



Daily Newswatch

Market Review

The FBM KLCI closed slightly higher at 1,670.4 (+0.3%), amid advances in regional bourses, after China announced broad stimulus measures to boost its economy. The Ringgit also climbed to a three-year high. Among the top index constituents, the top gainers were MRDIY (+4.5%), SUNWAY (+2.6%) and TENAGA (+2.0%). In terms of sectors, the positive performance was led by Utilities (+0.8%), Energy (+0.8%) and Consumer Products and Services (+0.6%). The overall broader market breadth was quite balanced, with 558 gainers matching 549 decliners.

Economics

- **Japan:** BOJ's Ueda signals no rush to hike, citing time to weigh policy
- **US:** Fed's Kashkari says 50 basis points rate cut was 'right decision'
- **US:** Fed's Bostic says large cut bolsters labour market, pace not set
- **China:** Unleashes stimulus package to revive economy, markets
- **US:** Fed's Goolsbee sees 'many more' rate cuts over the next year

Companies

- **TNB:** Launches Transition Finance Framework to fund sustainable projects
- **Ecobuilt:** first winding-up petition by Strong Force set aside following consent judgment
- **Harn Len:** Sells Johor land for RM55m
- **Pesona Metro:** Clinches RM321m condo job in KL
- **Eonmetall:** Plans placement to raise RM8.6m for working capital
- **Asia Poly:** Ceases to be substantial shareholder in Dolphin International
- **Magma:** Proposes capital reduction, RM80m land buy

Upcoming key economic data releases

	Date
Malaysia – Aug 2024 PPI	26 Sep
US – Q2 GDP	26 Sep
US – Aug 2024 PCE	27 Sep
EU – Aug 2024 Unemployment	2 Oct
US – Sep 2024 NFP	4 Oct
Malaysia – Aug 2024 Unemployment	10 Oct
US – Sep 2024 CPI	10 Oct
Malaysia – Aug 2024 PPI	11 Oct
EU – Aug 2024 IPI	15 Oct
EU – Aug 2024 Inflation	17 Oct
US – Sep 2024 Retail Sales	17 Oct
Malaysia – Q3 2024 GDP Estimate	18 Oct
Malaysia – Sep 2024 CPI	24 Oct

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,670.4	0.3	14.8
Dow Jones	42,208.2	0.2	12.0
Nasdaq CI	18,074.5	0.6	20.4
S&P 500	5,732.9	0.3	20.2
FTSE 100	8,282.8	0.3	7.1
Nikkei 225	37,940.6	0.6	13.4
Shanghai CI	2,863.1	4.2	(3.8)
HSI	19,000.6	4.1	11.5
STI	3,622.7	(0.4)	11.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,514.8	4.6
Value traded (RM m)	3,102.6	(2.3)
Gainers	558	
Losers	549	
Unchanged	508	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
99SMART	2.160	8.5	64.7
AGX	0.530	(7.8)	48.3
MYEG	0.900	(1.1)	45.4
GTRONIC	0.710	2.9	40.8
CEB	0.350	(2.8)	38.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.290	(0.6)	295.6
TENAGA	15.040	2.0	279.7
99SMART	2.160	8.5	137.4
HLBANK	21.280	0.7	95.4
GAMUDA	8.070	(1.6)	69.8

Currencies	Last Close	% Chg
USD/MYR	4.1578	1.1
USD/JPY	143.11	0.1
EUR/USD	1.1184	0.0
USD/CNY	7.0317	0.3
US Dollar Index	100.47	(0.4)

Commodities	Last Close	% Chg
Brent (USD/barrel)	75.2	1.7
Gold (USD/troy oz)	2,657	(0.0)
CPO (MYR/metric t)	4,123	1.2
Bitcoin (USD/BTC)	64,450	0.3

Economics

Japan: BOJ's Ueda signals no rush to hike, citing time to weigh policy

Governor Kazuo Ueda reinforced his message that while the Bank of Japan (BOJ) will raise its key interest rate again if data allows, authorities won't be in a hurry to do so, in remarks that indicate little chance of a policy move at next month's meeting. "In making policy decisions, the bank will need to carefully assess factors such as developments in financial and capital markets at home and abroad, and the situation in overseas economies underlying these developments," Ueda said on Tuesday in a speech in Osaka, western Japan. "We have enough time to do so." "If the outlook for economic activity and prices presented in the outlook report is realised, the bank will accordingly raise the policy interest rate," Ueda said, referring to a quarterly economic report that shows inflation meeting its price target from around late next year. He said it would be appropriate for the policy rate to be neutral if consumer price trends are around 2%. (*Bloomberg*)

US: Fed's Kashkari says 50 basis points rate cut was 'right decision'

Minneapolis Federal Reserve (Fed) President Neel Kashkari on Monday said he supports the US central bank's recent interest rate cut, calling it the "right decision" considering substantial progress on inflation and the risk of an increase in unemployment. He had until recently been among the more hawkish of Fed policymakers, arguing the US central bank's monetary policy will likely need to stay tighter for longer to bring down inflation. Kashkari now sees less need for aggressive action. Asked whether he favours quarter-percentage-point rate cuts at each of the final two meetings of the year, he said "that's what I've pencilled into my dot plot, but of course, as we all say, it'll depend on how the data guides us." (*Reuters*)

US: Fed's Bostic says large cut bolsters labour market, pace not set

Federal Reserve Bank of Atlanta president Raphael Bostic said starting the central bank's cutting cycle with a large move will help bring interest rates closer to neutral levels as the risks between inflation and employment become more balanced. But officials should not commit to a cadence of outsize moves given uncertainty over where the so-called neutral rate is and out of concern that inflation could return, Bostic said. "In my view, the 50-basis-point adjustment at the meeting last week positions us well should the risks to our mandates turn out to be less balanced than I am thinking," he said. Because policy is still restrictive, officials can slow or pause the pace of their rate cuts if inflation stalls, he said. And "any further evidence of material weakening in the labour market" would change his view on how aggressive policy adjustment needs to be in the future, he said. "He also thinks there is still a "sizable share" of US households that have extra cash on hand, something that could support consumer demand in the coming months. (*Bloomberg*)

China: Unleashes stimulus package to revive economy, markets

People's Bank of China (PBOC) governor Pan Gongsheng cut a key short-term interest rate and announced plans to reduce the amount of money banks must hold in reserve to the lowest level since at least 2018. Those moves were followed by a slew of other announcements that fuelled gains in China's beleaguered equity market. The central bank chief also unveiled a package to shore up the nation's troubled property sector, including lowering borrowing costs on as much as US\$5.3tn (RM22.1tn) in mortgages and easing rules for second-home purchases. For the nation's stocks, Pan said the central bank will provide at least 800bn yuan (US\$113bn or RM473.6bn) of liquidity support, adding that officials are studying setting up a market stabilisation fund. (*Bloomberg*)

US: Fed's Goolsbee sees 'many more' rate cuts over the next year

Federal Reserve Bank of Chicago president Austan Goolsbee said interest rates need to be lowered "significantly" to protect the US labour market and support the US economy. "As we've gained confidence that we are on path back to 2%, it's appropriate to increase our focus on the other side of the Fed's mandate — to think about risks to employment," Goolsbee outlined in talking points for a moderated Q&A event in Chicago on Monday. "That likely means many more rate cuts over the next year." "It's just not realistic to wait until problems show up," he said. "If we want a soft landing, we can't be behind the curve." (*Bloomberg*)

Companies

TNB: Launches Transition Finance Framework to fund sustainable projects

Tenaga Nasional Bhd has launched its inaugural Transition Finance Framework, outlining the utility giant's plan to engage in sustainable finance transactions (SFTs) in the form of loans or sukuk, to fund projects that will deliver positive societal and environmental impacts in support of its decarbonisation and energy transition efforts. Through this framework, TNB can utilise various financing instruments for its SFTs, which encompass sustainable and responsible investment (SRI), green, social and sustainability (GSS) and transition sukuk, GSS and transition bonds, as well as transition loans. The proceeds can be allocated to several eligible categories including renewable energy projects, energy efficiency initiatives, affordable basic infrastructure and services, clean transportation projects that qualify under the transition category and low carbon power generation projects eligible under the social category. Maybank Investment Bank Bhd served as the sustainability framework adviser for the development of the framework. *(The Edge)*

Ecobuilt: first winding-up petition by Strong Force set aside following consent judgment

Ecobuilt Holdings Bhd said the Court of Appeal has set aside one winding-up petition filed against the company by Strong Force (M) Sdn Bhd. The decision, confirmed via a sealed order by the appellate court dated Sept 11, follows a consent judgment in the court on the same date for Ecobuilt to pay RM670,596 plus interest to Strong Force. The order means that the winding up petition has been permanently set aside and no longer in effect, Ecobuilt said in its filing. However, Strong Force has another winding-up petition against Ecobuilt seeking RM2m allegedly owed by Ecobuilt from an adjudication award dated Nov 27, 2023. *(The Edge)*

Harn Len: Sells Johor land for RM55m

Harn Len Corp Bhd said on Tuesday that it has inked a sale and purchase agreement (SPA) to dispose of a parcel of land in Johor Bahru for RM55m. Harn Len said the land parcel, currently being used as public parking, is located along Jalan Ngee Heng. With a net book value of RM16.8m, the land disposal, upon completion, will enable the company to book a net gain of approximately RM33.6m. "The consideration of RM55m is at a 71.9% premium to the RM32m market value ascribed by the valuer," Harn Len noted. "The group proposes to utilise RM29.4m to fund capital expenditure which shall relate to the group's existing/potential business activities such as plantation, aquaculture and investment properties. "Such capital expenditure may include, amongst others, replanting expenses, land clearing and infrastructure improvements," it said. The company has also earmarked RM20m from the sale proceeds to finance the day-to-day operations. *(The Edge)*

Pesona Metro: Clinches RM321m condo job in KL

Pesona Metro Holdings Bhd has bagged a contract worth RM321.1m to undertake the superstructure works of three blocks of condominiums in Jalan Bukit Kiara, Kuala Lumpur. The project is expected to take 27 months and will start from Oct 11. *(The Edge)*

Eonmetall: Plans placement to raise RM8.6m for working capital

Eonmetall Group Bhd is looking to raise RM8.6m by placing out up to 10% of its share base to fund its working capital. The group plans to issue up to 27.7m shares to independent third parties at an issue price to be determined, according to the group's bourse filing on Tuesday. Based on an indicative issue price of 31.18 sen per share, a 9.99% discount to the five-day volume-weighted average market price up to and including Sept 19 of 34.64 sen per share, the exercise is expected to raise RM8.6m. Among its working capital spending is the purchase of raw materials such as coils, coating powder and other manufacturing supplies, and operating and administrative expenses. *(The Edge)*

Asia Poly: Ceases to be substantial shareholder in Dolphin International

Asia Poly Holdings Bhd has ceased to become a substantial shareholder in Dolphin International Bhd. On Sept 23, Asia Poly offloaded 10m shares in Dolphin International via an off-market transaction, according to Dolphin International's filing with the stock exchange. Based on back-of-the-envelope calculations, the shares represent a 7.5% stake in Dolphin International, trimming Asia Poly's shareholding in Dolphin to 4.1m shares or 3.1%. While the transaction price was not disclosed, the block of shares is valued at RM1.8m, based on Dolphin International's closing price of 17.5 sen on Sept 23. (*The Edge*)

Magma: Proposes capital reduction, RM80m land buy

Magma Group Bhd said on Tuesday it is acquiring a 2.26-acre plot of land in the Persiaran Dutamas area of Kuala Lumpur from a company connected to its executive chairman and major shareholder Datuk Seri Lee Hock Seng, for RM80m. According to Magma, the land has received approval for mixed-use development, which will include serviced apartments and commercial spaces. The company plans to fund the acquisition through a combination of RM8m cash and the issuance of 120m new ordinary Magma shares, along with redeemable non-convertible preference shares (RPS). The new shares will be priced at 20.24 sen, based on Magma's five-day volume-weighted average market price prior to the SPA. The issue price of the RPS will be set at RM1 each to match the balance of the purchase consideration of RM47.7m. Additionally, Magma wants to undertake a capital reduction by cancelling RM379.2m of its issued share capital to offset accumulated losses of the same amount and improve the company's balance sheet. The company will seek court approval for the proposed capital reduction after obtaining shareholders' approval at an upcoming extraordinary general meeting (EGM). (*The Edge*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.28	0.20	8.90
Sentral REIT	REIT	0.80	0.06	8.00
British American Tobacco (M)	Consumer	7.93	0.63	7.98
KIP REIT	REIT	0.91	0.07	7.96
Hektar REITS	REIT	0.52	0.04	7.57
MAG Holdings	Consumer	1.19	0.09	7.56
Magnum	Consumer	1.19	0.09	7.56
Amway (M)	Consumer	6.88	0.50	7.22
Astro Malaysia Holdings	Telco	0.27	0.02	6.79
Ta Ann Holdings	Plantation	3.87	0.26	6.67
UOA REITS	REIT	0.96	0.06	6.67
Genting Malaysia	Consumer	2.35	0.15	6.55
Datasonic Group	Technology	0.46	0.03	6.52
MBM Resources	Consumer	5.91	0.38	6.40
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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