



Daily Newswatch

Market Review

The FBM KLCI ended the week lower in the red at 1,653.1 (-0.7%), mirroring the cautious mood in global markets ahead of the key US jobs data. Among the index constituents, the top decliners include YTL (-7.8%), MISC (-5.3%), and YTLP (-4.6%). The top loss-making sectors include Construction (-1.6%), Energy (-1.4%) and Industrial Products & Services (-1.2%). The overall broader market breadth remained negative, with 661 losers outpacing 316 gainers.

Economics

- **US:** Job growth picks up moderately; unemployment rate falls to 4.2%
- **EU:** GDP up by 0.2% and employment up by 0.2% in the euro area
- **US:** Fed policymakers say they are ready to start cutting interest rates
- **Malaysia:** Anwar: Budget 2025 to address inflation, cost of living issues
- **US:** Targets China with quantum and chip-related export curbs

Companies

- **Varia:** Bags another flood mitigation job in Johor worth RM334.7m
- **Gamuda:** Ulu Padas hydroelectric project approved by Sabah energy regulator
- **MyEG:** Partners with China customs agency in bid to secure 'single window' project
- **JHM:** Acquires leasehold land with buildings in Sungai Petani
- **Gadang:** Subsidiaries face RM9.8m claim for RTS Link work
- **OSK Holdings:** Acquires Universal Cable's assets for RM85m
- **MISC:** MISC and Dutch-operator SBM agrees to exchange FPSO

Upcoming key economic data releases

	Date
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	1,653.1	(0.7)	13.6
Dow Jones	40,345.4	(1.0)	7.0
Nasdaq CI	16,690.8	(2.6)	11.2
S&P 500	5,408.4	(1.7)	13.4
FTSE 100	8,181.5	(0.7)	5.8
Nikkei 225	36,391.5	(0.7)	8.7
Shanghai CI	2,765.8	(0.8)	(7.0)
HSI	17,444.3	(0.1)	2.3
STI	3,454.5	(0.1)	6.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,351.3	(28.7)
Value traded (RM m)	3,057.5	(11.0)
Gainers	316	
Losers	661	
Unchanged	474	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
HAWK	0.390	13.0	72.2
YTL	2.490	(7.8)	60.1
YTLPOWR	3.520	(4.6)	49.4
PBBANK	4.750	0.0	44.9
CEB	0.345	1.5	37.1

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.750	0.0	212.7
TENAGA	14.720	(0.7)	209.9
CIMB	8.160	(0.7)	193.3
YTLPOWR	3.520	(4.6)	174.6
MAYBANK	10.800	0.0	157.4

Currencies	Last Close	% Chg
USD/MYR	4.3302	0.2
USD/JPY	142.3	0.8
EUR/USD	1.1084	(0.2)
USD/CNY	7.098	(0.1)
US Dollar Index	101.18	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	71.1	(2.2)
Gold (USD/troy oz)	2,497	(0.8)
CPO (MYR/metric t)	3,980	(1.0)
Bitcoin (USD/BTC)	54,603	0.8

Economics

US: Job growth picks up moderately; unemployment rate falls to 4.2%

US employment increased less than expected in August, but a drop in the jobless rate to 4.2% suggested an orderly labour market slowdown continued and probably did not warrant a big interest rate cut from the Federal Reserve this month. Non-farm payrolls increased by 142,000 jobs last month after a downwardly revised 89,000 rises in July. A surge in immigration, partly blamed for the jump in the unemployment rate from a five-decade low of 3.4% in April 2023, now means the economy needs to create between 145,000 and 200,000 jobs per month to keep up with growth in the working-age population. Household employment rose 168,000 last month, more than absorbing the 120,000 people who entered the labour force. That pulled the unemployment rate down from a near three-year high of 4.3% in July. *(Reuters)*

EU: GDP up by 0.2% and employment up by 0.2% in the euro area

In the second quarter of 2024, seasonally adjusted GDP increased by 0.2% in both the euro area and the EU, compared with previous quarter. Poland (+1.5%) recorded the highest increase of GDP compared to the previous quarter, followed by Greece (+1.1%) and the Netherlands (+1.0%). The highest decreases were observed in Ireland (-1.0%), Latvia (-0.9%) and Austria (-0.4%). The number of employed persons increased by 0.2% in the euro area and by 0.1% in the EU in the second quarter of 2024, compared with the previous quarter. In the second quarter of 2024, Ireland, Lithuania (both +1.1%) and Estonia (+0.8%) recorded the highest growth of employment in persons compared with the previous quarter. The highest decrease of employment was recorded in Romania (-0.5%) and Finland (-0.4%). *(Eurostat)*

US: Fed policymakers say they are ready to start cutting interest rates

Federal Reserve (Fed) policymakers on Friday signalled they are ready to kick off a series of interest rate cuts at the US central bank's meeting in two weeks, noting a cooling in the labour market that could accelerate into something more dire in the absence of a policy shift. Their remarks were widely seen as endorsing a quarter-percentage-point reduction in the Fed's policy rate, and leaving the door open to further and perhaps bigger moves should the job market continue to slow down. "It is now appropriate to dial down the degree of restrictiveness in the stance of policy by reducing the target range for the federal funds rate," New York Fed President John Williams said at a Council on Foreign Relations event. Speaking at the University of Notre Dame, Fed Governor Christopher Waller went further, saying he could support back-to-back cuts, or bigger cuts, if the data suggests the need. Chicago Fed President Austan Goolsbee, who has for months signalled he thinks rates need to come down, also said he wants to calibrate policy based on data as it comes in. *(Bloomberg)*

Malaysia: Anwar: Budget 2025 to address inflation, cost of living issues

Prime Minister Datuk Seri Anwar Ibrahim said the government will prioritise strategies to stabilise inflation and address the rising cost of living in Budget 2025. "I just returned from Vladivostok, Russia (where) I met President Vladimir Putin. Questions were raised about our inflation rate, which is at 2%, while some food sectors see inflation at 3% to 3.5%. Even that has been a challenge to manage. "My focus and strategy for the budget (presentation) in October is to find solutions to the cost of living issues... Although, compared to neighbouring countries like Thailand, Indonesia and Singapore, our inflation is relatively low," he said. *(Bernama)*

US: Targets China with quantum and chip-related export curbs

The Biden administration plans to impose export controls on critical technologies including quantum computing and semiconductor goods, seeking to align key allies in a US-led push to thwart advancements in China and other adversarial nations. The envisioned rules target quantum computers and components, advanced chipmaking tools, a cutting-edge semiconductor technology called gate all-around, and various components and software related to metals and metal alloys. They cover all worldwide exports but include licensing exemptions for countries that implement similar measures. *(Bloomberg)*

Companies

Varia: Bags another flood mitigation job in Johor worth RM334.7m

Varia Bhd has secured a subcontract for flood mitigation works worth RM334.7m. In a bourse filing, the company said the 60-month job started from July 23, 2024, and is expected to be completed by July 22, 2029. The new contract, which comes on the heels of another flood mitigation project it secured in Segamat worth RM410.3m that it announced on Aug 28, lifted Varia's total job wins in 2024 to RM1.5bn. (*The Edge*)

Gamuda: Ulu Padas hydroelectric project approved by Sabah energy regulator

Gamuda Bhd said on Friday that its joint venture (JV) to build the Ulu Padas hydroelectric project has been approved by the Sabah energy regulator. Once completed, the project is expected to achieve scheduled commercial operation by the end of 2030 and generate revenue exceeding RM400m a year, Gamuda said in an exchange filing. Gamuda has a 45% stake in the joint venture under UPP Holdings Sdn Bhd that was formed in October 2023, while Sabah Energy Corp Sdn Bhd owns 40% and Kerjaya Kagum Hitech JV Sdn Bhd holds the remaining 15%. The project will be funded by a mix of internal funds and external borrowings. (*The Edge*)

MyEG: Partners with China customs agency in bid to secure 'single window' project

MyEG Services Bhd said it has teamed up with an agency of China's customs in a bid to secure the Royal Malaysian Customs's "single window" project. MyEG has signed a heads of agreement (HOA) with East Logistics Link Co Ltd (ELLC) to work exclusively together on securing and operating the project. Under the HOA, the parties will collaborate on implementing the project, defining its structure, obtaining regulatory approvals, developing a business plan, securing funding, and pitching to the relevant Malaysian agencies. The project will proceed only if a legally binding definitive agreement is negotiated and signed by the parties and all necessary regulatory or third-party approvals are obtained. In a separate statement, MyEG said the initiative enhances the partnership between MyEG and ELLC, building on their existing collaboration on ZTrade, which is a Web 3 service for verifying and exchanging digital trade documents on the Zetrix blockchain platform. (*The Edge*)

JHM: Acquires leasehold land with buildings in Sungai Petani for RM21m

JHM Consolidation Bhd is buying a leasehold land with two factories in Sungai Petani, Kedah for RM20.9m. JHM said the acquisition is a critical investment for the company's expansion. "As JHM continues to grow, the demand for additional manufacturing space becomes increasingly essential to support its ongoing and future growth efforts. JHM said the land, spanning over 12,140.6 sq m or three acres, has a lease duration of 60 years expiring in 2050. The company said the acquisition will be funded through a combination of internally generated funds and bank borrowings. (*The Edge*)

Gadang: Subsidiaries face RM9.8m claim for RTS Link work

Gadang Holdings Bhd said its subsidiaries have been hit with a civil suit by their subcontractor, claiming for an amount of RM9.8m in alleged outstanding payments for works done related to the Johor Bahru-Singapore Rapid Transit System (RTS) Link project. Gadang's wholly owned subsidiary Gadang Engineering (M) Sdn Bhd (GESB), together with Usaha Pesona Sdn Bhd, a wholly owned sub-subsidiary of GESB, were served with the writ of summon and statement of claim by its subcontractor JF Foundation (M) Sdn Bhd over bored piling works carried out in relation to the RTS Link project. The case has been fixed for a case management on Sept 26, 2024, via eReview. (*The Edge*)



OSK Holdings: Acquires Universal Cable's assets for RM85m to expand its cable manufacturing ops

OSK Holdings Bhd is expanding its cable manufacturing operations by acquiring the assets of Universal Cable (M) Bhd, currently under liquidation, for RM85m. The conglomerate said its 97.47%-indirectly owned unit, Olympic Cable Company Sdn Bhd, had entered into sale and purchase agreements with Universal Cable to acquire its two manufacturing plants in Tebrau and Plentong, together with its land and machinery. The total net book value of these properties and assets was RM146m as of end-May. OSK will fully fund the acquisition with cash from internal sources, divided into three payments: RM1.7m as a deposit paid on July 12, RM6.8m within three business days of the agreement, and RM76.5m due within two months. *(The Edge)*

MISC: MISC and Dutch-operator SBM agrees to exchange FPSO

Under the arrangement, MISC, through its wholly owned indirect subsidiary MISC OBU One (L) Pte Ltd, will acquire the 49% equity interests in Malaysian Deepwater Floating Terminal (Kikeh) Ltd (MDFT) and Malaysian Deepwater Production Contractors Sdn Bhd (MDPC) each. MDFT and MDPC are joint venture companies set up for the purpose of owning, chartering and operating FPSO Kikeh in Malaysia. Upon completion of the acquisition, both companies will become wholly owned subsidiaries of MISC.

On the other hand, MISC, through its wholly owned indirect subsidiary MISC Offshore Holdings (Brazil) Sdn Bhd, is disposing of the 49% equity interests each in Brazilian Deepwater Production BV (BDPBV), Brazilian Deepwater Production Contractors Ltd (BDPC), Brazilian Deepwater Production Ltd (BDPL), and Brazilian Deepwater Floating Terminals Ltd (BDFT) to SBM. All the four companies are joint venture companies set up for the purpose of constructing, owning, chartering and operating FPSO Espirito Santo in Brazil. Upon completion of the divestment, the four companies will cease to be joint venture companies of MISC. MISC, however, did not disclose the price of the deals. *(The Edge)*



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bonia Corporation	Consumer	1.56	0.13	8.33
Bermaz Auto	Consumer	2.42	0.20	8.31
British American Tobacco (M)	Consumer	7.86	0.63	8.05
Sentral REIT	REIT	0.80	0.06	8.05
YTL Hospital REIT	REIT	1.16	0.09	7.41
Amway (M)	Consumer	6.85	0.50	7.26
Hektar REITS	REIT	0.54	0.04	7.22
UOA REITS	REIT	0.93	0.06	6.92
Datasonic Group	Technology	0.45	0.03	6.67
CapitaLand Malaysia Trust	REIT	0.65	0.04	6.62
Sports Toto	Consumer	1.58	0.10	6.58
Pavilion REIT	REIT	1.43	0.09	6.57
RHB Bank	Finance	6.13	0.40	6.49
MAG Holdings	Consumer	1.19	0.08	6.47
Magnum	Consumer	1.19	0.08	6.47

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		
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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