



Daily Newswatch

Market Review

Despite starting positively with a higher opening, the FBM KLCI experienced mild profit-taking, ending the day in negative territory and closing at 1,665.3 (-0.2%). Among the top index constituents, the top gainers were CDB (+1.4%) and MAYBANK (+0.9%), while the top decliners were PETDAG (-4.9%) and SUNWAY (-4.6%). In terms of sectors, the positive performance was led by Property (+0.8%) and REIT (+0.4%), while the negative performance was led by Construction (-1.1%) and Technology (-1.0%). The overall broader market breadth turned negative, with 675 decliners outpacing 458 gainers.

Economics

- **Malaysia:** August inflation eases to 1.9%
- **India:** Refiners cancel palm oil contracts on duty hike, price rise
- **EU:** ECB's Kazaks says services prices bigger worry than slow growth
- **China:** Stimulus hopes rise as PBOC cuts rate, plans briefing

Companies

- **Pharmaniaga:** PwC resigns as external auditor of Pharmaniaga
- **Capital A:** AirAsia expects 10% boost to revenue from additional domestic routes, seats
- **ITMAX:** Gets fourth parking management contract in Johor
- **Ancom Nylex:** Hamburg-based Helm AG emerges as substantial shareholder of Ancom Nylex with 9.47% stake
- **KJTS:** Bags RM24n data centre job in Johor
- **Plantation:** Plantation ministry proposing initiatives to strengthen oil palm industry

Upcoming key economic data releases

Date

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	1,665.3	(0.2)	14.5
Dow Jones	42,124.7	0.1	11.8
Nasdaq CI	17,974.3	0.1	19.7
S&P 500	5,718.6	0.3	19.9
FTSE 100	8,259.7	0.4	6.8
Nikkei 225	37,723.9	1.5	12.7
Shanghai CI	2,748.9	0.4	(7.6)
HSI	18,247.1	(0.1)	7.0
STI	3,638.5	0.4	12.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,361.4	(19.8)
Value traded (RM m)	3,174.5	(46.8)
Gainers	458	
Losers	675	
Unchanged	500	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
GTRONIC	0.690	13.1	82.6
MYEG	0.910	(3.7)	76.4
EKOVEST	0.380	(1.3)	63.8
IWCITY	0.615	(0.8)	57.1
CAPITALA	0.920	3.4	53.8

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TENAGA	14.740	0.7	266.8
CIMB	8.340	(1.2)	267.4
PBBANK	4.700	0.0	139.1
MAYBANK	10.700	0.9	91.3
YTL	2.720	0.0	77.9

Currencies	Last Close	% Chg
USD/MYR	4.203	0.0
USD/JPY	143.64	(0.0)
EUR/USD	1.1111	0.0
USD/CNY	7.0521	(0.1)
US Dollar Index	100.95	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	73.9	(0.8)
Gold (USD/troy oz)	2,626	(0.1)
CPO (MYR/metric t)	4,074	0.6
Bitcoin (USD/BTC)	63,333	0.0



Economics

Malaysia: August inflation eases to 1.9%

The consumer price index (CPI) rose 1.9% in August when compared to the same month in 2023, the official data showed. The food and beverages group, which contributes nearly 30% of the total CPI weight, increased by 1.6% in August 2024, the same rate as recorded in July. Inflation for transport increased by 1.3% in August 2024 as compared to 1.2% in July following diesel subsidy re-targeting. Core inflation, which measures domestic-driven inflation by excluding volatile items and other price-administered items, came in at 1.9% in August, the same pace as in July. *(The Edge)*

India: Refiners cancel palm oil contracts on duty hike, price rise

Indian refiners cancelled 100,000 metric tons of palm oil purchases for delivery between October and December, as New Delhi's move to raise import duties due to a rally in overseas prices prompted them to book profits, five trade officials told Reuters. Refiners in the world's largest importer of palm oil cancelled this quantity over the past four days, including 50,000 tons on Monday, after Malaysian palm oil futures jumped to their highest level in two and a half months. CPO is currently being offered at about US\$1,080 (RM4,538.16) a ton, including cost, insurance and freight, in India for October delivery, compared with around US\$980 to US\$1,000 a month ago, giving a profit margin of US\$80 to US\$100 to buyers. *(Reuters)*

EU: ECB's Kazaks says services prices bigger worry than slow growth

European Central Bank (ECB) Governing Council member Martins Kazaks said the danger of persistent services inflation currently outweighs his concerns over the economy. "In my opinion, the risk of service price inflation is still more significant at the moment, but as we move forward step by step, we will see how the situation develops," the Latvian central banker told *Leta* newspaper in an interview published on Monday. "Undoubtedly, the direction of rates is downward. How quickly the rate cut will happen depends on how the economy develops further." Kazaks said the ECB must "be careful not to be surprised" on prices pressures in the services sector but added that "another factor works in the opposite direction, and that is the weakness of the economy". "The economy is weak, and if rates stay too high for too long, it could cause the economy to slow down unnecessarily and unemployment to rise," Kazaks said. *(Bloomberg)*

China: Stimulus hopes rise as PBOC cuts rate, plans briefing

Authorities announced Monday that central bank governor Pan Gongsheng will hold a press conference tomorrow on financial support for economic development, alongside two other officials. Minutes later, the People's Bank of China lowered the 14-day reverse repurchase rate, catching up with reductions initiated in July. Taken together the moves bolster expectations for the PBOC to lower rates, after the US Federal Reserve finally started cutting last week. China's central bank also recently signaled it was preparing additional policies. A slew of disappointing data in August raised concerns that President Xi Jinping's government could miss its annual growth target of around 5% without unleashing more support. The yield on China's 10-year government bonds fell one basis point to a fresh low of 2.03%, a sign traders are pricing in more monetary stimulus. In the foreign-exchange market, the PBOC raised its daily reference rate for the yuan to 7.0531 per dollar, putting the key seven level in sight. *(Bloomberg)*

Companies

Pharmaniaga: PwC resigns as external auditor of Pharmaniaga

In a bourse filing, Pharmaniaga said it had received a notice dated Sept 20, 2024, from PwC of its resignation voluntarily, pursuant to Section 281 of the Companies Act 2016. In the same filing, Pharmaniaga said its board had approved the appointment of Ernst & Young as its auditor for the financial year ending Dec 31, 2024 (FY2024). *(The Edge)*

Capital A: AirAsia expects 10% boost to revenue from additional domestic routes, seats

AirAsia is adding 2,000 weekly domestic flights and 150,000 seats across 40 key routes by the end of the year. The company hopes that AirAsia's domestic market share would increase to 64% from 53% currently, with a total of 1.7m seats available for booking by December 2024. The increase in capacity comes ahead of the peak season for air travel in the fourth quarter from year-end holiday demand. Malaysia's air passenger traffic rose 12.7% year-on-year to 8.7m passengers in August this year, thanks to a surge in international travel, driven by expansion of international routes and introduction of new flights, according to the Malaysian Aviation Commission (Mavcom). *(The Edge)*

ITMAX: Gets fourth parking management contract in Johor

ITMAX System Bhd has been appointed by the Segamat Municipal Council (MPS) to operate 7,637 street parking in Johor's Segamat district, marking its fourth such contract in the state. The 15-year contract will see ITMAX's 65%-owned subsidiary secure 70% of revenue generated from parking collections and parking compounds under revenue-sharing model, with the MPS entitled to the remaining 30%. *(The Edge)*

Ancom Nylex: Hamburg-based Helm AG emerges as substantial shareholder of Ancom Nylex with 9.47% stake

Helm, whose sole shareholder is its chief executive officer Stephan Schnabel, is taking up 96.2m new Ancom Nylex shares at an issue price of RM1 under a conditional placement agreement inked on Monday, according to Ancom Nylex's filing to the local stock exchange on Monday. As Ancom Nylex's issued share capital stood at RM409.8m comprising 932.3m shares as at Sept 3, the group intends to resell 30m treasury shares to the open market before implementing the proposed placement, so the shares it places out to Helm will come to about 10% of its total issued shares. Post-placement, Ancom Nylex's total issued shares will rise to 1.1bn, with Helm's shareholding increasing from 0.4% currently to 9.5%. Ancom Nylex plans to use proceeds from the private placement to repay borrowings (RM56m), and for working capital (RM39.2m). *(The Edge)*

KJTS: Bags RM24n data centre job in Johor

KJTS Group Bhd has secured a contract worth RM23.8m for sub-contract work for a data centre in Sedenak Tech Park, Johor. It involves the commissioning and comprehensive maintenance of air-conditioning and mechanical ventilation pipework for the data centre. The contract, which commenced on July 26, is slated for completion by Oct 31, 2025. *(The Edge)*

Plantation: Plantation ministry proposing initiatives to strengthen oil palm industry

The Ministry of Plantation and Commodities (KPK) has submitted two proposals to the Ministry of Finance to be considered for inclusion in Budget 2025, namely a revision of the windfall profit levy (WPL) on palm oil and additional allocations for oil palm replanting programmes. KPK Minister Datuk Seri Johari Abdul Ghani said the WPL review is necessary to ensure the country's palm oil prices remain competitive compared to other producing nations. Johari also hopes that the government would consider additional allocations for the Smallholder Oil Palm Replanting Financing Incentive Scheme (TSPKS) to be included in the budget, noting that nearly 1.5m hectares of oil palm plantations are currently managed by smallholders. *(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
British American Tobacco (M)	Consumer	7.79	0.63	8.13
Sentral REIT	REIT	0.80	0.06	8.00
KIP REIT	REIT	0.91	0.07	7.91
MAG Holdings	Consumer	1.18	0.09	7.63
Magnum	Consumer	1.18	0.09	7.63
Hektar REITS	REIT	0.52	0.04	7.50
Amway (M)	Consumer	6.91	0.50	7.19
Ta Ann Holdings	Plantation	3.81	0.26	6.77
UOA REITS	REIT	0.96	0.06	6.67
Genting Malaysia	Consumer	2.34	0.15	6.58
Datasonic Group	Technology	0.46	0.03	6.52
MBM Resources	Consumer	5.89	0.38	6.42
RHB Bank	Finance	6.26	0.40	6.36
Pavilion REIT	REIT	1.45	0.09	6.34

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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