



Daily Newswatch

Market Review

Despite opening higher, the FBM KLCI encountered mild profit-taking throughout the day and ended flat at 1,678.2. Among the index constituents, the top gainers include YTL (+4.1%) and YTLPOWER (+3.1%), while the top decliners include PETDAG (-2.5%) and AXIATA (-2.0). The top performed sectors include Construction (+1.5%) and Utilities (+1.4%), while the top loss-making sectors include Transportation & Logistics (-0.8%) and Energy (-0.8%). The overall broader market breadth remained on the positive side, with 679 gainers against 467 losers.

Economics

- **New Zealand, Malaysia:** Increase bilateral trade value by 50% by 2030
- **Japan:** 2Q capex rises strongly, signals solid domestic demand
- **China:** Warns Japan of 'severe' retaliation for possible new chip curbs
- **Malaysia:** Reduce corporate tax, provide incentives in key sectors in Budget 2025 — FMM

Companies

- **99 Speedmart:** 2Q24 profit jumps 66% y-o-y
- **Econpile:** Wins RM71.2m contract for basement-related job in downtown KL
- **Binastra:** Wins RM235m contract to build 39-storey apartment
- **Pekat:** Unit bags 10-year solar plus battery power contract
- **Kenanga:** Acquires 8% stake in Singaporean fintech firm Helicap
- **DRB-Hicom:** LHDN seeks RM246m from DRB-Hicom for Alam Flora stake sale
- **Plantation:** Proposal for plantation firms to return 20% of leased land to state govts to renew lease

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	1,678.2	(0.0)	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	8,363.8	(0.2)	8.2
Nikkei 225	38,700.9	0.1	15.6
Shanghai CI	2,811.0	(1.1)	(5.5)
HSI	17,692.0	(1.7)	3.8
STI	3,463.1	0.6	6.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,252.0	(17.8)
Value traded (RM m)	3,022.7	(51.4)
Gainers	679	
Losers	467	
Unchanged	464	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TALAMT	0.030	20.0	115.5
TWL	0.025	0.0	62.7
WCT	1.020	(3.8)	60.7
MRCB	0.595	8.2	58.7
NOTION	1.130	18.9	53.9

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.300	1.2	332.0
TENAGA	14.560	(0.5)	149.8
PBBANK	4.750	(1.5)	119.5
MAYBANK	10.760	(0.2)	102.4
GAMUDA	7.550	0.7	96.6

Currencies	Last Close	% Chg
USD/MYR	4.3575	(0.8)
USD/JPY	146.96	(0.0)
EUR/USD	1.1067	(0.0)
USD/CNY	7.1173	(0.4)
US Dollar Index	101.65	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	77.5	0.8
Gold (USD/troy oz)	2,498	(0.1)
CPO (MYR/metric t)	4,032	(1.1)
Bitcoin (USD/BTC)	59,246	0.4



Economics

New Zealand, Malaysia: Increase bilateral trade value by 50% by 2030

New Zealand and Malaysia have agreed to expand bilateral trade value by 50% by 2030, said New Zealand Prime Minister Christopher Luxon on Monday. "We are working on e-certification and new customs cooperation to ensure smooth flows at the borders, and we also discussed strengthening our education links and our youth exchanges, so that the next generation of Kiwis (New Zealanders) and Malaysians have that same close relationship that we enjoy," he said at a joint press conference with Malaysia's Prime Minister Datuk Seri Anwar Ibrahim at the Prime Minister's Office in Putrajaya. (*Bernama*)

Japan: 2Q capex rises strongly, signals solid domestic demand

Japanese corporate spending on plant and equipment rose at a faster pace in the second quarter, keeping alive expectations of a domestic-led recovery in economic growth and supporting the case for more interest rate increases over coming months. Capital spending accelerated by 7.4% year-on-year in the April-June quarter, from the previous quarter's rise of 6.8%, the Ministry of Finance's data showed on Monday. It grew 1.2% on a seasonally adjusted quarterly basis. Monday's capex data also showed corporate sales rose 3.5% in the second quarter from a year earlier. Recurring profits increased 13.2% to 35.8tn yen (US\$244.79bn, or RM1.06tn), a quarterly record. (*Bloomberg*)

China: Warns Japan of 'severe' retaliation for possible new chip curbs

Senior Chinese officials have repeatedly outlined that position in recent meetings with their Japanese counterparts, according to people familiar with the matter. One specific fear in Japan, Toyota Motor Corp privately told officials in Tokyo, is that Beijing could react to new semiconductor controls by cutting Japan's access to critical minerals that are essential for automotive production, the people said, declining to be named discussing private affairs. The US has been pressuring Japan to impose additional restrictions on the ability of firms including Tokyo Electron to sell advanced chipmaking tools to China, part of a long-running campaign to curtail China's semiconductor progress. (*Bloomberg*)

Malaysia: Reduce corporate tax, provide incentives in key sectors in Budget 2025 – FMM

The Federation of Malaysian Manufacturers (FMM) has urged the government to consider reducing the corporate tax in the upcoming Budget 2025 to maintain Malaysia's competitiveness in attracting foreign investments. FMM president Tan Sri Soh Thian Lai said its members also hope the government will expand tax incentives to stimulate growth, particularly in key sectors like technology, manufacturing and green energy, to align with global trends in driving innovation and economic diversification. Additionally, some FMM members also support the reintroduction of the goods and services tax (GST) at a lower rate, which could help broaden Malaysia's tax base without overburdening consumers. Soh also expressed hope that the government would consider implementing the Government Procurement Act soon, pointing out that 88% of its members are currently not supplying to the government. (*Bernama*)



Companies

99 Speedmart: 2QFY24 profit jumps 66% y-o-y

99 Speed Mart Retail Holdings Bhd posted a 66.3% year-on-year jump in its 2QFY24 net profit to RM125.5m (from RM75.5m in 2QFY23), driven by higher sales from its expanded number of outlets and higher other operating income. Revenue for 2QFY24 rose 8.2% to RM2.4bn from RM2.2bn in 2QFY23, following positive contributions from 59 new outlets during the quarter, bringing the group's total outlet count to 2,646 as at June 30, 2024.

For 1HFY2024, 99 Speed Mart recorded a net profit of RM258.9m, up 41.7% from RM182.6m in the same period last year, as revenue climbed 8.6% to RM4.8bn from RM4.5bn. Overall, the mini market chain operator saw a net addition of 123 outlets in 1HFY2024. "Our strong financial performance, driven by strategic outlet expansion and successful launch of our e-commerce bulk sales platform, underscores our commitment to provide greater convenience and value to our customers," said 99 Speed Mart's founder and chief executive officer Lee Thiam Wah in a statement. (*The Edge*)

Our comment: 99 Speed Mart 1HFY24 net profit of RM258.9m was in line with our expectations and accounted for 49.5% of our FY24 full-year forecast. On annualised basis, this implies 26.5x FY24 PE based on the RM1.65 IPO price. We have an FV of RM1.99 based on 29x FY25 EPS, which is in line with the average valuation of large-cap consumer stocks.

Econpile: Wins RM71.2m contract for a basement-related job in downtown KL

Econpile Holdings Bhd has secured an RM71.2m contract to undertake demolition, substructure and basement work for a 55-storey building located along Jalan Sultan Ismail, Kuala Lumpur. The work is expected to be completed within 28 months starting from September 2, Econpile said. (*The Edge*)

Binastra: Wins RM235m contract to build 39-storey apartment in PJ

Binastra Corp Bhd has secured an RM235.5m contract from Mightyprop Sdn Bhd to undertake construction work for a 39-story serviced apartment in Petaling Jaya, Selangor. The latest contract wins boosts Binastra's year-to-date new contract total to RM1.6bn, with the group's outstanding order book valued at RM2.5bn as of September 2. Binastra noted that the project is expected to be completed within 40 months from the commencement date, which will be notified in due course by the architect's instruction. (*The Edge*)

Pekat: Unit bags 10-year solar plus battery power contract in Maldives

Pekat Group Bhd's indirect wholly-owned unit Solaroo RE (Maldives) Pvt Ltd has secured a 10-year contract worth US\$6.9m (approximately RM30m) to supply solar-generated electricity to Maldives-based Sun Investments Pvt Ltd. The project's approximate value of US\$6.9m is based on the expected generation of approximately 25.45m kWh of electricity over the 10-year contract period. (*The Edge*)

Kenanga: Acquires 8% stake in Singaporean fintech firm Helicap

Kenanga Investment Bank Bhd said on Monday it has acquired an 8% stake in Singaporean fintech firm Helicap Pte Ltd at an undisclosed price. Helicap owns and operates an investment platform specialising in private credit in Southeast Asia, and the company has a proprietary credit analytics engine. For Kenanga, the acquisition is part of a move to further advance its own digitalisation initiatives, said group managing director Datuk Chay Wai Leong. (*The Edge*)

DRB-Hicom: LHDN seeks RM246m from DRB-Hicom for Alam Flora stake sale

DRB-Hicom Bhd said it has received a notice of assessment from the Inland Revenue Board (LHDN) amounting to RM246.3m for the year of assessment 2020. The notice was pursuant to LHDN's decision "to treat the disposal of a long-term investment held in a subsidiary as income" in the assessment year,



DRB-Hicom said. The group intends to appeal and potentially initiate legal proceedings to challenge the notice, it said. *(The Edge)*

Plantation: Proposal for plantation firms to return 20% of leased land to state govts to renew lease
– Ahmad Zahid

A proposal is being considered for plantation companies whose land leases with the government have expired, to return 20% of the leased land to the state government if they wish to renew the lease. Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said this proposal is currently being thoroughly reviewed by the Bumiputera Economic Council (MEB), in collaboration with state governments and the federal territories, before it is implemented. As chairman of the MEB steering committee, Ahmad Zahid said the proposal is part of the government's effort to ensure that the returned land benefits the people. *(Bernama)*



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.46	0.21	8.41
KIP REIT	REIT	0.91	0.08	8.40
YTL Hospital REIT	REIT	1.19	0.09	7.23
Amway (M)	Consumer	6.94	0.50	7.16
Hektar REITS	REIT	0.55	0.04	7.09
British American Tobacco (M)	Consumer	8.00	0.55	6.81
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.62
Pavilion REIT	REIT	1.43	0.09	6.57
UOA REITS	REIT	0.98	0.06	6.53
RHB Bank	Finance	6.11	0.40	6.53
Sports Toto	Consumer	1.60	0.10	6.50
MBM Resources	Consumer	6.04	0.39	6.49
Datasonic Group	Technology	0.47	0.03	6.45
Gas Malaysia	Utilities	3.67	0.23	6.35
MAG Holdings	Consumer	1.23	0.08	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

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