



Daily Newswatch

Market Review

Following three days of gains, the FBM KLCI cooled off to 1,653.6 (-1.3%) yesterday due to profit-taking activities by investors in tandem with the weaker US market overnight. Among the index constituents, the top decliners include CIMB (-4.5%), PCHEM (-3.5%), and YTL (-3.2%). Not surprisingly, all the sectors were mostly in the red except REIT (+0.2%). Overall, the sectors which underperformed mostly include Construction (-4.6%), Technology (-2.3%) and Financial Services (-1.8%). The broader market breadth remained negative with 851 losers outpacing 316 gainers.

Economics

- Malaysia:** Johor-S'pore SEZ deal to be signed by November
- Malaysia:** Sarawak must decouple economic growth from unsustainable energy consumption
- UK:** Trans-Pacific trade agreement to come into force by Dec 15, 2024
- German:** Inflation down in six German states

Companies

- Binastra:** Bags RM155m sewage treatment plant project
- KIP REIT:** Expands portfolio with RM98m acquisition of four industrial properties
- Genting Malaysia:** 2Q net profit up 75%, pays six sen dividend
- TNB:** 2Q profit jumps over fourfold to RM1.45b amid higher electricity sales, favourable forex; plans 25 sen dividend
- IHH Healthcare:** 2Q net profit more than doubles to RM623m, declares 4.5 sen dividend
- Press Metal:** 2Q net profit surges as higher aluminium prices, stronger USD help
- Alliance Bank:** 1Q profit jumps over 17%
- Hong Leong Bank:** Net profit rises nearly 20% in 4Q, to pay 43 sen dividend

Upcoming key economic data releases

	<u>Date</u>
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	1,653.6	(1.3)	13.7
Dow Jones	41,335.1	0.6	9.7
Nasdaq CI	17,516.4	(0.2)	16.7
S&P 500	5,592.0	(0.0)	17.2
FTSE 100	8,379.6	0.4	8.4
Nikkei 225	38,362.5	(0.0)	14.6
Shanghai CI	2,823.1	(0.5)	(5.1)
HSI	17,786.3	0.5	4.3
STI	3,404.5	0.4	5.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,676.3	(7.1)
Value traded (RM m)	3,968.7	(14.7)
Gainers	316	
Losers	851	
Unchanged	458	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CEB	0.345	(1.4)	85.7
KGROUP	0.005	0.0	61.7
SPSETIA	1.030	(4.6)	59.5
ARMADA	0.505	(5.6)	52.4
PBBANK	4.700	(2.1)	49.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.000	(4.5)	346.1
PBBANK	4.700	(2.1)	236.9
MAYBANK	10.680	(1.7)	164.0
RHBBANK	6.110	(0.8)	122.8
GAMUDA	7.380	(5.1)	123.8

Currencies	Last Close	% Chg
USD/MYR	4.3105	0.8
USD/JPY	144.52	0.0
EUR/USD	1.1089	(0.3)
USD/CNY	7.0938	0.5
US Dollar Index	101.23	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	78.2	(0.5)
Gold (USD/troy oz)	2,518	0.5
CPO (MYR/metric t)	4,043	0.6
Bitcoin (USD/BTC)	59,660	0.5

Economics

Malaysia: Johor-S'pore SEZ deal to be signed by November, feedback from businesses being addressed — MB

The Johor and federal governments are taking serious steps to address feedback and concerns of businesses over the upcoming Johor-Singapore Special Economic Zone (JS-SEZ), said Johor Menteri Besar Datuk Onn Hafiz Ghazi. He said at the ASEAN Conference here that issues such as the ease of doing business, ease of people and goods movement, talent availability as well as security and safety in Johor are being actively addressed. To address issues of safety and security, he said the police and local councils in Johor are working together and investing in CCTVs to substantially reduce the crime rate in the state. Meanwhile, Onn Hafiz, in addressing concerns over a delay in the signing of the final agreement, said that the details and incentives are still being fine-tuned. *(Bernama)*

Malaysia: Sarawak must decouple economic growth from unsustainable energy consumption — premier

Sarawak stands at a critical juncture where the state must decouple economic growth from unsustainable energy and resource consumption, said Sarawak Premier Tan Sri Abang Johari Tun Openg. "We are committed to fostering inclusive growth through sustainable resource use, ensuring that our economic growth does not lead to an overconsumption of resources and high greenhouse gas emissions," he said in his keynote address at the Australia-ASEAN Business Forum 2024 in Sydney, Australia, on Thursday. He said the state had set an ambitious goal to achieve a 10-gigawatt renewable energy mix by 2030 or the '102030' goal. *(Bernama)*

UK: Trans-Pacific trade agreement to come into force by Dec 15, 2024

The British government said on Thursday that its agreement to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) would enter into force by Dec 15 this year after it received the final ratification required. CPTPP is a free trade agreement sealed in 2018 among 11 countries, including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. The CPTPP requires countries to eliminate or significantly reduce tariffs and strongly commit to opening services and investment markets. It also has rules around competition, intellectual property rights, and protections for foreign companies. *(Reuters)*

German: Inflation down in six German states, pointing to national decline

Inflation fell in six important German states in August due to lower energy prices, preliminary data showed on Thursday, suggesting Germany's national inflation rate could decline noticeably this month. In Saxony, the inflation rate fell in August to 2.6% from 3.1% in the previous month, in Brandenburg it fell to 1.7% from 2.6%, in Baden-Wuerttemberg it fell to 1.5% from 2.1%, in Hesse it fell to 1.5% from 1.8% and in Bavaria it fell to 2.1% in August from 2.5% in July. The inflation rate in North Rhine-Westphalia, Germany's most populous state, fell to 1.7% in August from 2.3% in July. *(Reuters)*

Companies

Binastra: Bags RM155m sewage treatment plant project in Sri Hartamas

Binastra Corp Bhd, formerly Comintel Corp Bhd, has secured an RM155m contract to redevelop a sewage treatment plant in Sri Hartamas. The contract shall be completed in 36 months from the commencement date, which GLSB will notify, said Binastra in a filing with the bourse. As of Thursday, Binastra's outstanding order book is about RM2.3bn. This latest contract boosted the group's year-to-date contract wins for FY2025 to RM1.4bn. *(The Edge)*

KIP REIT: Expands portfolio with RM98m acquisition of four industrial properties

KIP Real Estate Investment Trust, which primarily invests in retail properties, has proposed to acquire another four industrial properties for a total purchase price of RM98.3m. The first SPA is a leasehold land with an industrial building in Cheras Jaya which includes a factory with a net lettable area of 66,632 sq feet. The second SPA involves the purchase of a warehouse on 5.7 acres of freehold land in Pasir Gudang, Johor with a net lettable area of 184,120 sq ft. The third SPA is an existing lease over part of leasehold land with an industrial building in the Port Klang Free Zone, Pulau Indah. The warehouse, is situated on 6.4 acres of leasehold land with a net lettable area of 193,365 sq feet. The final SPA involves the acquisition of a processing plant sited on 9.7 acres of leasehold land in Bintulu, Sarawak with a net lettable area of 207,315 sq feet.

Upon completion, KIP REIT's portfolio will expand to 15 assets, including the seven KIPMalls, AEON Mall Kinta City and three existing industrial properties in Pulau Indah. This expansion will increase its total net lettable area by 30.8%, from the current 2.08m sq ft to 2.73m sq ft. *(The Edge)*

Genting Malaysia: 2Q net profit up 75%, pays six sen dividend

Genting Malaysia Bhd saw its net profit rose 74.5% to RM82.2m for the second quarter ended June 30, 2024 (2QFY2024) from RM47.1m a year earlier, driven by its leisure and hospitality business. Quarterly revenue rose 7.9% to RM2.7bn from RM2.5bn a year earlier. This was predominantly due to higher volume of business from Resorts World Genting's (RWG) gaming and non-gaming segments and offset by higher operating expenses incurred. Revenue from the leisure and hospitality businesses in the UK and Egypt also rose 20% y-o-y to RM468.8m, while that in the US and Bahamas increased 11% y-o-y. GENM declared an interim dividend of six sen per share for the financial year ending Dec 31, 2024 (FY2024), payable on Oct 7.

On its outlook, GENM said it is cautiously optimistic of the near-term prospects of the leisure and hospitality industry and remains positive in the longer term. In Malaysia, GENM remains focused on leveraging its integrated resort offerings to capitalise on the ongoing recovery in regional travel. Its investment in new and refreshed products and lifestyle experiences is part of the group's ongoing strategy to strengthen its position as a premier tourism destination and drive further growth. *(The Edge)*

TNB: 2Q profit jumps over fourfold to RM1.45b amid higher electricity sales, favourable forex; plans 25 sen dividend

Tenaga Nasional Bhd's (TNB) net profit for the second quarter ended June 30, 2024 (2QFY2024) jumped more than fourfold to RM1.5bn from RM327.9m a year ago, as it recorded higher electricity sales, a favourable foreign exchange translation, and lower net finance costs. Operating profit for the quarter rose 19.9% year-on-year (y-o-y) to RM2.2bn from RM1.9bn, primarily due to a smaller negative fuel margin amid more stable coal prices. Quarterly revenue grew 7.83% y-o-y to RM14.4bn from RM13.3bn, driven by a 5.7% or RM745.8m increase in electricity sales. TNB proposed an interim single-tier dividend of 25 sen per share with payment dates to be announced in due course.

The utilities giant noted that the imbalance cost pass-through (ICPT) under-recovery fell to RM5.2bn for 6MFY2024, from RM6.5bn in the same period the previous year, due to a lower negative fuel margin. TNB is anticipating stable performance for the rest of FY2024, given that the Malaysian economy is projected to grow between 4% and 5%. *(The Edge)*



IHH Healthcare: 2Q net profit more than doubles to RM623m, declares 4.5 sen dividend

Net profit for the three months ended June 30, 2024 (2QFY2024) rose to RM623m from RM301m, according to the group's bourse filing on Thursday. Revenue climbed 30.36% to RM6.1bn from RM4.7bn on sustained patient volume growth and taking on more acute, complex cases across all markets. IHH announced an interim dividend of 4.5 sen per share, which will be paid on Oct 30. IHH expressed confidence in its growth trajectory and said it aims to add nearly 4,000 new beds over the next five years. "Overall, the group expects continued revenue growth fuelled by healthcare megatrends and will focus on driving profitability and sustaining healthy return on equity, while maintaining prudent capital management and mitigating inflationary and interest rates pressures," the group said in a statement. (*The Edge*)

Press Metal: 2Q net profit surges as higher aluminium prices, stronger USD help

Net profit for the three months ended June 30, 2024 (2QFY2024) was RM505.8m compared to RM305.8m over the same period a year earlier. Revenue for the quarter rose 5.2% year-on-year to RM4bn from RM3.8bn. Apart from macroeconomic uncertainties, rising alumina prices from temporary supply interruptions are lifting costs, Press Metal flagged, "though we anticipate these pressures to ease by year end as supply normalises".

"We remain optimistic about aluminium's long-term prospects as economic conditions improve," said CEO Tan Sri Paul Koon. The cost of alumina, meanwhile, has risen due to shortages of the essential feedstock in China since the start of 2024, helping to keep aluminium prices elevated. The company has also declared an interim dividend of 1.75 sen per share, amounting to total payout of RM144.2m, payable on Sept 30. (*The Edge*)

Alliance Bank: 1Q profit jumps over 17%

Alliance Bank Malaysia Bhd reported a net profit of RM176.7m in the first quarter ended June 30 (1QFY2025), up 17.3% from RM150.5m a year ago. It did not declare any dividends. The bank's net interest income grew 15.8% to RM464.7m, driven by higher loan volume while net interest margin was at 2.45%. This included net income from Islamic banking business of RM130.1m. The non-interest income rose 15.7% to RM75.1m, primarily from higher wealth management income, foreign exchange sales and trade fees.

In a separate statement, the banking group said overall loan momentum continued with a 14.8% year-on-year (y-o-y) growth, almost double that of the 7.9% growth recorded in 1QFY2024. The positive performance was led by the bank's small and medium enterprise (SME) (17.1% y-o-y), commercial (17.5% y-o-y), corporate (9.7% y-o-y) and consumer (14.0% y-o-y) banking growth. Meanwhile, Alliance Bank's customer deposits grew 11.6% year-on-year, and its current accounts savings accounts (CASA) ratio remains one of the industry's highest at 41.5%. (*The Edge*)

Hong Leong Bank: Net profit rises nearly 20% in 4Q, to pay 43 sen dividend

Net profit for the three months ended June 30, 2024 (4QFY2024) was RM1bn compared to RM864.7m over the same period a year earlier. Net interest income grew 10.7% y-o-y to RM1.2bn, led by expansion in loan/financing and effective funding cost management. Meanwhile, non-interest income grew 26.5% y-o-y to RM271m, on the back of higher fee income from wealth management and credit card related fees, coupled with gains in foreign exchange. The company booked writeback of impairment on losses on loans, advances and financing totalling RM31.2m compared to allowance of RM14.4m in 4QFY2023. A final dividend of 43 sen per share was also declared for the current quarter payable on a date to be determined later.

As of June 30, Hong Leong's gross loans and financing grew 7.3% y-o-y to RM194.9bn, contributed by its expansion in mortgage, auto loans, small and medium enterprise (SME) and commercial banking segments, as well as from its overseas market. Meanwhile, customer deposits increased 4.1% to RM220.4bn, with current accounts and saving accounts (CASA) delivering growth of 10.0% to RM71.6bn as of June 30. (*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	2.51	0.21	8.25
YTL Hospital REIT	REIT	1.17	0.09	7.35
Amway (M)	Consumer	6.82	0.50	7.29
Hektar REITS	REIT	0.54	0.04	7.22
British American Tobacco (M)	Consumer	7.85	0.54	6.94
CapitaLand Malaysia Trust	REIT	0.63	0.04	6.88
Datasonic Group	Technology	0.45	0.03	6.74
Pavilion REIT	REIT	1.40	0.09	6.71
Sports Toto	Consumer	1.59	0.11	6.67
RHB Bank	Finance	6.11	0.40	6.53
UOA REITS	REIT	0.99	0.06	6.46
Gas Malaysia	Utilities	3.66	0.23	6.37
Paramount Corporation	Property	1.07	0.07	6.26

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

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
Email: mercurykl@mersec.com.my