



Daily Newswatch

Market Review

The FBM KLCI closed lower on Friday at 1,633.6 (-0.5%), pulled down by losses, particularly from Public Bank. Among the index constituents, the top decliners were Public Bank (-5.7%), Sime Darby (-2.4%) and YTL (-2.0). Sector-wise, the negative performance was led by Financial Services (-0.6%) and Technology (-1.2%). Overall, the broader market breadth was negative, with 546 losers outweighing 420 gainers.

Economics

- Malaysia:** August wholesale and retail trade sales growth rate decelerates to a 14-month low
- Malaysia:** Manufacturing sales value rises 7.7% to RM163.9bn in August
- US:** Producer prices flat in September; details mixed
- China:** Flags more fiscal stimulus for economy, leaves out key details on size

Companies

- Glostrex:** Diversifies into power supply system with RM4.2m acquisition
- Fajarbaru:** To sell 44.4% stake in Australian property company
- WMG:** To acquire 70% stake in WMG, undertake general offer for remaining shares
- Rexit:** Executive chairman resigns after six weeks on the job
- Barakah Offshore:** Chairman Zaid Ibrahim resigns, founder Nik Hamdan steps in
- PUC:** Announces another sale of software, IP rights
- Alliance Bank:** Appoints Amirsham Aziz as new chairman
- Gadang:** To sell leasehold land in Damansara Perdana for RM65m
- Press Metal:** Founder sells 6.3 mil shares for RM32.0m

Upcoming key economic data releases

	Date
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	1,633.6	(0.5)	12.3
Dow Jones	42,863.9	1.0	13.7
Nasdaq CI	18,342.9	0.3	22.2
S&P 500	5,815.0	0.6	21.9
FTSE 100	8,253.7	0.2	6.7
Nikkei 225	39,605.8	0.6	18.4
Shanghai CI	3,217.7	(2.5)	8.2
HSI	21,252.0	3.0	24.7
STI	3,573.8	(0.3)	10.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,297.3	(12.9)
Value traded (RM m)	2,679.5	16.2
Gainers	420	
Losers	546	
Unchanged	526	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
PUBLIC BANK	4.310	(5.7)	162.1
MYEG	0.920	(1.6)	106.4
PERTAMA	0.280	(9.7)	47.6
VELOCITY	0.040	(20.0)	34.7
SINKUNG	0.210	5.0	33.4

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PUBLIC BANK	4.310	(5.7)	709.1
CIMB	8.220	1.7	182.4
TNB	14.460	0.6	108.0
MYEG	0.920	(1.6)	100.5
SUNWAY	4.370	2.3	68.8

Currencies	Last Close	% Chg
USD/MYR	4.2875	0.1
USD/JPY	148.88	(0.2)
EUR/USD	1.0947	0.1
USD/CNY	7.068	0.1
US Dollar Index	102.83	(0.2)

Commodities	Last Close	% Chg
Brent (USD/barrel)	78.6	(1.0)
Gold (USD/troy oz)	2,637	0.3
CPO (MYR/metric t)	4,450	2.3
Bitcoin (USD/BTC)	60,816	1.8

Economics

Malaysia: August wholesale and retail trade sales growth rate decelerates to 14-month low

Malaysia's wholesale and retail sales grew at its slowest pace in 14 months in August amid deceleration in all subsectors, according to official data released on Friday. Wholesale and retail trade rose 4.7% to RM149.2bn in August, the Department of Statistics Malaysia said in a statement. The rate is the lowest since June 2023, and markedly slower than July's 6.7% year-on-year increase. On a month-on-month basis, distributive trade edged 0.1% higher.

The overall growth in August was supported by a 5.9% increase in retail trade to RM64.1bn versus 6.4% expansion in July. The increase was primarily driven by non-specialized stores which climbed 7.8%. The wholesale trade expanded by 3.7% to RM66.2bn against a 5.5% gain a month earlier, mainly supported by sales of agricultural raw materials and live animals, which registered a 7.8% increase. The motor vehicle segment grew by 4.1% to RM18.9bn, decelerating sharply compared to the 12.2% growth in July. The segment was aided by a 9% increase in the maintenance and repair of motor vehicles despite a 0.5% decline in motor vehicle sales. (*The Edge*)

Malaysia: Manufacturing sales value rises 7.7% to RM163.9bn in August

The manufacturing sector's August 2024 sales value reached RM163.9bn, reflecting a year-on-year (y-o-y) increase of 7.7%, versus a decline of 3.3% in the same month last year, according to the Department of Statistics Department (DOSM). However, the sector's sales value moderated compared to the 9.1% growth observed in the preceding month. Chief statistician Datuk Seri Mohd Uzir Mahidin attributed the increase primarily to the double-digit growth in the food, beverages, and tobacco sub-sector at 16.1% (July 2024: 16%), and in electrical and electronics products at 10.4%. (*Bernama*)

US: Producer prices flat in September; details mixed

US producer prices were unchanged in September as a modest rise in the cost of services was offset by cheaper goods, pointing to a still-favourable inflation outlook and supporting views that the Federal Reserve would cut interest rates again next month. The unexpected flat reading reported by government on Friday followed data on Thursday showing consumer prices increased slightly more than expected last month. But some components that go into the personal consumption expenditures (PCE) price indexes were a bit firmer. The US central bank tracks the PCE price indexes for its 2% inflation target. (*Reuters*)

China: Flags more fiscal stimulus for economy, leaves out key details on size

China pledged on Saturday to "significantly increase" debt to revive its sputtering economy, but left investors guessing on the overall size of the stimulus package, a vital detail to gauge the longevity of its recent stock market rally. Finance Minister Lan Foan told a press conference Beijing will help local governments tackle their debt problems, offer subsidies to people with low incomes, support the property market and replenish state banks' capital, among other measures. These are all steps investors have been urging China to take as the world's second-largest economy loses momentum and struggles to overcome deflationary pressures and lift consumer confidence amid a sharp property market downturn. (*Reuters*)



Companies

Glostrex: Diversifies into power supply system with RM4.2m acquisition

Glostrex Bhd has proposed diversifying its business to include the trading of electrical appliances, generators, alternators and related products through the acquisition of a 70% stake, or 3.5m shares, in Powertecs System Sdn Bhd. Glostrex has signed a deal to purchase the shares from Powertecs' shareholders Chen Song Wie and Ng Chuee Choo in a transaction that involves a combination of cash and shares, with a total purchase consideration of RM4.2m. According to the group's bourse filing, RM2.1m will be settled in cash. The remaining will involve the issuance of 10m new shares in Glostrex, or 2.4% of its enlarged share capital, at an issue price of 21 sen per share. (*The Edge*)

Fajarbaru: To sell 44.4% stake in Australian property company

Construction company Fajarbaru Builder Group Bhd has proposed to dispose of its 44.4% stake in an Australian property development company in a related party transaction. The 44.1% stake in BFB Project Pty Ltd is being sold to Mayfair International Investments Pty Ltd — which owns the remaining 55.6% stake — for A\$4.2m (RM12.1m), Fajarbaru said in an exchange filing. The sale was conducted on a "willing-buyer, willing-seller basis", with consideration given to an indicative valuation by KPMG Corporate Advisory Sdn Bhd, which valued the equity in the range of A\$4.0m to A\$4.3m, said Fajarbaru. (*The Edge*)

WMG: To acquire 70% stake in WMG, undertake general offer for remaining shares

Exsim Borneo Sdn Bhd and a person acting in concert have proposed to acquire a 70% stake in Sabah-based property developer WMG Holdings Bhd at 16.5 sen per share and make a general offer for the remaining shares at the same price. The offer price represents a discount of 70% to WMG's closing price of 54.5 sen on Friday. Exsim Borneo, which is owned by Lim Aik Hoe and his brothers Aik Kiat and Aik Fu, have entered into an agreement with Syarikat Kretam (Far East) Holdings Sdn Bhd to acquire a 52.5% stake in WMG for a cash consideration of RM75.1m, according to the notice of mandatory takeover offer (MTO) issued on behalf of Exsim by AmInvestment Bank Bhd. (*The Edge*)

Rexit: Executive chairman resigns after six weeks on the job

Software-as-a-Service (SaaS) provider Rexit Bhd has announced the resignation of its executive chairman, Datuk Seow Gim Shen, just six weeks after taking on the role. Seow, 42, stepped down due to "personal commitments and the growth of his other new business ventures", Rexit's bourse filing on Friday showed. Seow still remains the company's largest shareholder with a 23.3% stake. Seow was appointed executive chairman just last month, succeeding Datuk Ng Kam Chiu, who retired on the same day. Prior to that, he had served as Rexit's chief executive officer from early March, following the resignation of Datuk Chung Hon Cheong. (*The Edge*)

Barakah Offshore: Chairman Zaid Ibrahim resigns, founder Nik Hamdan steps in

Oil and gas company Barakah Offshore Petroleum Bhd announced the resignation of its independent non-executive chairman Datuk Mohd Zaid Ibrahim after five years at the helm. Barakah Offshore said Zaid, 73, has stepped down to "take a rest from work", according to its bourse filing on Friday. Zaid was appointed to the board on Oct 14, 2019, and does not hold any shares in Barakah Offshore. Zaid is a former Cabinet minister, having served under the administration of Tun Abdullah Ahmad Badawi as a minister in the Prime Minister's Department, where he was responsible for legal affairs and judicial reform. (*The Edge*)

PUC: Announces another sale of software, IP rights

PUC Bhd has proposed to dispose of more of its software and intellectual property (IP) rights for RM19.5m cash, as part of its strategy to streamline operations and focus more viable and profitable ventures. The company said its subsidiary Presto Technology Sdn Bhd signed an agreement on Friday to sell the assets, which include patents, copyrights, trade secrets, and other proprietary rights, to IT consultancy and services firm Grenapps Solution Sdn Bhd. This comes after PUC announced in July that Presto Technology selling some of its software and IP rights for RM22m to G Solution Tech Sdn Bhd. (*The Edge*)

Alliance: Appoints Amirsham Aziz as new chairman

Less than two weeks after being appointed director of Alliance Bank Malaysia Bhd, Tan Sri Amirsham A Aziz has been named the bank's new chairman. His appointment took effect on Thursday (Oct 10). Amirsham, former president and chief executive officer of Malayan Banking Bhd, replaces Tan Sri Ahmad Don, who passed away last month. Amirsham first joined Alliance Bank's board as an independent, non-executive director on Oct 1. (*The Edge*)

Gadang: To sell leasehold land in Damansara Perdana for RM65m

Gadang Holdings Bhd is disposing a leasehold land in Damansara Perdana for RM65m to partially finance its existing construction projects and repay borrowings. "The key rationale for the proposed disposal is to strengthen Gadang Group's cash flow position and to reallocate its cash flow to its ongoing and future construction projects. It is also in line with Gadang Group's strategy to pare down its existing borrowings to improve its gearing level," the group told Bursa Malaysia. Of the gross proceeds of RM65m, RM49.7m will be allocated to part-financing of existing construction projects, RM13.7m for repayment of bank borrowings and RM1.6m for incidental expenses in relation to the proposed disposal. (*The Edge*)

Press Metal: Founder sells 6.3m shares for RM32.0m

Press Metal Aluminium Holdings Bhd executive director Datuk Koon Poh Kong has offloaded 6.3m shares, representing 0.1% in the aluminium company, for a total of RM32.4m. The shares were sold on Wednesday (Oct 9) through a direct business transaction at RM5.0853 per share, according to a filing with Bursa Malaysia. Following the stake disposal, Koon's stake in the company was reduced from 2.082% to 2.006%. He is one of the key founders of Press Metal together with his brothers, group chief executive officer Tan Sri Datuk Koon Poh Keong, executive chairman Koon Poh Ming and executive directors Koon Poh Weng and Datuk Koon Poh Tat. (*The Edge*)



Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco (M)	Consumer	7.55	0.63	8.38
Sentral REIT	REIT	0.79	0.06	8.10
KIP REIT	REIT	0.93	0.07	7.78
MAG Holdings	Consumer	1.17	0.09	7.69
Magnum	Consumer	1.17	0.09	7.69
Hektar REITS	REIT	0.53	0.04	7.36
Amway (M)	Consumer	6.87	0.50	7.23
Datasonic Group	Technology	0.43	0.03	6.98
Genting Malaysia	Consumer	2.35	0.16	6.72
UOA REITS	REIT	0.98	0.06	6.53
MBM Resources	Consumer	5.89	0.38	6.42
RHB Bank	Finance	6.25	0.40	6.38
Paramount Corporation	Property	1.06	0.07	6.32
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

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