



# Daily Newswatch

## Market Review

The FBM KLCI closed lower at 1,648.9 (-0.7%) amid mixed regional performances, perhaps due to foreign funds selling out and reallocating funds to Chinese markets. Among the index constituents, the top decliners were MISC (-3.6%), PPB (-3.5%), and HLFM (-3.2%). In terms of sectors, the negative performance was mainly led by Energy (-1.2%), Construction (-1.1%), and Transportation & Logistics (-1.0%). Consequently, the overall broader market breadth remained negative, with 652 decliners outpacing 488 gainers.

## Economics

- **US:** Biden approves US\$567m in defence support for Taiwan, White House says
- **China:** To cut existing mortgage rates by end of October
- **Malaysia:** National Climate Change Policy 2.0 launched for transition towards low-carbon economy
- **Japan:** Factory output falls, casting doubts about pace of economic recovery
- **US:** Unveil first of two decisions on more solar tariffs on four SE Asian nations including Malaysia

## Companies

- **Aizo:** Secures RM14.6 m contract for infrastructure work
- **Jati Tinggi:** Secures RM50.9m underground cable installation job in Cyberjaya
- **Critical Holdings:** Wins RM82m contract from US-based multinational company
- **TCS:** Secures RM117m construction contract from S P Setia
- **Samaiden:** Secures RM52m solar PV power plant job
- **Plenitude:** CEO resigns after 19 months at helm
- **Cape EMS:** Executive director Lim Chue Wan resigns
- **Kawan Food:** Close China plant due to US tariff impact, limited room for expansion

### Upcoming key economic data releases

	Date
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	1,648.9	(0.7)	13.4
Dow Jones	42,330.2	0.0	12.3
Nasdaq CI	18,189.2	0.4	21.2
S&P 500	5,762.5	0.4	20.8
FTSE 100	8,237.0	(1.0)	6.5
Nikkei 225	37,919.6	(4.8)	13.3
Shanghai CI	3,336.5	8.1	12.2
HSI	21,133.7	2.4	24.0
STI	3,585.3	0.3	10.6

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,062.3	34.6
Value traded (RM m)	3,216.6	20.0
Gainers	488	
Losers	652	
Unchanged	492	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
FOCUS	0.025	25.0	100.2
EA	0.005	0.0	97.8
CAPITAL A	0.990	5.3	83.8
PEAGASUS	0.005	0.0	56.0
SINARAN	0.120	71.4	46.5

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.050	(2.3)	273.2
TENAGA	14.440	(1.5)	167.2
MAYBANK	10.480	(0.2)	140.5
PUBLIC BANK	4.560	(0.7)	117.9
CAPITAL A	0.990	5.3	82.8

Currencies	Last Close	% Chg
USD/MYR	4.1235	0.0
USD/JPY	143.6	0.0
EUR/USD	1.1137	0.0
USD/CNY	7.0187	(0.1)
US Dollar Index	100.78	0.4

Commodities	Last Close	% Chg
Brent (USD/barrel)	71.7	0.2
Gold (USD/troy oz)	2,635	0.0
CPO (MYR/metric t)	4,163	0.9
Bitcoin (USD/BTC)	63,208	(0.9)



## Economics

### **US: Biden approves US\$567m in defence support for Taiwan, White House says**

US President Joe Biden approved US\$567m (RM2.3bn) in defence support for Taiwan on Sunday, the White House said, the latest move by the United States to boost the island's military in the face of rising tensions with China. In a statement, the White House said Biden had delegated the Secretary of State, the authority "to direct the drawdown of up to US\$567m in defence articles and services of the Department of Defense, and military education and training, to provide assistance to Taiwan". (*Reuters*)

### **China: To cut existing mortgage rates by end of October**

China's central bank said on Sunday it would tell banks to lower mortgage rates for existing home loans before Oct 31, as part of sweeping policies to support the country's beleaguered property market as the economy slows. Commercial banks should, in batches, reduce interest rates on existing mortgages to no less than 30 basis points (bps) below the Loan Prime Rate (LPR), the central bank's benchmark rate for mortgages, according to a statement released by the People's Bank of China (PBOC). It is expected to cut existing mortgage rates by about 50 bps on average. Across China, a slew of policies including reductions in down-payment ratios and mortgage rates have been introduced this year to support China's crisis-hit property market. (*Reuters*)

### **Malaysia: National Climate Change Policy 2.0 launched for transition towards low-carbon economy**

The Ministry of National Resources and Environmental Sustainability on Monday launched the National Climate Change Policy (NCCP) 2.0, an updated policy that introduces a new framework for Malaysia's transition towards a low-carbon economy. Minister Nik Nazmi Nik Ahmad said the NCCP 2.0 is an umbrella policy that ties together all climate initiatives, provides a clear pathway for governance, low carbon development, adaptation, climate financing and partnerships, as well as serves as the backbone for the drafting of Malaysia's very own Climate Change Act, which is expected to be completed early next year. Meanwhile, Nik Nazmi said Malaysia would prioritise several key global climate initiatives that are crucial to its participation in the broader United Nations Framework Convention on Climate Change negotiations during the 29th Conference of Parties (COP29) in Baku, Azerbaijan, from Nov 11 to 22. He said these include the New Collective Quantified Goal, implementation of Article 6 of the Paris Agreement on carbon market mechanism, the Global Goal on Adaptation, and the operationalisation of the Loss and Damage Fund. (*Bernama*)

### **Japan: Factory output falls, casting doubts about pace of economic recovery**

Japan's factory output tumbled last month driven by typhoon-led disruptions in motor vehicle production and weak US sales, with the government and analysts cautioning about a subdued outlook that raises the hurdle for a solid economic recovery. Industrial output fell 3.3% in August from the previous month, data released by the Ministry of Economy, Trade and Industry (METI) on Monday showed, worse than a median market forecast for a 0.9% drop. "Taking into account overseas factors, it is difficult to expect a significant increase in production in the near future, and the pace of recovery will remain moderate," said Shungo Akimoto, market economist at Mizuho Securities. (*Reuters*)

### **US: Unveil first of two decisions on more solar tariffs on four SE Asian nations including Malaysia**

US trade officials may this week impose new tariffs on solar panels from four Southeast Asian nations that American manufacturers have complained employ unfair subsidies that make US products uncompetitive. The announcement, due on Tuesday (Oct 1), is the first of two preliminary decisions the Commerce Department will make this year, in a trade case brought by Korea's Hanwha Qcells, Arizona-based First Solar, and several smaller companies seeking to protect billions of dollars in investments in US solar manufacturing. The domestic producers argue that competition from cheap imports by Chinese companies operating in Malaysia, Vietnam, Thailand and Cambodia threatens US President Joe Biden's goal to boost domestic manufacturing of clean energy technologies needed to combat climate change. Commerce's decision will for the first time consider the impact of cross-border subsidies, for instance the Chinese government subsidising a manufacturer in Vietnam or elsewhere. (*Reuters*)



## Companies

### **Aizo: Secures RM14.6m contract for infrastructure work**

Aizo Group Bhd, formerly known as Minetech Resources Bhd has secured a RM14.6m contract to undertake external infrastructure works for a project in Serendah, Hulu Selangor, Selangor. In a statement, Aizo said the project will involve the execution and completion of external infrastructure works for the development. The contract is expected to commence on Aug 26, 2024 with completion date set on Aug 25, 2025, with Aizo overseeing all external infrastructure work to ensure timely completion to the highest standards. *(The Star)*

### **Jati Tinggi: Secures RM50.9m underground cable installation job in Cyberjaya**

Jati Tinggi Group Bhd has secured a sub-contract worth RM50.9m for 132kV underground single circuit cable installation in Cyberjaya, Selangor. Jati Tinggi said the scope of work includes the supply and erection of power cables, fibre optic cables, jointing and termination, testing, commissioning and other ancillary activities. The project is expected to span over 22 months. *(The Edge)*

### **Critical Holdings: Wins RM82m contract from US-based multinational company**

Critical Holdings Bhd's wholly owned subsidiary Critical M&E Engineering Sdn Bhd has been awarded an RM82m contract from a multinational company (MNC) headquartered in the US. In a filing with Bursa Malaysia, the mechanical, electrical and engineering solutions company said the contract is to undertake mechanical and electrical-related fit-out, cleanroom and interior design works for a three-storey office building, and a one-storey production and warehouse at Pasir Gudang, Johor Bahru. The contract works are expected to be completed over 16 weeks on project commencement, the filing read. *(The Edge)*

### **TCS: Secures RM117m construction contract from S P Setia**

TCS Group Holdings Bhd has secured a contract worth RM116.6m from a subsidiary of S P Setia Bhd. It involves building and related infrastructure works for 561 units of affordable housing as part of the Setia Bayuemas project in Klang, Selangor. The building and infrastructure construction company said its wholly owned subsidiary, TCS Construction Sdn Bhd, had accepted the letter of award from I & P Kota Bayuemas Sdn Bhd for the project, according to its filing with Bursa Malaysia on Monday. *(The Edge)*

### **Samaiden: Secures RM52m solar PV power plant job**

Samaiden Group Bhd has accepted a letter of award from Legasi Green Power Sdn Bhd to undertake, amongst others, the main contract works in relation to the development of a 14-megawatt alternating current large scale solar photovoltaic power plant in Sungai Petani, Kedah, worth RM52m. Samaiden said the scope of the main contract works includes the design, supply, delivery, installation, testing and commissioning in connection with the project. *(The Star)*

### **Plenitude: CEO resigns after 19 months at helm**

Plenitude Bhd announced that its chief executive officer Lee Wee Kee has stepped down from his position effective immediately. In a bourse filing, the group said Lee's resignation was due to personal reasons. *(The Edge)*

### **Cape EMS: Executive director Lim Chue Wan resigns**

Cape EMS Bhd said on Monday that its executive director Lim Chue Wan had resigned due to health reasons. Lim, 57, joined Cape EMS' board as the director of corporate, finance, and accounts in 2020, before taking on the role of an executive director in March 2022, the Johor-based electronics manufacturing services provider said in a bourse filing. *(The Edge)*



**Kawan Food: Close China plant due to US tariff impact, limited room for expansion**

Kawan Food Bhd said it is closing its manufacturing facility in China, due to the impact of US tariffs and limited room for expansion. In a filing with Bursa Malaysia on Monday, Kawan Food said the imposition of US tariffs on Chinese imports since 2018 had made it more competitive and efficient to export from the Pulau Indah factory. Apart from that, rapid urbanisation in the region surrounding the KFN factory has limited opportunities for future expansion, according to the group. “The closure of KFN will not have significant financial impact on the company, as its sales contribution was less than 5% of the company's [total], and the manufacturing operations have been underutilised since the imposition of US tariffs in 2018,” the group added. Following the closure of KFN in China, Kawan Food plans to expand the Pulau Indah factory by using equipment and machinery from the KFN facility, supplemented by investments in newer technology. Additionally, Kawan Food said it plans to realise the value of its land and buildings at the KFN site in China at a later date. *(The Edge)*



## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.24	0.20	9.06
Sentral REIT	REIT	0.79	0.06	8.15
British American Tobacco (M)	Consumer	7.85	0.63	8.06
Astro Malaysia Holdings	Telco	0.27	0.02	7.92
KIP REIT	REIT	0.92	0.07	7.87
MAG Holdings	Consumer	1.17	0.09	7.69
Magnum	Consumer	1.17	0.09	7.69
Hektar REITS	REIT	0.52	0.04	7.50
Amway (M)	Consumer	6.85	0.50	7.26
UOA REITS	REIT	0.96	0.06	6.67
Datasonic Group	Technology	0.45	0.03	6.67
Genting Malaysia	Consumer	2.42	0.16	6.57
Ta Ann Holdings	Plantation	3.90	0.25	6.46
Paramount Corporation	Property	1.04	0.07	6.44
Bermaz Auto	Consumer	2.24	0.20	9.06

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		
<a href="#">Crest Group Berhad</a>	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	15 Oct	29 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](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my