



Daily Newswatch

Market Review

The FBM KLCI ended the week in the green, closing at 1,678.8 (+1.5%) last Friday on the back of big gains in utility heavyweights. Among the index constituents, the top gainers include YTLPOWER (+6.0%), YTL (+5.5%), and NESTLE (+5.4%). Not surprisingly, all the sectors were in the green, led by Property (+3.5%), Utilities (+3.1%) and Technology (+2.2%). The broader market breadth turned positive with 771 gainers outpacing 421 losers.

Economics

- **US:** Consumer spending solid in July; inflation rises moderately
- **US:** Fed's Bostic: It is 'time to move' on rate cuts, but wants to be sure
- **EU:** Lowest eurozone inflation in three years sets up ECB for cut
- **India:** Outperforms other major economies even as growth slows in April-June

Companies

- **Pansar:** Clinches RM805m contract for Kuching Urban Transportation System
- **MSM:** Wins deal to export grain sugar to China
- **Axis REIT:** Plans private placement of 15% issued units to raise RM455m
- **CIMB Group:** 2Q net profit rises 11%, proposes special dividend
- **Press Metal:** 2Q net profit surges as higher aluminium prices, stronger USD help
- **Mah Sing:** 2Q net profit up 19%, achieves sales of RM1.7b in Jan-Aug

Upcoming key economic data releases

	Date
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	1,678.8	1.5	15.4
Dow Jones	41,563.1	0.6	10.3
Nasdaq CI	17,713.6	1.1	18.0
S&P 500	5,648.4	1.0	18.4
FTSE 100	8,376.6	(0.0)	8.3
Nikkei 225	38,647.8	0.7	15.5
Shanghai CI	2,842.2	0.7	(4.5)
HSI	17,989.1	1.1	5.5
STI	3,442.9	1.1	6.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,957.2	7.6
Value traded (RM m)	6,223.9	56.8
Gainers	771	
Losers	421	
Unchanged	437	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SUNWAY	4.100	2.8	234.7
PBBANK	4.820	2.6	80.6
VELESTO	0.210	0.0	78.2
BARAKAH	0.075	7.1	55.4
CEB	0.365	5.8	46.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
SUNWAY	4.100	2.8	962.4
TENAGA	14.640	5.0	407.1
PBBANK	4.820	2.6	384.8
CIMB	8.200	2.5	377.7
MAYBANK	10.780	0.9	307.2

Currencies	Last Close	% Chg
USD/MYR	4.3205	(0.2)
USD/JPY	146.17	(0.8)
EUR/USD	1.1048	(0.3)
USD/CNY	7.0913	0.1
US Dollar Index	101.70	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	76.9	(2.4)
Gold (USD/troy oz)	2,503	(0.7)
CPO (MYR/metric t)	4,075	0.7
Bitcoin (USD/BTC)	59,141	0.2

Economics

US: Consumer spending solid in July; inflation rises moderately

US consumer spending increased solidly in July, suggesting the economy remained on firmer ground early in the third quarter and arguing against a half-percentage-point interest rate cut from the Federal Reserve next month. Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.5% last month after advancing by an unrevised 0.3% in June, the Commerce Department's Bureau of Economic Analysis reported. Personal income rose 0.3% last month after gaining 0.2% in June. Wages climbed 0.3% after increasing 0.2% in June. Consumers are also saving less and tapping savings to fund their spending. *(Reuters)*

US: Fed's Bostic: It is 'time to move' on rate cuts, but wants to be sure

Federal Reserve Bank of Atlanta president Raphael Bostic on Wednesday said that with inflation down farther and the unemployment rate up more than he anticipated, it may be "time to move" on rate cuts, but he wants to be sure before pulling that trigger. Bostic said he will want to see confirmation from the monthly jobs report and two inflation reports due before the Fed's Sept 17-18 meeting that the economic trends are continuing. For much of this year Bostic had said he expected the Fed would need to cut rates just once this year, likely in the fourth quarter. In recent weeks he has signalled his openness to starting earlier. *(Reuters)*

EU: Lowest eurozone inflation in three years sets up ECB for cut

Inflation in the 20 countries sharing the euro currency fell to 2.2% this month, the slowest pace since July 2021 and closing in on the ECB's 2% target, according to a flash reading by the European Union statistics office, Eurostat. ECB board member and prominent policy 'hawk' Isabel Schnabel appeared to open the door to more easing on Friday, saying further gradual rate cuts might not derail the disinflation process as some policymakers had feared. Still, the report showed price growth in the services sector accelerated to 4.2% from an already high 4.0%. This was the probable result of a boost from the Olympic Games in Paris, but also greater spending power by workers after some recent pay increases. *(Reuters)*

India: Outperforms other major economies even as growth slows in April-June

India's economic growth slowed to 6.7% year-on-year in the April-June quarter as a decline in government spending during national elections weighed, data showed on Friday, but it remained the world's fastest-growing major economy. Manufacturing, which makes up about 17% of India's GDP, grew by 7% year-on-year in the April-June quarter, compared to an 8.9% expansion in the previous quarter. Agricultural output rose 2% year on year in the same period, up from 1.1% in the previous quarter. Plentiful rainfall this year is expected to enhance farm output, rural incomes and consumer demand, a trend reflected in the increased sales of two-wheelers and tractors in July. *(Reuters)*

Companies

Pansar: Clinches RM805m contract for Kuching Urban Transportation System

Pansar Bhd has clinched an RM804.7m contract for the Kuching Urban Transportation System (KUTS) Blue-Line Package 2 in Sarawak. The contract was awarded to Pansar's wholly-owned Perbena Emas Sdn Bhd (PESB), in collaboration with China Road & Bridge Corporation (CBRC). The award came through a letter of acceptance from Sarawak Metro Sdn Bhd (SMSB), which is wholly-owned by Sarawak Economic Development Corp. According to Pansar, the project was awarded through an open tender, as advertised by SMSB on April 23. With this contract, PESB and CRBC will form a joint venture to execute the project. *(The Edge)*

MSM: Wins deal to export grain sugar to China, aims to deliver 45,000 tonnes this year

MSM Malaysia Holdings Bhd announced on Friday that it has secured a deal to export grain sugar to China and targets to deliver 45,000 tonnes by the end of this year. While it did not disclose the value of the deal. The group also said MSM Johor's location is geo-strategic to meet growing demand in China and to further its goal of becoming an integrated sugar refining centre, including offering value-added products such as liquid sugar and premix. It said MSM Johor is poised to expand its internal storage capacity with the addition of two new refined sugar warehouses, as well as install additional packing lines and reduce reliance on external warehouse rentals to achieve better supply chain cost efficiencies. *(The Edge)*

Axis REIT: Plans private placement of 15% issued units to raise RM455m

Axis Real Estate Investment Trust is proposing a private placement to raise up to RM455m for repayment of bank financing. The proposed placement involves up to 15.05% of its issued units, or 263m new units, to investors to be identified later, Axis REIT said in an exchange filing. *(The Edge)*

CIMB Group: 2Q net profit rises 11%, proposes special dividend

Net profit for the three months ended June 30, 2024 (2QFY2024) was RM2bn compared with RM1.8bn over the same period a year earlier. Net interest income rose 2% year-on-year to RM2.8bn while non-interest income was 2% higher at RM1.6bn. CIMB has also proposed a cash dividend of 27 sen per share, comprising a special dividend of seven sen per share and an interim dividend of 20 sen per share.

"Price discipline and deposit-led strategies to address industry NIM compression in 2023 are starting to pay off, resulting in a second straight quarter of NIM expansion with seven basis points in 1H24. Loan growth continued its momentum, rising 4.2% year on year (y-o-y) from all markets and segments, while deposits grew by 2.7% y-o-y. CASA ratio recorded 40.9% as at June 2024, up from 38.5% as at June 2023," CIMB said. Cost-to-income ratio improved 40 bps y-o-y to 45.6%, as the group kept operating expenses under control with a 7.9% y-o-y increase, mainly due to increased investments in technology, which rose 9.4% y-o-y. "We are optimistic for the remainder of the year," said CIMB group chief executive officer Novan Amirudin. *(The Edge)*

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

Malaysia Airports Holdings Bhd's net profit for the second quarter doubled to RM205.8m from RM102.5m a year earlier, thanks to higher contributions from associate and joint venture companies. Revenue rose 11.93% to RM1.38 billion from RM1.23 billion in 2QFY2023, driven by higher passenger volumes resulting from new airline operations, resumption of airline routes, introduction of new services, the 30-day visa-free policy for Chinese and Indian travellers, delivery of new aircraft, and the haj season.

Looking ahead to FY2024, MAHB anticipates continued growth, with passenger traffic expected to near pre-pandemic levels. Additionally, MAHB said its focus on upgrading infrastructure, boosting operational efficiencies, and enhancing passenger services positions the group to effectively leverage the expected rise in air travel demand. *(The Edge)*



Mah Sing: 2Q net profit up 19%, achieves sales of RM1.7b in Jan-Aug

Net profit for the three months ended June 30, 2024 (2QFY2024) climbed to RM60.2m from RM50.5m a year earlier, driven by higher margins and lower net finance costs. Quarterly revenue, however, fell 10.2% y-o-y to RM578.4m from RM644.2m, mainly due to a higher proportion of new sales from projects where significant revenue is expected once construction progresses beyond the initial stages. No dividend was declared for the quarter under review.

The group is on track for a strong FY2024 performance, supported by RM2.4bn in unbilled sales, said Mah Sing in a statement on Friday. Gearing up with multiple new launches, it added that it is on track to meet its minimum sales target of RM2.5bn for 2024 and anticipates stronger sales in the rest of the year. "With three new land acquisitions this year, in addition to five in 2023, the group has secured close to RM10bn in new gross development value, ensuring sustainable earnings visibility. Free cash flows of approximately RM500m which is periodically generated from vacant possessions and property completions this year will further boost liquidity," said Mah Sing. (*The Edge*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
KIP REIT	REIT	0.91	0.08	8.40
Bermaz Auto	Consumer	2.50	0.21	8.28
YTL Hospital REIT	REIT	1.18	0.09	7.29
Amway (M)	Consumer	6.88	0.50	7.22
Hektar REITS	REIT	0.55	0.04	7.16
British American Tobacco (M)	Consumer	7.80	0.54	6.99
CapitaLand Malaysia Trust	REIT	0.64	0.04	6.72
Pavilion REIT	REIT	1.41	0.09	6.67
Sports Toto	Consumer	1.59	0.10	6.54
RHB Bank	Finance	6.13	0.40	6.51
UOA REITS	REIT	0.99	0.06	6.50
Datasonic Group	Technology	0.47	0.03	6.45
MBM Resources	Consumer	5.98	0.38	6.42
Gas Malaysia	Utilities	3.69	0.23	6.31
MAG Holdings	Consumer	1.24	0.08	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		
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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