



# Daily Newswatch

## Market Review

The FBM KLCI closed lower at 1,632.6 (-0.5%), in tandem with the weak performance across regional peers following a negative cue from major sell-off in technology stocks globally. Among the index constituents, the top decliners were SDG (-2.3%), PMETAL (-2.3%) and KLK (-2.1%). For sector-wise, the negative performance was led by Industrial Product & Services (-0.9%), Transportation and Logistics (-0.9%) and Property (-0.9%). Overall, the broader market breadth was negative, with 700 losers outweighing 341 gainers.

## Economics

- Malaysia:** PM wants focus on development of manufacturing industrial cluster
- Japan:** Premier Ishiba vows big spending, drifts away from fiscal restraint
- Japan:** BOJ board member urges slow approach to interest rate hikes
- UK:** UK inflation drops below BOE target, boosting case for rate cut
- Canada:** Bank of Canada to cut key rate to 3.25% by year end, Marion says

## Companies

- Radiant Globaltech:** Secures RM25m contract for hardware technical refresh project
- Econpile:** Secures RM35m piling contract for KL apartment project
- Life Corp:** Secures subcontract from Gamuda for Elmina Business Park data centre project
- Kawan Food:** Redesignates Lim Hun Soon as chairman
- Fajarbaru Builder:** Secures second contract for JB apartment project
- Crescendo:** To buy SGR Land, assume Johor land purchase agreements in RM169m deal

### Upcoming key economic data releases

	Date
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	1,632.6	(0.6)	12.2
Dow Jones	43,077.7	0.8	14.3
Nasdaq CI	18,367.1	0.3	22.4
S&P 500	5,842.5	0.5	22.5
FTSE 100	8,329.1	1.0	7.7
Nikkei 225	39,180.3	(1.8)	17.1
Shanghai CI	3,202.9	0.1	7.7
HSI	20,286.9	(0.2)	19.0
STI	3,590.6	(0.1)	10.8

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,794.2	(2.7)
Value traded (RM m)	3,168.2	14.0
Gainers	341	
Losers	700	
Unchanged	506	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
YTL	2.300	(0.4)	52.1
WCT	0.910	(3.7)	49.9
SIMEPROP	1.500	(3.2)	48.6
CAPITALA	0.955	2.1	38.8
GENM	2.330	4.5	37.7

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.460	(0.4)	155.6
GAMUDA	8.180	(0.2)	147.2
CIMB	8.150	(1.2)	143.1
YTL	2.300	(0.4)	119.0
TENAGA	14.460	(0.4)	100.1

Currencies	Last Close	% Chg
USD/MYR	4.297	0.3
USD/JPY	149.63	0.0
EUR/USD	1.0858	(0.0)
USD/CNY	7.1196	(0.0)
US Dollar Index	103.59	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.2	(0.0)
Gold (USD/troy oz)	2,674	0.0
CPO (MYR/metric t)	4,346	(0.6)
Bitcoin (USD/BTC)	67,714	0.1

## Economics

### Malaysia: PM wants focus on development of manufacturing industrial cluster

The development of a special industrial cluster in the manufacturing sector in the central region needs to be prioritised as a strategic initiative of the Madani government to strengthen the country's position as an investment hub, said Prime Minister Datuk Seri Anwar Ibrahim. The central region includes the Federal Territory of Kuala Lumpur, Selangor, Negeri Sembilan and Melaka. Anwar, who is also finance minister, said this matter has been agreed upon in principle and that the importance of close cooperation between the federal government and the state governments in jointly promoting the central region should be emphasised. (*Bernama*)

### Japan: Premier Ishiba vows big spending, drifts away from fiscal restraint

Japanese Prime Minister Shigeru Ishiba's administration has pledged to draft another big spending package, shifting further away from his calls for fiscal discipline in a move that will likely lead to increased borrowing. Deputy Chief Cabinet Secretary Kazuhiko Aoki told a news conference on Wednesday the government will draft a package that will exceed the size of last year's stimulus. On Tuesday, Ishiba said in an election campaign speech the government would aim for a spending package funded by a supplementary budget that exceeds last year's ¥13tn (US\$87bn or RM373.7bn). (*Reuters*)

### Japan: BOJ board member urges slow approach to interest rate hikes

Bank of Japan (BOJ) board member Seiji Adachi emphasised the need for taking a gradual approach to raising the benchmark interest rate, in comments that will likely cement views in the market that authorities will stand pat when they gather to set policy this month. "What we need to be careful of, in a gradual rate hike process, is that we raise it extremely gradually while keeping financial conditions accommodative" until the price trend gets to 2%, Adachi said in a speech to local business leaders in Kagawa, on the island of Shikoku, Japan. Adachi, a noted dove on the board, was speaking two weeks before authorities convene to consider policy on Oct 31, with economists widely expecting a hold. Some have pushed their expectations for the BOJ's next hike to January after Prime Minister Shigeru Ishiba voiced support for monetary easing on his first full day in office earlier this month. (*Bloomberg*)

### UK: UK inflation drops below BOE target, boosting case for rate cut

UK inflation has dropped below the Bank of England's 2% target for the first time in over three years, with consumer prices rising just 1.7% in September, down from 2.2% in August. This decline, driven by cheaper air fares and lower petrol prices, has led to increased expectations for back-to-back interest rate cuts in November and December. While some economists view the inflation drop as a potential turning point, concerns remain over persistent price pressures, especially in the labour market. Overall, the central bank's cautious approach to monetary policy will hinge on upcoming economic data and external factors influencing inflation. (*Bloomberg*)

### Canada: Bank of Canada to cut key rate to 3.25% by year-end, Marion says

The Bank of Canada is expected to cut interest rates by a full percentage point by the end of the year, with a potential reduction of 50 basis points at each of its next two meetings. This decision comes as inflation excluding shelter costs has fallen below the central bank's target range and youth unemployment has reached a decade high. Currently, the key policy rate is 4.25%, and economists believe the neutral rate is closer to 3%. Despite short-term challenges, Canada's economic outlook remains positive, bolstered by its abundant clean energy and well-funded pensions. (*Bloomberg*)

## Companies

### **Radiant Globaltech: Secures RM25m contract for hardware technical refresh project**

Retail technology solution provider Radiant Globaltech Bhd has bagged an RM25m contract from a utility company for the implementation of a hardware technical refresh project. However, it did not name the utility company it received the contract from. (*The Edge*)

### **Econpile: Secures RM35m piling contract for KL apartment project**

Econpile Holdings Bhd has been awarded an RM35.1m contract to undertake bored piling, earthworks, and retaining wall and sub-structure works for an apartment project in Kuala Lumpur. The contract, awarded by WCT OUG Development Sdn Bhd, is expected to be completed within 13 months. The apartment project, comprising two 57-storey blocks with 636 units each, is located on Jalan Awan Besar, off Jalan Klang Lama. This latest award brings the total number of contracts secured by Econpile this year to eight, with a cumulative value of RM344.6m. (*The Edge*)

### **Life Corp: Secures subcontract from Gamuda for Elmina Business Park data centre project**

Electrical and mechanical engineering firm LFE Corp Bhd has secured a subcontract worth RM38.8m at the hyperscale data centre being developed in Elmina Business Park in Sungai Buloh. The contract to build a single-story data centre block with an attached office and utility rooms was awarded by Gamuda Engineering Sdn Bhd, a wholly owned subsidiary of Gamuda Bhd, to R&L Engineering Sdn Bhd. R&L Engineering is a new 50-50 joint venture between RYB Engineering Pte Ltd and LFE Engineering Sdn Bhd, which is a wholly owned subsidiary of LFE Corp. (*The Edge*)

### **Kawan Food: Redesignates Lim Hun Soon as chairman**

Kawan Food Bhd announced on Wednesday the redesignation of its independent non-executive director Lim Hun Soon, as its non-independent and non-executive chairman, effective immediately. Lim, who was appointed to Kawan Food's board as a director in October 2015, holds 10.1m direct shares, representing a 2.9% stake in the group. The redesignation follows the retirement of executive chairman Gan Thiam Chai on the same day, having served the food product manufacturer since March 2010. Gan will be bestowed the title of chairman emeritus and will remain an adviser to support the growth of Kawan Group and its subsidiaries, Kawan Food said in a stock exchange filing. (*The Edge*)

### **Fajarbaru Builder: Secures second contract for JB apartment project**

Construction outfit Fajarbaru Builder Group Bhd, which in April clinched a deal to build apartments under the first phase of WCT Holdings Bhd's AdisonWest development in Johor Bahru, has now been awarded the contract for the second phase. The second contract, valued at RM246.1m, is for the construction of four towers comprising 896 serviced apartment units, recreational facilities, a six-storey podium with car parks, commercial lots, and an apartment lobby. The earlier contract, worth RM252.3m, was for the construction of eight towers with a total of 1,024 units. (*The Edge*)

### **Crescendo: To buy SGR Land, assume Johor land purchase agreements in RM169m deal**

Crescendo Corporation Bhd is buying SGR Land Development Sdn Bhd and taking on its six land purchase obligations in Johor for RM168.9m. The company will be paying RM10.8m for 100% stake in SGR Land to sole owners Ong Soon Liong (Ong Soon Chong) and Lok Kok Lee. Apart from the balance purchase price of RM158.0m, it will not assume any liabilities from the acquisition. The land provides access to the Second Link to Singapore, Port of Tanjung Pelepas, North-South Expressway, as well as the Senai International Airport, making it ideal for the development of industrial properties. (*The Edge*)



## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco (M)	Consumer	7.50	0.63	8.44
Sentral REIT	REIT	0.79	0.06	8.15
KIP REIT	REIT	0.94	0.07	7.70
MAG Holdings	Consumer	1.17	0.09	7.69
Magnum	Consumer	1.17	0.09	7.69
Hektar REITS	REIT	0.53	0.04	7.43
Amway (M)	Consumer	6.91	0.50	7.19
Datasonic Group	Technology	0.44	0.03	6.90
Genting Malaysia	Consumer	2.33	0.16	6.78
Paramount Corporation	Property	1.04	0.07	6.44
UOA REITS	REIT	1.00	0.06	6.40
MBM Resources	Consumer	5.95	0.38	6.35
RHB Bank	Finance	6.29	0.40	6.34
Tambun Indah Land	Property	0.96	0.06	6.28
REXIT	Technology	0.80	0.05	6.25

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
<a href="#">Sorento Capital Bhd</a>	ACE Market	0.37	155.0	74.0	15 Oct	28 Oct
<a href="#">OB Holdings Bhd</a>	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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