



Daily Newswatch

Market Review

The FBM KLCI closed the week lower at 1,660.1 (-0.7%) mainly due to profit-taking in selected heavyweight counters amid a mixed regional performance. Among the index constituents, the top decliners were YTLPOWR (-4.7%), YTL (-3.1%) and MRDIY (-2.3%). In terms of sectors, the negative performance was mainly led by Utilities (-1.4%), Financial Services (-1.1%) and Health Care (-0.5%). The overall broader market breadth was negative, with 642 decliners against 448 gainers.

Economics

- US:** Consumer spending, inflation rise moderately in August
- German:** Unemployment up more than expected as labour market cools
- Malaysia:** Penang launches incentives to attract chip design firms, engineers
- China:** Companies urged to stay away from Nvidia chips
- Malaysia:** BNM to fully transition to new interbank rate within three years, seeks feedback

Companies

- Gamuda:** Gets A\$243m Australian wind farm construction contract
- Powerwell:** Bags RM13m contract to supply switchboards for Indonesia's data centre projects
- Citaglobal:** Inks waste-to-energy partnership with LAWI Germany, eyes listed entity in five years
- Talam Transform:** Plans five-to-one share consolidation, capital reduction and private placement
- HeiTech Padu:** Buys 30% stake in Islamic payment gateway owner Souqa Fintech for RM16.2m
- Propel Global:** Raise up to RM8.3m via private placement
- PT Resources:** Planned RM1bn supply chain intelligent park in Kuantan called off
- Signature:** Transfer two subsidiaries into new entity ahead of ACE Market IPO

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,660.1	(0.7)	14.1
Dow Jones	42,313.0	0.3	12.3
Nasdaq CI	18,119.6	(0.4)	20.7
S&P 500	5,738.2	(0.1)	20.3
FTSE 100	8,320.8	0.4	7.6
Nikkei 225	39,829.6	2.3	19.0
Shanghai CI	3,087.5	2.9	3.8
HSI	20,632.3	3.6	21.0
STI	3,573.4	(0.2)	10.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,019.0	(3.5)
Value traded (RM m)	2,680.1	(5.5)
Gainers	448	
Losers	642	
Unchanged	478	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
ZENTECH	0.010	0.0	65.8
SAPNRG	0.040	0.0	60.4
LAMBO	0.010	(60.0)	50.9
CAPITALA	0.940	3.3	48.7
GENETEC	0.850	(14.6)	44.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
GAMUDA	8.100	1.1	184.8
TENAGA	14.660	(0.1)	110.2
CIMB	8.240	(0.5)	100.9
MAYBANK	10.500	(1.5)	98.9
PMETAL	5.040	3.3	97.2

Currencies	Last Close	% Chg
USD/MYR	4.1255	0.5
USD/JPY	142.21	1.8
EUR/USD	1.1162	(0.1)
USD/CNY	7.011	(0.0)
US Dollar Index	100.38	(0.2)

Commodities	Last Close	% Chg
Brent (USD/barrel)	72.0	0.5
Gold (USD/troy oz)	2,658	(0.5)
CPO (MYR/metric t)	4,159	(1.8)
Bitcoin (USD/BTC)	65,703	(0.2)

Economics

US: Consumer spending, inflation rise moderately in August

Consumer spending rose 0.2% last month after an unrevised 0.5% gain in July. Spending was concentrated in services, with outlays on housing as well as financial services and insurance topping the list. There were also increases in spending on healthcare, transportation and recreation services. Consumers also boosted spending at bars and restaurants and stayed at hotels and motels. *(Reuters)*

German: Unemployment up more than expected as labour market cools

Joblessness rose by 17,000 in September. The unemployment rate held at 6%. German companies have been reluctant to cut staff, despite softer demand at home and in crucial export markets. That's partly because of widespread shortages of skilled staff that would make it harder to hire workers in an economic upswing. Still, there are growing signs the labour market is cooling. Employment has been growing at a slower rate while the number of vacancies fell by about 15% in the second quarter from the previous three months. *(Bloomberg)*

Malaysia: Penang launches incentives to attract chip design firms, engineers

The Penang government on Saturday launched an incentive programme to attract chip design firms and engineers to the Bayan Lepas Industrial Park and designated surrounding area. The 'Penang Silicon Design @5km+' zone will provide annual subsidies worth up to RM2m over three years, according to a statement from Invest Penang. The incentives will be available to both local and foreign integrated circuit (IC) design firms based in Malaysia. Penang has committed RM60m to propel the latest initiative forward, and the state government is asking for a matching grant of RM60m from the federal government, Invest Penang said. The incentives include up to full subsidies for rent, utilities, and parking at state-owned properties, as well as for the use of certain equipment and tools at shared incubation spaces and stakeholder facilities. *(The Edge)*

China: Companies urged to stay away from Nvidia chips

Chinese regulators have been discouraging companies from purchasing Nvidia's H20 chips, which are used to develop and run AI models, according to people familiar with the matter. The policy has taken the form of guidance rather than an outright ban, as Beijing wants to avoid handicapping its own AI startups and escalating tensions with the US, said the people, who asked not to be identified because the matter is private. The move is designed to help domestic Chinese AI chipmakers gain more market share while preparing local tech companies for any potential additional US restrictions, the people said. *(Bloomberg)*

Malaysia: BNM to fully transition to new interbank rate within three years, seeks feedback

Malaysia's central bank said on Friday it plans to fully transition to a new interbank rate used to price new financial contracts within three years. The plan is to begin publishing the new Malaysia Overnight Rate (MYOR) next year, a proposed roadmap by Bank Negara Malaysia (BNM) showed. Exposure to the existing Kuala Lumpur Interbank Offered Rate, or KLIBOR, should be gradually reduced and its use in new products is to stop by 2027. Given KLIBOR's potential cessation, market participants should consider using MYOR or its Islamic counterpart MYOR-i for new financial contracts to avoid future transition issues, BNM said. Banks should also proactively engage with customers and promote their usage, it said. BNM is now seeking feedback on the proposed permanent cessation of KLIBOR introduced back in 1987 and the full transition to MYOR away from the multiple-rate approach. *(The Edge)*

Companies

Gamuda: Gets A\$243m Australian wind farm construction contract

Gamuda Bhd said on Friday it has secured a A\$243m (RM702m) construction contract to deliver the Boulder Creek Wind Farm in Queensland, Australia. The project will comprise 38 turbines with a generating capacity of 228 megawatts when the wind farm begins operations in 2027, Gamuda said in a statement. Site preparatory works are expected to begin before the end of 2024, with activity ramping up from early to mid-2025, the company said. *(The Edge)*

Powerwell: Bags RM13m contract to supply switchboards for Indonesia's data centre projects

Powerwell Holdings Bhd has secured an RM13.3m contract to supply low-voltage switchboards for data centre projects in Indonesia. Its wholly-owned subsidiary, Powerwell International Sdn Bhd, received the letter of award from PT Duta Listrik Graha Prima, with completion expected by May 2025. *(The Edge)*

Citaglobal: Inks waste-to-energy partnership with LAWI Germany, eyes listed entity in five years

Citaglobal Bhd has entered into a binding term sheet with Germany's LAWI Engineering GmbH (LAWI Germany) to collaborate exclusively on providing advanced waste-to-energy (WTE) technology and engineering solutions for waste management projects identified by Citaglobal and its affiliates. Under the partnership, Citaglobal and LAWI Germany will be able to monetise the licensing of LAWI Germany's technology and products to potential partners, in addition to providing the usual suite of engineering services. *(The Edge)*

Talam Transform: Plans five-to-one share consolidation, capital reduction and private placement

Talam Transform Bhd has proposed to consolidate every five existing shares held by its shareholders into one share, with the entitlement date to be determined later. On completion of the exercise, Talam's share base will be reduced to 944.9m shares from 4.7bn shares as of Sept 20, for a share capital of RM866.8m. Talam also wants to undertake a capital reduction by cancelling RM650m of its issued share capital to offset accumulated losses of RM624.4m at the group level, leaving it with retained earnings of RM24.4m that Talam said will be used in a manner deemed fit by the board.

Talam has also proposed a private placement of up to 20% of its total issued shares, at an issue price to be determined. Based on an indicative price of 11.3 sen per placement share, Talam could raise RM21.3m, which it plans to use to repay borrowings, and for working capital. The proposals, subject to approval from Bursa Securities and Talam's shareholders, are expected to be completed by the second quarter of 2025. *(The Edge)*

HeiTech Padu: Buys 30% stake in Islamic payment gateway owner Souqa Fintech for RM16.2m

HeiTech Padu Bhd is acquiring a 30% stake in a privately held company, Souqa Fintech Sdn Bhd, for RM16.2m. In a bourse filing, the technology services provider said its wholly-owned subsidiary, Synergy Grid Sdn Bhd, has signed a share subscription agreement to acquire 10.8m new ordinary shares in Souqa Fintech Sdn Bhd at RM1.50 apiece. HeiTech Padu plans to fund the investment with RM11m in cash, while the remaining RM5.2m will be realised via invoice detailing the scope of services required by Souqa Fintech. *(The Edge)*

Propel Global: Raise up to RM8.3m via private placement, ups stake in EPCC subsidiary for RM6.2m

Propel Global Bhd has proposed a private placement to raise up to RM8.3m for business expansion and working capital for new projects. The fundraising exercise involves an issuance of up to 67.6m new ordinary shares, representing approximately 10% of its issued shares, at an issue price to be determined later. Separately, the group is acquiring a 39% stake in its majority-owned subsidiary Best Wide Engineering (M) Sdn Bhd (BWE) for RM6.2m, raising its shareholding to 90% from 51%. By increasing its stake in BWE, Propel Global aims to fully capitalise on future profit growth and expand its market presence in both onshore and offshore oil and gas operations. *(The Edge)*

PT Resources: Planned RM1bn supply chain intelligent park in Kuantan called off

PT Resources Holdings Bhd's partnership with China's Ocean Exchange (Fujian) Foreign Trade Services Co Ltd (Ocean Exchange) to develop the Malaysia East Coast International Supply Chain Intelligent Park in Kuantan, Pahang has fallen through. The project, which aimed to facilitate bilateral trade between Malaysia and China through Fuzhou, China, was estimated to be worth about RM1bn. In a filing with the stock exchange on Friday, PT Resources said the group and Ocean Exchange had mutually agreed to terminate the plan. PT Resources said the mutual termination is not expected to have any material effect on the group's earnings, net assets, gearing, share capital and substantial shareholders' shareholding for the financial year ending April 30, 2025. (*The Edge*)

Signature: Transfer two subsidiaries into new entity ahead of ACE Market IPO

Signature International Bhd plans to transfer its ownership in the two subsidiaries it wants to spin off for a listing into a newly formed entity, Signature Alliance Group Bhd (SAG), and then offer 26% of SAG's enlarged share base to the public via an initial public offering. The two subsidiaries are its 51%-owned renovation company Space Alliance Contracts Sdn Bhd (SAC) and 50.1%-owned interior fit-out business that focuses on commercial projects, Zig Zag Builders (M) Sdn Bhd (ZZB).

SAG plans to use the listing proceeds to buy land in Selangor to set up a new corporate office and production facility, establish branch offices in Penang and Johor, repay bank borrowings and for working capital. (*The Edge*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.78	0.06	8.26
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	6.86	0.50	7.24
Datasonic Group	Technology	0.45	0.03	6.74
UOA REITS	REIT	0.95	0.06	6.74
Astro Malaysia Holdings	Telco	0.27	0.02	6.67
Genting Malaysia	Consumer	2.36	0.15	6.53
RHB Bank	Finance	6.10	0.40	6.51
Ta Ann Holdings	Plantation	3.91	0.25	6.45
Pavilion REIT	REIT	1.43	0.09	6.43
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
OB Holdings Berhad	ACE Market	0.24	120.0	0.0	15 Oct	29 Oct

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