



Daily Newswatch

Market Review

The FBM KLCI closed relatively flat at 1,671.3 (-0.1%) on profit-taking after previous strong gains. Among the index constituents, the top gainers were HLFM (+3.6%) and NESTLE (+2.5%), while the top decliners were YTL (-3.4%) and SDG (-2.7%). In terms of sectors, the positive performance was led by Health Care (+1.1%) and Consumer Products & Services (+0.4%), while the negative performance was mainly led by Energy (-1.7%) and Utilities (-1.2%). The overall broader market breadth was slightly negative, with 585 decliners against 525 gainers.

Economics

- US:** Second-quarter economic growth unrevised; GDI revised sharply higher
- US:** Weekly jobless claims unexpectedly fall
- Malaysia:** Eyeing joint task force with Laos to boost energy sector
- China:** Mulling US\$142bn capital injection into top banks
- Malaysia:** Producer price index down to 0.3% y-o-y in August
- Malaysia:** Launches policy to transform fossil fuel industries, boost green growth in manufacturing

Companies

- Gamuda:** Plans one-for-one bonus issue, posts higher 4Q net profit
- Capital A:** Fernandes: AirAsia to charge mandatory carbon fees from January 2025
- Censof:** Bags RM5.4m Perkeso contract
- Citaglobal:** Secures RM47.6m road construction project
- Yenher:** Acquiring RM18.6m feedmill equipment

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,671.3	(0.1)	14.9
Dow Jones	42,175.1	0.6	11.9
Nasdaq CI	18,190.3	0.6	21.2
S&P 500	5,745.4	0.4	20.5
FTSE 100	8,284.9	0.2	7.1
Nikkei 225	39,172.8	0.6	17.1
Shanghai CI	3,001.0	3.6	0.9
HSI	19,924.6	4.2	16.9
STI	3,582.2	(0.0)	10.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,129.2	(12.7)
Value traded (RM m)	2,835.8	(13.7)
Gainers	525	
Losers	585	
Unchanged	493	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SCABLE	0.145	38.1	73.5
ARTRONIQ	0.120	50.0	70.1
MYEG	0.895	(0.6)	59.9
PHB	0.010	100.0	54.1
BAHVEST	0.710	11.8	52.4

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.280	0.0	254.6
TENAGA	14.920	(0.7)	177.5
PBBANK	4.670	0.9	120.7
MAYBANK	10.660	(0.4)	94.1
GAMUDA	8.010	(0.9)	71.8

Currencies	Last Close	% Chg
USD/MYR	4.118	0.7
USD/JPY	145.08	(0.2)
EUR/USD	1.1171	(0.1)
USD/CNY	7.0109	0.3
US Dollar Index	100.65	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	71.2	(0.5)
Gold (USD/troy oz)	2,670	(0.1)
CPO (MYR/metric t)	4,251	0.4
Bitcoin (USD/BTC)	65,136	0.7

Economics

US: Second-quarter economic growth unrevised; GDI revised sharply higher

Gross domestic product increased at an unrevised 3.0% annualised rate last quarter, the Commerce Department's Bureau of Economic Analysis said in its third estimate of second-quarter GDP on Thursday. Growth in the first quarter was revised up to a 1.6% rate from the previously reported 1.4% pace. GDI increased at a 3.4% rate last quarter, revised up from the initially estimated 1.3% pace. *(Reuters)*

US: Weekly jobless claims unexpectedly fall

Initial claims for state unemployment benefits dropped 4,000 last week to a seasonally adjusted 218,000 for the week ended Sept 21, the Labor Department said on Thursday. A strike by about 30,000 machinists at Boeing, which has forced the aerospace company to announce temporary furloughs of tens of thousands of employees, including what it said was "a large number of US-based executives, managers and employees" could boost claims in the weeks ahead. The number of people receiving benefits after an initial week of aid, a proxy for hiring, increased 13,000 to a seasonally adjusted 1.8m during the week ending Sept 14, the claims report showed. *(Reuters)*

Malaysia: Eyeing joint task force with Laos to boost energy sector

Malaysia is planning to establish a task force with Laos to strengthen cooperation in developing the energy sector of both countries, said Deputy Prime Minister Datuk Seri Fadillah Yusof. Fadillah said the task force would examine various aspects of cooperation, including efforts to increase the power supply from Laos to Malaysia and exploring investment opportunities for Malaysian industry players in Laos' energy generation sector. Meanwhile, Fadillah said that the Lao-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP) has entered Phase Two (2024-2026), with Malaysia supplying up to 100 megawatts (MW) of electricity to Singapore. He also emphasised the LTMS-PIP's reciprocity aspect, where the participating countries can mutually support each other when facing power shortage. *(Bernama)*

China: Mulling US\$142b capital injection into top banks, Bloomberg reports

China is considering injecting up to one trillion yuan (US\$142bn or RM588.6bn) of capital into its biggest state banks to increase their capacity to support the struggling economy, according to people familiar with the matter. The funding will mainly come from the issuance of new special sovereign bonds, said the people, asking not to be identified discussing a private matter. The details have yet to be finalised and are subject to change, the people added. *(Bloomberg)*

Malaysia: Producer price index down to 0.3% y-o-y in August

Growth in Malaysia's producer price index (PPI), which measures price changes at the producer level, eased to 0.3% year-on-year (y-o-y) in August, compared with 1.3% in the previous month, according to the Department of Statistics Malaysia (DOSM). In a statement on Thursday, chief statistician Datuk Seri Dr Mohd Uzir Mahidin said this was the lowest growth rate recorded since February, mainly due to lower primary commodity prices. On a monthly basis, he said local PPI production declined by 0.9% in August (July: -0.2%), driven by a 6.8% drop in the mining sector (July: +0.7%), affected by both extraction of natural gas (-9.1%) and crude petroleum (-6.1%). *(Bernama)*

Malaysia: Launches policy to transform fossil fuel industries, boost green growth in manufacturing

The government is seeking to lift the sector's contribution to gross domestic product from its current baseline of 24% but via more "sustainable pathways", according to Investment, Trade and Industry Minister Tengku Datuk Seri Abdul Aziz. He did not provide a target. "This is opportune forum to launch the circular economic policy framework, which aims to reformulate fossil-fuel-based industrial models and catalyse green growth practices across the manufacturing value chain," he said in his speech at a petrochemical conference. The framework also aims to ensure the sector reduces its carbon dioxide *(The Edge)*

Companies

Gamuda: Plans one-for-one bonus issue, posts higher 4Q net profit

Gamuda Bhd proposed a one-for-one bonus issue, involving an issuance of up to RM3bn bonus shares. In a filing with the stock exchange, the group said the bonus shares will be issued as fully paid, at no consideration and without capitalisation of the group's reserves. Separately, Gamuda reported an 8.2% increase in net profit to RM272.5m for the fourth quarter ended July 31, 2024 (4QFY2024) against RM251.8m in the same quarter a year ago. Quarterly revenue expanded 38.7% to RM4.7bn from RM3.4bn previously. The group did not declare any dividends for the quarter under review.

In a filing with the stock exchange, Gamuda said its overseas construction revenue tripled to an all-time high of RM9bn for FY2024 from RM3.5bn. Its construction order book hit another record high for the third consecutive year at RM25bn as the construction division posted record-breaking revenue and earnings of RM11bn and RM501m respectively, contributing 72% of group revenue and 55% of group earnings. The property division also delivered a robust revenue growth of 47%. Annual overseas revenue currently contributes 75% of overall group revenue. Property sales surged to an all-time high for the third consecutive year at RM5bn. The property division posted record-breaking revenue and earnings of RM4.2bn and RM411m respectively, accounting for 28% of group revenue and 45% of group earnings.

Commenting on the outlook, Gamuda expects its next year's performance will be largely driven by overseas and domestic construction activities, including the construction of several data centres and higher contribution from the property division's various QTPs. *(The Edge)*

Capital A: Fernandes: AirAsia to charge mandatory carbon fees from January 2025

AirAsia Bhd is planning to introduce mandatory carbon fees on air travel across all AirAsia operations starting January 2025, said its chief executive officer Tan Sri Tony Fernandes. Fernandes said the group is in the process of seeking approval from all the authorities in the country where it is operating including Thailand, Indonesia, Philippines and Cambodia. "We will do it in January next year because I don't want to just do it in Malaysia. We are trying to get all the approvals from the ASEAN governments [to impose the carbon fees]," Fernandes told reporters on Thursday. *(The Edge)*

Censof: Bags RM5.4m Perkeso contract for accounting system maintenance

Censof Holdings Bhd has secured an RM5.4m contract from Pertubuhan Keselamatan Sosial (Perkeso) to provide maintenance services for an accounting system. The three-year contract will run from February 1, 2025, to January 31, 2028, with no option for extension or renewal *(The Edge)*

Citaglobal: Secures RM47.6m road construction project in Terengganu

Citaglobal Bhd has secured an RM47.6m road construction project in Terengganu. It includes a range of tasks such as earthworks, pavement construction, drainage works, road furniture and geotechnical works, Citaglobal told the stock exchange on Thursday. According to Citaglobal, construction for the project is set to commence on Oct 7, 2024, with an anticipated completion date within 12 months. *(The Edge)*

Yenher: Acquiring RM18.6m feedmill equipment to boost animal feed production

Yenher Holdings Bhd is purchasing a fish mill and pet food and silos (machinery), for US\$4.4m (RM18.6m), cash. The acquisition is aimed at supporting Yenher's venture into the downstream feedmill business while expanding its product offerings. The equipment will be supplied by Famsun Co Ltd, a Chinese firm that is involved in the manufacturing of special equipment for feed, agricultural and sideline foods. The purchase consideration will be funded by internally generated funds and/or bank borrowings, said Yenher. *(The Edge)*



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.78	0.06	8.21
British American Tobacco (M)	Consumer	7.89	0.63	8.02
KIP REIT	REIT	0.91	0.07	7.96
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
Datasonic Group	Technology	0.45	0.03	6.67
Astro Malaysia Holdings	Telco	0.27	0.02	6.67
Ta Ann Holdings	Plantation	3.87	0.25	6.51
Genting Malaysia	Consumer	2.37	0.15	6.50
RHB Bank	Finance	6.18	0.40	6.44
Pavilion REIT	REIT	1.44	0.09	6.39
Paramount Corporation	Property	1.05	0.07	6.38

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
Northeast Group Berhad	ACE Market	0.50	169.0	51.8	3 Oct	15 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