foreign exchange losses. However, this was partly offset by higher net finance cost and taxation.

The revenue for the quarter stood at RM5.8bn, a 2.9% increase from RM5.6bn in the previous year. The company also announced a dividend of five sen per share for the financial year ending Dec 31, 2024, with the entitlement and payment date to be announced in due course. Axiata stated that, barring any unforeseen circumstances related to the challenging macroeconomic environment, particularly in Sri Lanka and Bangladesh, its revenue growth is in line, while EBIT growth is ahead of headline key performance indicators for 2024. *(The Edge)*

IJM: 1Q net profit drops 14% on unrealised forex and fair value losses

IJM Corp Bhd's net profit for the first quarter ended June 30, 2024 (1QFY2025) fell 13.68% to RM86.9m from RM100.6m a year earlier. It recorded an unrealised foreign exchange loss of RM1.4m in 1QFY2025, as opposed to an unrealised foreign exchange gain of RM41.7m in 1QFY2024, as well as a fair value loss on WCE Holdings Bhd's warrants of RM19.9m. "Adjusting for these factors, the group's pre-tax profit increased by 26%," it said in a statement.

"The replenishment of our order book across the construction and industry divisions remains promising, buoyed by sustained consumer confidence in the property market, robust cargo volumes at Kuantan Port and stable traffic at its toll concessions," said IJM group CEO and managing director Datuk Lee Chun Fai. Its outstanding construction order book stood at RM6.5bn while the property segment recorded unbilled property sales of RM2.3bn, providing support to the group's outlook in FY2025. (*The Edge*)

Malakoff: Posts second consecutive net profit despite revenue dip, declares higher dividend of 2.23 sen

Net profit for the three months ended June 30, 2024 (2QFY2024) came in at RM93.6m, compared to a net loss of RM318.7m a year ago, according to the independent power producer's bourse filing. Quarterly revenue fell 2.4% year-on-year to RM2.3bn from RM2.4bn due to reduced energy payments from the two power plant firms, Tanjung Bin Power Sdn Bhd and Tanjung Bin Energy Sdn Bhd, in line with a decline in applicable coal prices. This decrease was partially offset by higher energy payments from Segari Energy Ventures Sdn Bhd due to a higher dispatch factor, the group said.

Malakoff declared an interim dividend of 2.23 sen per share, up from 1.5 sen per share a year ago, payable on Oct 25. On a quarter-on-quarter basis, net profit more than doubled from RM38.7m, with revenue increasing slightly from RM2.3bn. Looking ahead, Malakoff expects a strong overall performance for the remainder of FY2024, bolstered by several partnerships established earlier this year. (*The Edge*)

KPJ Healthcare: 2Q net profit up 62%, pays one sen DPS

KPJ Healthcare Bhd posted a 61.9% increase in net profit to RM75.9m for the second quarter ended June 30, 2024 (2QFY2024), from RM46.9m a year earlier, on higher revenue. Quarterly revenue rose 18.5% to RM930.6m, from RM785.4m a year earlier, largely contributed by increased bed occupancy rate (BOR) from increased patient visits and increased bed capacity in the current quarter. The group declared a second interim dividend of one sen per share for the financial year ending Dec 31, 2024 (FY2024), payable on Oct 4. Going forward, KPJ Healthcare said it will continue to embark on its strategic initiatives, which include asset optimisation, bed expansion, and talent acquisition. (*The Edge*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
KIP REIT	REIT	0.90	0.08	8.49
Bermaz Auto	Consumer	2.44	0.21	8.48
Sentral REIT	REIT	0.79	0.07	8.48
YTL Hospital REIT	REIT	1.18	0.09	7.29
Amway (M)	Consumer	6.84	0.50	7.27
Hektar REITS	REIT	0.55	0.04	7.16
CapitaLand Malaysia Trust	REIT	0.63	0.04	6.88
British American Tobacco (M)	Consumer	7.96	0.55	6.85
Pavilion REIT	REIT	1.39	0.09	6.76
Sports Toto	Consumer	1.60	0.11	6.63
Datasonic Group	Technology	0.46	0.03	6.52
RHB Bank	Finance	6.16	0.40	6.51
UOA REITS	REIT	0.99	0.06	6.46
Ta Ann Holdings	Plantation	3.81	0.25	6.46
Gas Malaysia	Utilities	3.71	0.24	6.39

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		
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
Solar District Cooling Group Bhd	ACE Market	0.38	118.7	0.0	6 Sep	19 Sep

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