



Daily Newswatch

Market Review

Last Friday, the FBM KLCI stayed in positive territory and inched upward slightly to 1,668.8 (+0.2%), mirroring the favourable performance of the regional markets. YTL (+4.6%), YTLPOWER (+4.1%) and SDG (+2.2%) are the top 3 performers among the top 30 index constituents. Sector-wise, the positive performance is led by Property (+1.7%), Healthcare (+1.6%) and Construction (+0.9%). The overall broader market breadth remained positive, with 732 gainers against 648 decliners.

Economics

- **China:** Maintain key lending rates as PBOC stays put
- **China:** Weighs removing major homebuying curbs to boost demand
- **Japan:** BOJ's Ueda lowers risk of October hike with cautious hold
- **China:** Budget spending slide deepens in worrying sign for economy
- **UK:** Cautious UK consumers show risk of Starmer's gloomy rhetoric
- **US:** To propose ban on Chinese software, hardware in connected vehicle

Companies

- **Affin Bank:** Sarawak govt gets Bank Negara's nod for acquisition of major stake in Affin Bank
- **NCT Alliance:** Plans to take up 51% interest in 101ha Sabah plot
- **PTT Synergy:** Snaps up RM11m Sepang factory, land from Sime Darby Property
- **PBA Holdings:** To complete three water pipeline projects over next two years
- **OSK Property, RHB Bank:** Launch Green Home Financing
- **Tenaga Nasional:** Signs agreement to supply another 100MW electricity to Singapore

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	1,668.8	0.2	14.7
Dow Jones	42,063.4	0.1	11.6
Nasdaq CI	17,948.3	(0.4)	19.6
S&P 500	5,702.6	(0.2)	19.6
FTSE 100	8,230.0	(1.2)	6.4
Nikkei 225	37,723.9	1.5	12.7
Shanghai CI	2,736.8	0.0	(8.0)
HSI	18,258.6	1.4	7.1
STI	3,624.8	(0.2)	11.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,190.7	5.0
Value traded (RM m)	5,970.8	46.4
Gainers	732	
Losers	648	
Unchanged	465	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SIMEPROP	1.540	3.4	135.8
TOPGLOV	1.100	5.8	107.3
SUNWAY	4.390	0.2	74.8
CEB	0.375	(1.3)	68.6
CAPITALA	0.890	8.5	68.3

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TENAGA	14.640	0.0	479.2
CIMB	8.440	1.8	500.1
SUNWAY	4.390	0.2	328.5
MAYBANK	10.600	(0.4)	246.5
PBBANK	4.700	0.2	212.8

Currencies	Last Close	% Chg
USD/MYR	4.2037	0.1
USD/JPY	143.85	(0.8)
EUR/USD	1.1162	0.0
USD/CNY	7.047	0.2
US Dollar Index	100.72	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.5	(0.5)
Gold (USD/roy oz)	2,622	1.4
CPO (MYR/metric t)	4,027	2.0
Bitcoin (USD/BTC)	63,122	0.5

Economics

China: Maintain key lending rates as PBOC stays put

The People's Bank of China (PBOC) have kept their benchmark lending rates unchanged for September, with the one-year loan prime rate at 3.35% and the five-year rate at 3.85%. This decision reflects policymakers' caution amidst low profit margins for banks and a reluctance to reduce lending rates further. The PBOC has also maintained the seven-day reverse repurchase rate since a cut in July. (*Bloomberg*)

China: Weighs removing major homebuying curbs to boost demand

China is considering lifting some restrictions on home purchases, particularly in major cities like Beijing and Shanghai, to stimulate a struggling housing market. Proposed changes may allow non-local buyers to purchase homes without the Hukou residence permit and could eliminate distinctions between first- and second-home purchases, facilitating smaller down payments and lower mortgage rates. Despite various measures already in place, the housing slump continues, with declining home sales and prices deepening in August. Policymakers are under pressure to revive the market as the economy faces challenges, and there are plans to allow homeowners to refinance a significant amount of mortgages, potentially lowering borrowing costs. (*Bloomberg*)

Japan: BOJ's Ueda lowers risk of October hike with cautious hold

Bank of Japan Governor Kazuo Ueda has dampened expectations for an October rate hike, citing concerns over market volatility following July's increase. The BOJ decided to keep its policy rate at around 0.25%, emphasising the need to monitor financial markets and overseas economic conditions. As a result, futures and swaps indicate a low likelihood of an increase before December, despite around 70% of economists expecting a rate rise by year-end. Ueda's remarks reflect the BOJ's cautious approach amidst a global trend of monetary easing, particularly following the recent Federal Reserve rate cut. (*Bloomberg*)

China: Budget spending slide deepens in worrying sign for economy

China's budget expenditure has decreased by 2.9% in the first eight months of 2024, driven by a significant drop in local government income from land sales, which fell by 41.8% in August compared to the previous year. This decline highlights ongoing fiscal challenges amid weak private confidence and a struggling property market, complicating efforts to meet the government's growth target of around 5%. While the government is encouraging local officials to expedite special bond issuance for infrastructure spending, total revenue has also dropped by 6%, leading to a broad fiscal deficit of 4.7tn yuan. The effects of bond sales may take time to materialise, delaying potential improvements in local government spending. (*Bloomberg*)

UK: Cautious UK consumers show risk of Starmer's gloomy rhetoric

UK consumer confidence has fallen sharply, with GfK's index dropping 7 points to minus 20, the largest decline in two-and-a-half years, reflecting households' bleak outlook on personal finances and the economy. This downturn complicates Labour leader Keir Starmer's narrative about economic challenges facing government, particularly ahead of the October budget, where tax increases are anticipated. Despite stronger-than-expected economic growth and high household savings, confidence has been dampened by Labour's warnings of fiscal pain, leading to cautious consumer behaviour regarding major purchases. (*Bloomberg*)

US: To propose ban on Chinese software, hardware in connected vehicle

The US Commerce Department plans to propose a ban on Chinese software and hardware in connected and autonomous vehicles due to national security concerns, specifically regarding data collection and potential foreign manipulation. This move follows significant tariff hikes on Chinese imports and an investigation ordered by President Biden into the risks posed by Chinese vehicle technology. The proposed regulations will allow public comment for 30 days before finalisation, with bans on software effective in the 2027 model year and on hardware by January 2029 or the 2030 model year. (*Reuters*)

Companies

Affin Bank: Sarawak govt gets Bank Negara's nod for acquisition of major stake in Affin Bank

Bank Negara Malaysia (BNM) has approved the Sarawak government's acquisition of a majority stake in Affin Bank Bhd, as confirmed by Premier Tan Sri Abang Johari Tun Openg. An official announcement regarding this acquisition is expected within a week. Abang Johari noted that all necessary processes with BNM have been completed and emphasised the importance of timing to avoid stock market speculation. Sarawak aims to increase its stake in Affin Bank from 4.8% to about 30%. Currently, the Armed Forces Fund Board holds a 28.88% stake, while the Bank of East Asia Ltd has 23.93%. *(The Edge)*

NCT Alliance: Plans to take up 51% interest in 101ha Sabah plot

NCT Alliance Bhd plans to acquire a 51% equity interest in Setara Juara Sdn Bhd, which holds development rights for approximately 101.037 hectares (249.67 acres) of land in Putatan, Sabah. This land is designated for a mixed-development project with an estimated gross development value of RM3bn. The acquisition is part of NCT's growth strategy in Sabah and will involve negotiating terms with current shareholders Herman Lee Show Kien and Melvin Lee Ying, who will remain key partners in the project. *(The Edge)*

PTT Synergy: Snaps up RM11m Sepang factory, land from Sime Darby Property

PTT Synergy Bhd has acquired a semi-detached factory and a piece of land in Sepang from Sime Darby Property Bhd for RM11m. The factory, located on 2,633.4 square meters in Pusat Perindustrian Serenia, is part of PTT Synergy's expansion strategy due to its strategic location and accessibility to major highways. This purchase follows a previous acquisition in July of a larger plot for RM22m. PTT Synergy expects the deal to be finalised within 36 months. *(The Edge)*

PBA Holdings: To complete three water pipeline projects over next two years

PBA Holdings Bhd is implementing three major pipeline projects in Penang, with a total cost of RM189m, scheduled for completion in 2025 or 2026. These projects will enhance the capacity of its subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), to pump water at higher pressures from the Sungai Dua water treatment plant. The initiatives include a 13km pipeline from Sungai Dua to Butterworth (RM128m), a 3.9km pipeline from Macallum to Bukit Dumber Reservoir (RM44m), and a river-crossing pipeline project in Seberang Perai (RM17m). Together, these will improve water supply for 67.4% of Penang's 689,786 registered consumers. Additionally, PBAPP plans to develop a new 114 MLD water treatment plant at Mengkuang Dam in 2025, costing RM120m. *(The Edge)*

OSK Property, RHB Bank: Launch Green Home Financing

OSK Property Holdings Bhd is collaborating with RHB Bank Bhd to launch a Green Home Financing initiative, offering preferential mortgage financing of up to 95% for buyers of green-certified residential projects. This includes OSK's Alia @ Mori Park and NARA at Shorea Park, both of which have received GreenRE certification. OSK Property CEO Ong Ghee Bin emphasised the importance of green certification in promoting sustainable living and environmental stewardship. *(The Edge)*

Tenaga Nasional: Signs agreement to supply another 100MW electricity to Singapore

Tenaga Nasional Bhd has signed agreements with Keppel Electric Pte Ltd to supply up to 100MW of electricity to Singapore and with SP Power Assets Ltd for a cross-border power trade interconnection. These agreements support ASEAN's energy transition and enhance interconnectivity amid rising energy demand. The 100MW supply is part of the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP), aimed at bolstering energy security in the region. TNB currently has a 1GW interconnection with Singapore and is exploring a second interconnection facility that could increase capacity to 2GW. *(The Edge)*



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.30	0.20	8.83
Sentral REIT	REIT	0.80	0.06	8.00
KIP REIT	REIT	0.91	0.07	7.96
British American Tobacco (M)	Consumer	8.00	0.63	7.91
Hektar REITS	REIT	0.51	0.04	7.65
MAG Holdings	Consumer	1.18	0.09	7.63
Magnum	Consumer	1.18	0.09	7.63
Amway (M)	Consumer	6.90	0.50	7.20
Ta Ann Holdings	Plantation	3.85	0.26	6.70
UOA REITS	REIT	0.96	0.06	6.67
MBM Resources	Consumer	5.77	0.38	6.55
Genting Malaysia	Consumer	2.36	0.15	6.53
Datasonic Group	Technology	0.46	0.03	6.52
Pavilion REIT	REIT	1.44	0.09	6.39
RHB Bank	Finance	6.25	0.40	6.37

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

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