



Daily Newswatch

Market Review

The FBM KLCI ended the day almost unchanged, closing at 1,634.9 as caution weighed on sentiment amid a mixed performance in regional bourses. Among the index constituents, the top gainers were TNB (+1.7%) and MRDIY (+1.9%), while the top decliners were PMAT (-3.8%) and PETCHEM (-3.5%). Sector-wise, the positive performance was led by Construction (+1.9%) and REIT (+1.3%), while the top decliners were led by Energy (-1.3%) and Industrial Products and Services (-1.3%). Overall, the broader market breadth was balanced, with 548 gainers matching 566 decliners.

Economics

- **US:** Fed vice-chair says risks to inflation, employment now balanced
- **Malaysia:** Exporters now keener to bring home foreign proceeds, BNM committee observes
- **New Zealand:** Steps up pace of rate cuts as economy weakens

Companies

- **Tropicana:** Sells land in Johor to data centre operator for RM240m
- **Ecomate:** To acquire factory, machinery in Muar to expand
- **Guan Chong:** In exclusive talks to buy 25% stake in Ivory Coast
- **Kitacon:** Bags RM64m housing works project from S P Setia
- **Berjaya Food:** Signs agreement to exclusively operate Paris Baguette in Brunei, Thailand
- **Key ASIC:** Collaborates with Japan's NSW to develop ASIC business
- **Solarvest:** LBS Bina awards RM104m solar farm construction

Upcoming key economic data releases

	<u>Date</u>
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	1,634.9	(0.0)	12.4
Dow Jones	42,080.4	0.3	11.7
Nasdaq CI	18,182.9	1.4	21.1
S&P 500	5,751.1	1.0	20.6
FTSE 100	8,221.5	0.4	6.3
Nikkei 225	39,278.0	0.9	17.4
Shanghai CI	3,258.9	(6.6)	9.5
HSI	20,637.2	(1.4)	21.1
STI	3,595.7	0.6	11.0

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,223.7	(1.0)
Value traded (RM m)	2,471.0	(7.5)
Gainers	548	
Losers	566	
Unchanged	494	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
PERTAMA	0.245	(49.5)	228.8
CREST	0.350	0.0	114.8
TWL	0.025	0.0	44.9
HONG SENG	0.010	0.0	41.5
ALPHA	0.350	0.0	40.0

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TNB	14.420	1.7	160.6
CIMB	8.030	0.9	106.6
SPEEDMART	2.490	1.2	90.6
HONG LEONG	21.100	0.5	74.9
PERTAMA	0.245	(49.5)	67.8

Currencies	Last Close	% Chg
USD/MYR	4.2815	0.1
USD/JPY	148.61	(0.3)
EUR/USD	1.0966	(0.1)
USD/CNY	7.0672	(0.1)
US Dollar Index	102.62	0.1

Commodities	Last Close	% Chg
Brent (USD/barrel)	77.1	(0.1)
Gold (USD/troy oz)	2,621	(0.0)
CPO (MYR/metric t)	4,337	(0.3)
Bitcoin (USD/BTC)	62,102	(0.4)

Economics

US: Fed vice-chair says risks to inflation, employment now balanced

US Federal Reserve (Fed) vice-chair Philip Jefferson said risks to the central bank's employment and inflation goals are now closer to equal. "The balance of risks to our two mandates has changed — as risks to inflation have diminished and risks to employment have risen, these risks have been brought roughly into balance," Jefferson said on Tuesday in prepared remarks for an event at the Davidson College in North Carolina. Jefferson, in his first public speech since May, said he will be assessing incoming economic data and the balance of risks "when considering additional adjustments to the federal funds target range".

He added that he is making decisions on a meeting-by-meeting basis. Fed officials lowered interest rates at their meeting last month for the first time since the onset of the COVID-19 pandemic, reducing them by a half percentage point. The move came amid further signs of cooling inflation and growing concerns about the labour market. (*Bloomberg*)

Malaysia: Exporters now keener to bring home foreign proceeds, BNM committee observes

Malaysian exporters are now keener to convert foreign proceeds amid sustained recovery of the ringgit, said members of Bank Negara Malaysia's (BNM) Financial Markets Committee. Efforts to encourage repatriation and conversion have contributed to domestic foreign exchange market liquidity, according to the summary of the 15-member committee's discussion. Current arrangement can be sustained to ensure better liquidity in the onshore market, members noted. "Among exporters, there was a shift in sentiment that led to more interest for conversion of export proceeds," members of the committee observed, "while importers have also reduced their front-loading tendencies by purchasing only required quantities for their business activities."

The ringgit has strengthened nearly 11% to a three-year high against the US dollar in September before easing last week, mainly driven by interest rates cuts and expectations for further reductions of policy rates in advanced economies which spurred flows into emerging markets. (*The Edge*)

New Zealand: Steps up pace of rate cuts as economy weakens

New Zealand's central bank cut interest rates by half a percentage point, stepping up the pace of easing as policymakers become more concerned about the economic slowdown. The Reserve Bank's (RBNZ) Monetary Policy Committee lowered the official cash rate (OCR) to 4.8% from 5.3% on Wednesday in Wellington, as anticipated by 19 of 23 economists in a *Bloomberg* survey. The remainder expected a quarter-point move. It is the RBNZ's second straight reduction after it began its easing cycle with a quarter-point cut in August.

"The committee agreed that the economic environment provided scope to further ease the level of monetary policy restrictiveness," the RBNZ said. Future changes to the OCR will depend on the bank's "evolving assessment of the economy", it said. New Zealand's economy has stalled, unemployment is rising and house prices are falling as the prolonged period of high borrowing costs curbs demand. Economists say inflation is now slowing rapidly, and some have warned it may undershoot the 2% midpoint of the RBNZ's 1% to 3% target range. (*Bloomberg*)

Companies

Tropicana: Sells land in Johor to data centre operator for RM240m

Property developer Tropicana Corp Bhd has inked an agreement to dispose of 38.5 acres of freehold land in Johor to a data centre company for RM240m, marking its second land sale for such development in the region this year. Tropicana Firstwide Sdn Bhd, the group's wholly owned subsidiary, has entered into a sales and purchase agreement with Computility Technology (Malaysia) Sdn Bhd for the asset disposal.

Computility Technology is principally involved in the provision of infrastructure for hosting, data processing services and related activities, the group's bourse filing showed. The company is wholly-owned by ZData Cloud Technology Pte Ltd, which is an indirect subsidiary of ZData Technologies Co Ltd, a Beijing-based provider of cloud-network convergence and digitised IT infrastructure services. This is the fifth major disposal by Tropicana over the past nine months. Just in August, Tropicana secured an RM383m land deal with global IT service provider NTT Data Group, selling 68.5 acres of land in Johor. (*The Edge*)

Ecomate: To acquire factory, machinery in Muar to expand operations

Home furniture specialist Ecomate Holdings Bhd has proposed to acquire a single-storey factory in Muar, Johor, along with machinery and components, from SWS Capital Bhd. It is part of the company's plans to establish a new factory and warehouse, while securing permanent premises to support its business expansion, Ecomate said in a bourse filing on Wednesday. The company said it will be buying the factory, situated on 8,217 square metres of leasehold industrial land, for RM7m, and pay another RM1.9m for the machinery and components. Ecomate noted that the new manufacturing facility is located near its existing plants, allowing for improved administrative control, reduced production costs, and enhanced product quality. The company plans to rent out additional space within the property, potentially generating rental income. (*The Edge*)

Guan Chong: In exclusive talks to buy 25% stake in Ivory Coast cocoa outfit

Guan Chong Bhd is seeking to take up a 25% stake in Ivory Coast-based cocoa manufacturing outfit Transcao Côte d'Ivoire (Transcao CI). Guan Chong's unit GB Cocoa Singapore Pte Ltd has inked a Memorandum of Understanding with Transcao CI's shareholders — Conseil Du Café (CCC) and its subsidiary Transcao Negoce, which underline exclusive negotiation rights for three months. If it goes through, the deal will see Asia's largest manufacturer of cocoa-derived food ingredients further extend its footprint into Ivory Coast, the world's largest cocoa bean origin country whose annual cocoa bean production of two million tonnes accounts for 40% of global supply. (*The Edge*)

Kitacon: Bags RM64m housing works project from S P Setia's unit

Construction firm Kumpulan Kitacon Bhd on Wednesday said it has secured a contract worth RM64.1m to undertake main building works for a proposed double-storey house in Shah Alam, Selangor. Kitacon said its wholly-owned subsidiary Kitacon Sdn Bhd received the project from S P Setia Eco-Projects Management Sdn Bhd, a unit of property developer S P Setia Bhd, according to its filing on Wednesday. The project involves the development of Phase 3 of Arundina which consists of 130 units of double-storey semi-detached houses and a unit of Tenaga Nasional Bhd substation located specifically in Setia Alam. (*The Edge*)

Berjaya Food: Signs agreement to exclusively operate Paris Baguette in Brunei, Thailand

Berjaya Food Bhd said on Wednesday that it has signed a master franchise agreement that would allow the company to exclusively operate Paris Baguette stores in Brunei and Thailand. The company has plans to open an unspecified number of stores across both markets by quarter three of 2025, Berjaya Food said in a statement. Paris Baguette, which mainly sells French-inspired bakery products, is the flagship brand of South Korean food company SPC Group. "The expansion into Brunei and Thailand also reflects commitment to establishing a stronger footprint in underserved markets, tapping into the rising café culture in these nations. (*The Edge*)



Key ASIC: Collaborates with Japan's NSW to develop ASIC business

Key ASIC Bhd has signed a collaboration agreement with NSW Inc, one of Japan's largest system solution developers, to develop the Application-Specific Integrated Circuit (ASIC) design business. The company said that NSW will offer a wide range of solutions, allowing both companies to jointly develop their ASIC design capabilities and better address customer needs. Key ASIC highlighted NSW's unique and impressive expertise in software, hardware, and chip development, particularly in the Internet of Things (IoT) and artificial intelligence (AI) technologies, which have been successfully deployed in the market. (*The Star*)

Solarvest: LBS Bina awards RM104m solar farm construction

Property developer LBS Bina Group Bhd has awarded renewable energy company Solarvest Holdings Bhd a contract to build a 43-MWp solar farm in Senawang, Negeri Sembilan, valued at RM104m. The solar farm is owned by Suria Hijauan Sdn Bhd, a consortium comprising Setara Armada Sdn Bhd which holds a 51% stake, MWG Solar Energy Sdn Bhd (29%) and Ocean Solar Energy Sdn Bhd (20%). Setara Armada is a wholly owned subsidiary of LBS Bina, according to the group's filing on Wednesday.

Upon completion, the solar farm is expected to generate approximately 53,000 MWh of clean energy annually, offsetting around 35,000 tonnes of carbon dioxide emissions, LBS Bina noted. The project is targeted for completion by the end of 2025. (*The Edge*)



	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco (M)	Consumer	7.57	0.63	8.36
Sentral REIT	REIT	0.79	0.06	8.15
KIP REIT	REIT	0.93	0.07	7.78
MAG Holdings	Consumer	1.18	0.09	7.63
Magnum	Consumer	1.18	0.09	7.63
Hektar REITS	REIT	0.53	0.04	7.43
Amway (M)	Consumer	6.85	0.50	7.26
Datasonic Group	Technology	0.45	0.03	6.74
Genting Malaysia	Consumer	2.36	0.16	6.69
MBM Resources	Consumer	5.73	0.38	6.60
UOA REITS	REIT	0.98	0.06	6.56
RHB Bank	Finance	6.20	0.40	6.42
Paramount Corporation	Property	1.05	0.07	6.38
Tambun Indah Land	Property	0.95	0.06	6.32
Gas Malaysia	Utilities	3.71	0.23	6.28

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		
Northeast Group Bhd	ACE Market	0.50	169.0	51.8	3 Oct	15 Oct
Sorento Capital Bhd	ACE Market	0.37	155.0	74.0	15 Oct	28 Oct
OB Holdings Bhd	ACE Market	0.24	120.0	0	15 Oct	29 Oct
3Ren Bhd	ACE Market	0.28	110.0	45.0	23 Oct	6 Nov

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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