



Daily Newswatch

Market Review

The FBM KLCI rebounded and finished higher at 1,673.4 (+0.2%) after initially falling into negative territory at midday. This was due to dampened sentiment in the regional markets, stemming from weaker US consumer confidence data. Among the index constituents, the top gainers were MRDIY (+4.3%) and SIME (+4.3%), while the top decliners were RHB (-1.9%) and PETDAG (-1.5%). In terms of sectors, the positive performance was led by Plantation (+1.0%) and Consumer Products, while the negative performance was mainly led by Health Care (-3.3%) and Technology (-2.1%). On the flip side, the overall broader market breadth turned negative, with 790 decliners outpacing 397 gainers.

Economics

- **EU:** ECB's Knot sees gradual rate cuts through first half of 2025
- **US:** Consumer confidence sours on labour market jitters
- **Indonesia:** Formally requests to join CPTPP
- **China:** Urges US to stop 'unreasonable suppression' of its firms in latest auto row
- **Malaysia:** NETR to phase down, not phase out fossil fuels

Companies

- **KLK:** Partners with Alami Commodities to market palm oil, specialty fats in Middle East
- **Capital A:** Can exit PN17 before branding biz carve-out
- **Keyfield:** Clinches eight work orders worth RM130m
- **Sunway Property:** Partners with Iskandar Puteri City Council to drive low-carbon initiatives for township
- **KJTS:** Inks 20-year agreement for retrofit, O&M services for chiller plant in Thailand
- **Asia Poly:** buys 35% stake in recycling firm for RM7.5m, cash
- **AirAsia X:** Issues circular on proposed RM6.8bn acquisition for shareholders' review

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	1,673.4	0.2	15.0
Dow Jones	41,914.8	(0.7)	11.2
Nasdaq CI	18,082.2	0.0	20.5
S&P 500	5,722.3	(0.2)	20.0
FTSE 100	8,268.7	(0.2)	6.9
Nikkei 225	37,870.3	(0.2)	13.2
Shanghai CI	2,896.3	1.2	(2.6)
HSI	19,129.1	0.7	12.2
STI	3,583.3	(1.1)	10.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,585.6	2.0
Value traded (RM m)	3,287.0	5.9
Gainers	397	
Losers	790	
Unchanged	473	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
TOPGLOV	0.990	(9.2)	84.3
VS	1.050	(5.4)	75.5
MYEG	0.900	0.0	74.6
GTRONIC	0.735	3.5	68.5
99SMART	2.190	1.4	50.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.280	(0.1)	232.2
TENAGA	15.020	(0.1)	205.5
99SMART	2.190	1.4	112.2
MAYBANK	10.700	(0.4)	106.0
TOPGLOV	0.990	(9.2)	85.8

Currencies	Last Close	% Chg
USD/MYR	4.1293	0.7
USD/JPY	144.64	0.1
EUR/USD	1.1131	(0.0)
USD/CNY	7.0333	(0.0)
US Dollar Index	100.91	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	73.5	(2.3)
Gold (USD/troy oz)	2,659	0.1
CPO (MYR/metric t)	4,178	1.3
Bitcoin (USD/BTC)	63,185	(0.5)

Economics

EU: ECB's Knot sees gradual rate cuts through first half of 2025

European Central Bank (ECB) Governing Council member Klaas Knot said he expects gradual interest-rate cuts "in the near future" and in the first half of next year. The hawkish Dutch central bank chief said he sees rates settling "at a more natural level" somewhere in the 2% range. Some policymakers have already signalled that another rate cut in October is unlikely without a severe deterioration in the eurozone's economy. "Interest rates in Europe will simply keep falling as we become more and more convinced that the 2% inflation target is within reach," Knot said on Tuesday, adding that he doesn't yet know when exactly the reductions will stop. *(Bloomberg)*

US: Consumer confidence sours on labour market jitters

US consumer confidence dropped by the most in three years in September amid mounting fears over the labour market, though more households planned to buy a home over the next six months. The Conference Board's consumer confidence index dropped to 98.7 this month from an upwardly revised 105.6 in August. Still, consumers remained interested in travelling and dining out as well as going out to movies. That could help to underpin consumer spending and the economic expansion. *(Reuters)*

Indonesia: Formally requests to join CPTPP

Indonesia has sent a letter requesting the accession to New Zealand as the depositary for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), said Coordinating Minister for Economic Affairs Airlangga Hartarto. "This is a decision we take to structurally reform our economy and open up market access for Indonesia's economy," Airlangga said. Jakarta announced its intention to join the free trade agreement that already groups 12 countries in May, hoping to attract investment by widening export market access. Indonesia's President-elect Prabowo Subianto supported the request, Airlangga said. Prabowo will take over from outgoing President Joko Widodo on Oct 20. *(Reuters)*

China: Urges US to stop 'unreasonable suppression' of its firms in latest auto row

China urged the US on Wednesday to stop "unreasonable suppression" of its companies, in response to US proposals to ban Chinese software and hardware in vehicles on its roads due to national security concerns. "The US move has no factual basis, violates the principles of market economy and fair competition, and is a typical protectionist approach," said a spokesperson for the commerce ministry. The action "seriously affects the normal cooperation between China and the United States in the field of connected vehicles, disrupts the global automotive industry supply chain, and harms the interests of United States consumers," the spokesperson said, according to a statement. *(Reuters)*

Malaysia: NETR to phase down, not phase out fossil fuels, says Rafizi

Speaking at the opening ceremony for Oil & Gas Asia (OGA) 2024, the minister pointed out that fossil fuels, the bulk of which is natural gas, will still account for 77% of the country's primary energy supply by 2050. Natural gas will make up 56% of the energy mix. He stressed that natural gas is a core lynchpin in the country's National Energy Transition Roadmap (NETR). The demand for natural gas in Malaysia is set to rise in the coming decades, driven by a pivotal role in the country's energy transition strategy, according to Rafizi. While global oil demand is expected to peak within the next six years, Rafizi highlighted that natural gas demand is forecasted to continue growing beyond 2030, with Asia driving much of this increase. The minister explained that natural gas is also an enabler for the country's energy transition. *(The Edge)*

Companies

KLK: Partners with Alami Commodities to market palm oil, specialty fats in Middle East

Kuala Lumpur Kepong Bhd has formalised a memorandum of understanding (MOU) with Alami Commodities Sdn Bhd for their joint venture (JV) — KLK Alami Edible Oils Sdn Bhd (KAEO) — to manufacture, sell and market palm oil and specialty fats. Under the terms of the JV, KLK will own 65% of KAEO, which will operate a refinery and packaging plant located in Teluk Panglima Garang, Selangor that will be fully commissioned in 2025, while Alami will hold the remaining 35%. KLK will oversee all technical operations, including the procurement of raw materials, while Alami will manage global sales and marketing efforts, "with a focus on the Middle East market", according to a joint statement from the partners on Wednesday. (*The Edge*)

Capital A: Can exit PN17 before branding biz carve-out, says Fernandes

Capital A Bhd said it no longer needs to carve out its branding business to achieve the positive equity position necessary to exit the Practice Note 17 status. Instead, the proposed sale of its aviation business to AirAsia X Bhd will be sufficient, Capital A chief executive officer Tan Sri Tony Fernandes told *The Edge* in an interview. The priority right now is to fix the airline business, he said. The company is aiming for a 90% load factor, a measure of how full planes are with paying passengers and expects fares to remain higher than pre-Covid levels. As part of the deal, AAX will issue 2.3bn shares to Capital A at RM1.30 apiece. Capital A will in turn distribute 1.7bn of those AAX shares to its shareholders and be left with a projected 18.5% stake in AAX. Other businesses will stay with Capital A, including the branding business, AirAsia Move app, cargo unit Teleport, its maintenance-repairs-overhaul division, as well as e-wallet unit Big Pay. (*The Edge*)

Keyfield: Clinches eight work orders worth RM130m from Petronas Carigali

Keyfield International Bhd has secured eight work orders worth about RM130.3m from Petronas Carigali Sdn Bhd. These work orders are for the provision of six units of accommodation work boat vessels and two anchor handling tug and supply vessels for Petronas Carigali's offshore activities, which will be carried out in the second half of this year, the group said in a filing with Bursa Malaysia. (*The Edge*)

Sunway Property: Partners with Iskandar Puteri City Council to drive low-carbon initiatives for township

Sunway Property Bhd has signed a memorandum of understanding (MOU) with the Iskandar Puteri City Council (MBIP) to spearhead low-carbon initiatives within Sunway City Iskandar Puteri township's Low Carbon Zone in Johor. The collaboration will see both parties implementing key initiatives including integrating smart city technologies to curb carbon emissions, exploring green architectural designs, and promoting eco-friendly transportation solutions in Sunway City Iskandar Puteri. (*The Edge*)

KJTS: Inks 20-year agreement for retrofit, O&M services for chiller plant in Thailand

KJTS Group Bhd's unit has signed a 20-year agreement for retrofit work, operation and maintenance (O&M) services for a chiller plant, and the supply of chilled water at the Centara Grand Mirage Beach Resort Pattaya, Thailand. KJTN will finance the retrofit works, estimated to cost 39m Thai baht (RM4.9m). Meanwhile, Centel will pay KJTN a fixed monthly fee of 620,072 Thai baht during the operation and maintenance services period. In addition to the fixed fee, Centel will also pay a variable fee based on the amount of chilled water supplied. Over the 20-year period, the total fixed fee will amount to 148.8m Thai baht, the filing read. The ownership interest in the chiller plant will be transferred to Centel at the end of the agreement. (*The Edge*)



Asia Poly: buys 35% stake in recycling firm for RM7.5m, cash

Asia Poly Holdings Bhd buy a 35% stake in Zhen Xing Plastic Sdn Bhd for RM7.5m in cash. Post-acquisition, AP Waste Management will hold a 35% stake in Zhen Xing, while Huang's stake will be reduced to 15% from 23.1% previously. Upon completion of the subscription, Asia Poly said it would be able to integrate Zhen Xing's specialty in the production of green MMA. The stake acquisition will be funded by internally generated funds, said Asia Poly. *(The Edge)*

AirAsia X: Issues circular on proposed RM6.8bn acquisition for shareholders' review

AirAsia X Bhd has released a detailed circular on the RM6.8bn acquisition of Capital A Bhd's entire equity stake in AirAsia Aviation Group Ltd (AAAGL) and AirAsia Bhd (AAB) for its shareholders' review, ahead of an extraordinary general meeting on Oct 16. In a statement, AAX said the proposed acquisition aims to create a focused aviation powerhouse, encompassing seven airlines across Malaysia, Thailand, Indonesia, the Philippines, and Cambodia.

"Upon completion of the transaction, the new aviation group will cover the full spectrum of short-, medium-, and long-haul air travel services to capitalise on growing travel demand," it said. "The proposed share capital reduction, another key element of the proposals, will eliminate accumulated losses, thus enhancing AAX's financial profile," he said. The circular, now available on AAX's website, provides further details of the proposals, including the proposed issuance of free warrants, proposed private placement, proposed AAAGL acquisition, proposed AAB acquisition, proposed share capital reduction, and proposed granting of subscription options. *(Bernama)*



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	7.87	0.63	8.04
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	7.57
Amway (M)	Consumer	6.90	0.50	7.20
UOA REITS	REIT	0.95	0.06	6.74
Ta Ann Holdings	Plantation	3.87	0.26	6.67
Datasonic Group	Technology	0.45	0.03	6.67
Genting Malaysia	Consumer	2.35	0.15	6.55
Astro Malaysia Holdings	Telco	0.28	0.02	6.55
RHB Bank	Finance	6.18	0.40	6.44
Pavilion REIT	REIT	1.44	0.09	6.39
MBM Resources	Consumer	5.97	0.38	6.33

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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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