



Daily Newswatch

Market Review

The FBM KLCI finished higher for the second consecutive day on Tuesday, but sellers dominated amidst mixed regional markets, closing at a high of 1,642.0 (+0.3%). Among the index constituents, the top gainers were MAXIS (+2.5%), PBBANK (+2.1%) and HLBANK (+0.5%). Sector-wise, the positive performance was led by Financial Services (+0.8%) and Property (+0.4%). Overall, the broader market breadth was slightly negative, with 558 losers against 509 gainers.

Economics

- EU:** Cooling UK jobs market keeps BOE rate cut on track
- China:** Weighing US\$853bn debt swap to rescue local govts
- China:** Chinese banks could cut deposit rates as early as this week
- US:** Fed's Kashkari says private credit may lessen systemic risk
- Indonesia:** 3Q FDI growth accelerates, investment ministry says

Companies

- Cypark:** Forms consortium with Jakel Capital
- Yinson:** Hup Seng director Lim Poh Seong joins Yinson's board
- PLB:** Disposes 60% stake in PLB Green Solar for RM33m
- Fajarbaru:** inks deal with PDC to develop MediCity
- Well Chip:** Reports malware attack on IT servers
- Worldwide Stainless:** Buys Bahru Stainless from Spain-based Acerinox for RM408m

Upcoming key economic data releases

	<u>Date</u>
EU – Aug 2024 Inflation	17 Oct
US – Sep 2024 Retail Sales	17 Oct
Malaysia – Q3 2024 GDP Estimate	18 Oct
Malaysia – Budget 2025	18 Oct
Malaysia – Sep 2024 CPI	24 Oct

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,642.0	0.3	12.9
Dow Jones	42,740.4	(0.8)	13.4
Nasdaq CI	18,315.6	(1.0)	22.0
S&P 500	5,815.3	(0.8)	21.9
FTSE 100	8,249.3	(0.5)	6.7
Nikkei 225	39,910.6	0.8	19.3
Shanghai CI	3,201.3	(2.5)	7.6
HSI	20,318.8	(3.7)	19.2
STI	3,595.5	(0.0)	11.0

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,870.7	27.9
Value traded (RM m)	2,779.7	32.9
Gainers	509	
Losers	558	
Unchanged	493	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
NORTHEAST	0.505	1.0	153.1
FOCUS	0.020	0.0	58.4
PEGASUS	0.005	(50.0)	52.0
MPIRE	0.140	16.7	48.9
YTL	2.310	(6.1)	43.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.250	0.0	201.3
MAYBANK	10.660	1.1	130.9
PUBLIC BANK	4.480	2.1	122.9
TNB	14.520	0.3	116.6
YTL	2.310	(6.1)	102.2

Currencies	Last Close	% Chg
USD/MYR	4.31	(0.3)
USD/JPY	149.33	(0.1)
EUR/USD	1.0887	(0.1)
USD/CNY	7.1195	(0.4)
US Dollar Index	103.26	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.3	(4.1)
Gold (USD/troy oz)	2,661	(0.0)
CPO (MYR/metric t)	4,360	1.1
Bitcoin (USD/BTC)	66,692	0.3

Economics

EU: Cooling UK jobs market keeps Bank of England rate cut on track

British pay grew at its slowest pace in more than two years in the three months to August and vacancies fell again, according to official data that will likely be welcomed by the Bank of England as it considers when to cut interest rates again. Average weekly earnings, excluding bonuses, were 4.9% higher than a year earlier in the three months to the end of August, the Office for National Statistics said, in line with the median forecasts of economists polled by *Reuters*. Sterling was little changed after the data and markets continued to show around an 80% chance of a quarter-point UK interest rate cut on Nov 7. (*Reuters*)

China: Weighing US\$853bn debt swap to rescue local govts

China is considering allowing local authorities to issue as much as six trillion yuan (US\$853bn or RM3.6tn) in bonds through 2027, mainly to refinance their off-balance-sheet debt, people familiar with the matter said, a key part of the government's plan to shore up the world's second-largest economy. Officials are weighing the proposal to let provincial-level governments replace so-called hidden debt — borrowing through companies and other financing vehicles — with new official bonds carrying lower interest rates, people familiar with the matter said, asking not to be identified discussing private information. The International Monetary Fund estimated that these entities held over 60tn yuan of debt as of last year. (*Bloomberg*)

China: Chinese banks could cut deposit rates as early as this week

Chinese banks are set to trim rates on 300tn yuan (US\$42.3tn or RM181.7tn) of deposits as soon as this week, after the latest barrage of stimulus policies further squeezed their profitability. Major banks including Industrial & Commercial Bank of China Ltd and China Construction Bank Corp will be guided by the central bank's interest rate self-disciplinary mechanism to lower the rates on several deposit products. (*Bloomberg*)

US: Fed's Kashkari says private credit may lessen systemic risk

The rise of the private credit market may lead to less systemic risk in the US financial system, despite a lack of political appetite for increasing bank capital requirements, Federal Reserve Bank of Minneapolis president Neel Kashkari said. "It's scary at some level because it's exploded to a trillion dollar plus market fairly quickly," Kashkari said in Buenos Aires on Monday (Oct 14). "But as I've examined it, a bank in the US today — a big bank — is levered roughly 10 to one, 10 times as many assets for their equity. These private credit vehicles are typically levered one to one, so it's much less leverage." (*Bloomberg*)

Indonesia: 3Q FDI growth accelerates, investment ministry says

Foreign direct investment (FDI) into Indonesia rose 18.5% in the third quarter from a year earlier to 232.7tn rupiah (US\$14.9bn or RM64.4bn), the investment ministry said on Tuesday. That compares with a 16.6% annual increase in the second quarter. The data excludes investment in the financial and oil and gas sectors. FDI has been rising in Southeast Asia's biggest economy, particularly in the mining and metal refining sectors, since it banned exports of nickel ore in 2020 as part of the government's efforts to attract investors in the electric vehicle (EV) supply chain. (*Bloomberg*)

Companies

Cypark: Forms consortium with Jakel Capital

Renewable energy producer Cypark Resources Bhd has formed a consortium to jointly explore and develop energy solutions for the 186-hectare German Technology Park in Ayer Keroh, Melaka. The company said in a statement on Tuesday that it has signed a memorandum of agreement with its largest shareholder, Jakel Capital Sdn Bhd, and Melaka Corporation to manage the planning, generation and distribution of energy for the park, a project that could cost an estimated RM4bn. (*The Edge*)

Yinson: Hup Seng director Lim Poh Seong joins Yinson's board

Yinson Holdings Bhd announced on Tuesday the appointment of Lim Poh Seong as its independent non-executive director with immediate effect. Lim, 57, currently serves as the independent non-executive director for biscuit maker Hup Seng Industries Bhd, renewable energy player Samaiden Group Bhd, and vegetable wholesaler and distributor Farm Price Holdings Bhd. Yinson said Lim has over 25 years of experience in the fields of auditing, accounting, corporate finance and overall administration of business operations. He is a fellow of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. (*The Edge*)

PLB: Disposes of 60% stake in PLB Green Solar for RM33m

PLB Engineering Berhad (PLB), via its subsidiary PLB Terang Sdn Bhd (PLBTSB) had signed a share sale agreement to dispose of its 60% stake in PLB Green Solar Sdn Bhd (PLBGS). The agreement was inked with proposed purchaser Koperasi Sahabat Amanah Ikhtiar Malaysia Bhd and Greenviro Solutions Sdn Bhd (GSSB), who currently own 40% of PLBGS for a total consideration of RM33m, to be satisfied entirely in cash. PLB's 60% equity in PLBGS is held via 85.7%-owned unit PLBTSB. In a statement to Bursa Malaysia, PLB said the consideration was negotiated and arrived at after taking into consideration the audited net assets of PLBGS Aug 2023 of RM2.2m. (*The Star*)

Fajarbaru: Inks deal with PDC to develop MediCity

Fajarbaru Builder Group Bhd (FBG) has accepted a letter of offer from state-owned Penang Development Corp (PDC) to develop MediCity in Batu Kawan, Penang. It is a proposed joint development project between PDC and FBG that will have a specialist hospital built on it with a long-term profit-sharing component between the two parties. Both parties will sign a master purchase and development agreement (PDA) at a future date, which is yet to be ascertained. (*The Edge*)

Well Chip: Reports malware attack on IT servers

Well Chip Group Bhd said it recently experienced a cybersecurity incident involving a malware attack on some of its information technology (IT) servers which blocked off access to data contained within them. Upon discovering the incident, the group said it took immediate and appropriate actions to identify, contain, isolate and remediate the affected servers. In a statement to Bursa Malaysia yesterday, Well Chip said investigations are ongoing, and it will conduct a rigorous review of the incident and its IT systems to enhance as well as strengthen its overall cybersecurity infrastructure. (*The Edge*)

Worldwide Stainless: Buys Bahru Stainless from Spain-based Acerinox for RM408m

Worldwide Stainless Sdn Bhd has reached an agreement with Spain-based stainless steel leader Acerinox SA to acquire Bahru Stainless Sdn Bhd for a total consideration of RM408m. The company said this acquisition marks a significant step in strengthening Malaysia's position within the global stainless steel industry. "The transaction is expected to close by the end of November 2024," it said. Bahru Stainless is Malaysia's sole producer of cold-rolled stainless steel and has ceased operations in May 2024. (*The Edge*)



Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco (M)	Consumer	7.65	0.63	8.27
Sentral REIT	REIT	0.79	0.06	8.10
KIP REIT	REIT	0.93	0.07	7.74
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	6.89	0.50	7.21
Genting Malaysia	Consumer	2.23	0.16	7.09
Datasonic Group	Technology	0.44	0.03	6.82
UOA REITS	REIT	1.00	0.06	6.40
Paramount Corporation	Property	1.05	0.07	6.38
RHB Bank	Finance	6.28	0.40	6.35
MBM Resources	Consumer	5.95	0.38	6.35
Tambun Indah Land	Property	0.96	0.06	6.28
CapitaLand Malaysia Trust	REIT	0.69	0.04	6.23

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		
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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Published & Printed By:

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