



Daily Newswatch

Market Review

The FBM KLCI closed slightly higher at 1,665.7 (+0.3%) yesterday, driven by investors optimism and positive capital inflows following the US Fed's 50bps rate cut. This rally was also more broad-based as we see funds rotating out of banking stocks and utility giant Tenaga into other sectors. Among the index constituents, the top gainers include SUNWAY (+5.8%), YTL (+4.8%) and YTLPOWER (+4.3%). The top-performing sectors were mainly Construction (+3.8%), Technology (+2.7%), and Telecommunications & Media (+2.0%). The overall broader market breadth turned positive, with 898 gainers outpacing 322 decliners.

Economics

- US:** The Fed cuts rates by half a percentage point, cites 'greater confidence' on inflation
- US:** Weekly jobless claims drop to four-month low
- Indonesia:** Issues new palm oil levies rule to boost competitiveness
- Malaysia:** Emphasis on AI to be sustained in 13th Malaysia Plan — deputy minister
- Malaysia:** MOF to allocate adequate funds for tourism sector ahead of Asean chairmanship, VMY 2026

Companies

- Pharmaniaga:** New insulin, vaccine plant to raise FY2026 gross margin to 30%-35%
- Bina Darulaman:** KPMG's resignation part of routine governance practice
- Pharmaniaga:** Eyes Bursa approval for regularisation plan by next month
- Ancom Nylex:** Acquires 70% stake in specialty chemical player Colorex for RM14m cash

Upcoming key economic data releases

	Date
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	1,665.7	0.3	14.5
Dow Jones	42,025.2	1.3	11.5
Nasdaq CI	18,014.0	2.5	20.0
S&P 500	5,713.6	1.7	19.8
FTSE 100	8,328.7	0.9	7.7
Nikkei 225	37,155.3	2.1	11.0
Shanghai CI	2,736.0	0.7	(8.0)
HSI	18,013.2	2.0	5.7
STI	3,633.2	1.1	12.1

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,992.8	73.8
Value traded (RM m)	4,078.4	48.2
Gainers	898	
Losers	322	
Unchanged	392	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SDCG	0.505	32.9	119.1
GTRONIC	0.605	13.1	83.4
GENETEC	0.945	15.2	74.0
MYEG	0.955	0.0	67.2
CEB	0.380	4.1	60.2

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.290	(0.5)	343.2
TENAGA	14.640	(0.7)	293.6
MAYBANK	10.640	(0.4)	164.3
PBBANK	4.690	(0.4)	130.1
GAMUDA	8.150	4.5	119.4

Currencies	Last Close	% Chg
USD/MYR	4.2065	0.9
USD/JPY	142.75	(0.1)
EUR/USD	1.1159	(0.0)
USD/CNY	7.0627	0.3
US Dollar Index	100.61	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.9	1.7
Gold (USD/troy oz)	2,587	0.0
CPO (MYR/metric t)	3,966	0.5
Bitcoin (USD/BTC)	63,050	0.0

Economics

US: The Fed cuts rates by half a percentage point, cites 'greater confidence' on inflation

The Federal Reserve cut interest rates by half of a percentage point on Wednesday, kicking off what is expected to be a steady easing of monetary policy with a larger-than-usual reduction in borrowing costs that followed growing unease about the health of the job market. Policymakers see the Fed's benchmark rate falling by another half of a percentage point by the end of this year, another full percentage point in 2025, and by a final half of a percentage point in 2026 to end in a 2.75%-3.00% range.

The endpoint reflects a slight upgrade, from 2.8% to 2.9%, in the longer-run federal funds rate, considered a "neutral" stance that neither encourages nor discourages economic activity. It is currently about half a percentage point above that, and the new economic projections now show the annual rate of increase in the personal consumption expenditures price index falling to 2.3% by the end of this year and down to 2.1% by the end of 2025. The unemployment rate is seen ending this year at 4.4%, higher than the current 4.2%, and remaining there through 2025. Economic growth is seen at 2.1% through 2024 and 2% next year, the same as in the last round of projections issued in June. *(Reuters)*

US: Weekly jobless claims drop to four-month low

The number of Americans filing new applications for unemployment benefits dropped to a four-month low last week, pointing to solid job growth in September and offering confirmation that the economy continued to expand in the third quarter. Initial claims for state unemployment benefits dropped 12,000 last week to a seasonally adjusted 219,000 for the week ended Sept. 14, the Labor Department said on Thursday. Unadjusted claims increased by 6,436 to 184,845 last week, amid notable rises in California, Texas and New York, which more than offset a decrease of 2,055 in Massachusetts. *(Reuters)*

Indonesia: Issues new palm oil levies rule to boost competitiveness

Under the new rules, which take effect on Saturday, levies for crude palm oil exports will be set at a 7.5% rate of the reference price set periodically by the government. The more refined palm oil products will be charged lower levy rates, at between 3% and 6% of the reference rates, the document showed. Indonesia currently imposes a levy of between US\$55 and US\$240 per metric tonne for crude palm oil exports, depending on a set of price brackets for the monthly reference price. "Certainly this will make Indonesian origin more competitive especially in October. Malaysian origin need to get lower in order to compete," said Paramalingam Supramaniam, director at Selangor-based brokerage Pelindung Bestari. *(Reuters)*

Malaysia: Emphasis on AI to be sustained in 13th Malaysia Plan — deputy minister

Deputy Minister of Economy Datuk Hanifah Hajar Taib said that the 13MP will focus on expanding the AI ecosystem through investments in research and innovation, broaden its application in key sectors, such as public services, smart agriculture and industrial automation; as well as strengthen public-private sector collaboration. "This reflects the continuity and development of the initiatives in the 12MP. The objective is to position Malaysia as a global leader in AI technology through strategic investments and deeper collaborations," he said during the opening of the 11th Malaysian Statistics Conference (MyStats) 2024, themed *Data and Artificial Intelligence: Empowering the Future*, at Sasana Kijang, Bank Negara Malaysia on Thursday. *(The Edge)*

Malaysia: MOF to allocate adequate funds for tourism sector ahead of ASEAN chairmanship, VMY 2026

The Ministry of Finance (MOF) will allocate adequate funds to the tourism sector in preparation for Malaysia's role as ASEAN Chair in 2025 and the Visit Malaysia Year 2026. Finance Minister II, Senator Datuk Seri Amir Hamzah Azizan said Malaysia has a significant opportunity to enhance global awareness of its tourism sector through its ASEAN chairmanship. He added that while discussions on the tourism sector were held in Terengganu, MOF would incorporate insights from the engagement session to enhance tourism nationwide in next year's budget. *(Bernama)*

Companies

Pharmaniaga: New insulin, vaccine plant to raise FY2026 gross margin to 30%-35%

Pharmaniaga Bhd's newly launched biopharmaceutical plant is expected to lift its gross profit margin to about 30% to 35% for the financial year ending Dec 31, 2026 (FY2026). The plant, located in Puchong and operated by Pharmaniaga Life Sciences Bhd, has an annual production capacity of up to 30m doses of human insulin. It will also produce other essential biopharmaceuticals, including vaccines and biosimilars. "For (human) insulin alone, we are looking for RM100m per annum and we are also looking over about RM300m per annum for vaccines. This is in terms of revenue," Pharmaniaga managing director Zulkifli Jafar told reporters on Thursday. *(The Edge)*

Bina Darulaman: KPMG's resignation part of routine governance practice

Bina Darulaman Bhd said the resignation of its external auditor KPMG four months after its reappointment "is part of a routine governance practice" following the extension of its tenure. In a statement, BDB said the transition "will not affect BDB's financial integrity" as KPMG has not audited BDB's financial reports for the financial year ending Dec 31, 2024 (FY2024). KPMG had served as the external auditor of the Kedah state-linked company for ten years from FY2014 to FY2023, the statement said. BDB has shortlisted BDO PLT as its new auditor, pending the completion of the official documentation to finalise the appointment and align with strategic objectives. *(The Edge)*

Pharmaniaga: Eyes Bursa approval for regularisation plan by next month

At a press conference following the launch of Pharmaniaga's new biopharmaceutical plant, Zulkifli said the regularisation plan is crucial to lift the company out of its Practice Note 17 (PN17) status. Pharmaniaga submitted its regularisation plan, which sought to raise RM654.6m in equity and reduce accumulated loss by RM180m via capital reduction, back in February. It had been hopeful of securing the necessary approvals by July. The regularisation plan involves a proposed renounceable rights issue with warrants to raise up to RM354.6m, and a proposed private placement for potentially another RM300m. Pharmaniaga is seeking strategic partners within the pharmaceutical sector, Zulkifli reportedly said in an earlier interview. The regularisation plan was still pending Bursa's consideration as of Sept 2, according to a filing by Pharmaniaga. *(The Edge)*

Ancom Nylex: Acquires 70% stake in specialty chemical player Colorex for RM14m, cash

Ancom Nylex Bhd is acquiring a 70% stake in Colorex Sdn Bhd for RM14m cash. In a filing with Bursa Malaysia on Thursday, Ancom Nylex said its wholly-owned subsidiary Nylex Holdings Sdn Bhd has entered into a share sale agreement with Colorex's shareholders and directors Loke Teak Thong and Lim Tiak Cheong for the acquisition of 1.4m shares in the company. The proposed acquisition comes with a profit guarantee by Loke and Lim that Colorex shall achieve a profit after tax (PAT) of no less than RM2.5m for two consecutive years. "The vendors (Loke and Lim) further agree to compensate the purchaser (Nylex Holdings) for any shortfall in the profit guarantee, with such compensation to be adjusted proportionally based on the purchaser's shareholdings in Colorex post completion," Ancom Nylex said. *(The Edge)*



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.80	0.06	8.05
British American Tobacco (M)	Consumer	7.88	0.63	8.03
KIP REIT	REIT	0.91	0.07	7.91
Hektar REITS	REIT	0.52	0.04	7.57
Amway (M)	Consumer	6.90	0.50	7.20
UOA REITS	REIT	0.97	0.06	6.63
Ta Ann Holdings	Plantation	3.93	0.26	6.56
MBM Resources	Consumer	5.78	0.38	6.54
Genting Malaysia	Consumer	2.36	0.15	6.53
MAG Holdings	Consumer	1.19	0.08	6.47
Magnum	Consumer	1.19	0.08	6.47
Datasonic Group	Technology	0.47	0.03	6.45
Pavilion REIT	REIT	1.43	0.09	6.43
RHB Bank	Finance	6.22	0.40	6.40
Gas Malaysia	Utilities	3.67	0.23	6.35

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		
Crest Group Berhad	ACE Market	0.35	130.7	130.9	25 Sep	9 Oct
KHPT Holdings Berhad	ACE Market	0.20	108.6	38.2	25 Sep	8 Oct

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