



# Daily Newswatch

## Market Review

The FBM KLCI bucked the downtrend seen in regional stock markets to end higher, closing at 1,641.4 (+0.5%) ahead of the Budget 2025 announcement tomorrow. Among the index constituents, the top gainers were RHB (+3.0%), SUNWAY (+1.8%) and PBBANK (+1.8%). Sector-wise, the positive performance was led by Property (+1.1%) and Energy (+0.8%). Overall, the broader market breadth was positive, with 634 gainers outweighing 391 losers.

## Economics

- EU:** ECB cuts rates as expected, says well on track to tame inflation
- China:** US\$562bn loan push for unfinished homes falls short of market expectations
- Malaysia:** More than 10,000 jobs to be created with industrial cluster development

## Companies

- Varia:** Bags RM572m Socso rehabilitation centre project in Terengganu
- Salcon:** Wins RM18.5m water reticulation contract
- LKL:** Expands into Indonesia's medical equipment and furniture market via JV
- SC Estate Builder:** To bid for Sabah LSS power plant projects
- Bintai Kinden:** Partners with Henan Province Installation Group
- Zecon:** Explore partnerships for 3,000-acre tech park development

<u>Upcoming key economic data releases</u>	<u>Date</u>
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	1,641.4	0.5	12.8
Dow Jones	43,239.1	0.4	14.7
Nasdaq CI	18,373.6	0.0	22.4
S&P 500	5,841.5	(0.0)	22.5
FTSE 100	8,385.1	0.7	8.4
Nikkei 225	38,911.2	(0.7)	16.3
Shanghai CI	3,169.4	(1.0)	6.5
HSI	20,079.1	(1.0)	17.8
STI	3,625.3	1.0	11.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,685.2	(3.9)
Value traded (RM m)	2,454.5	(22.5)
Gainers	634	
Losers	391	
Unchanged	492	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
AIZO	0.155	6.9	53.7
SMTRACK	0.020	0.0	43.7
FOCUS	0.025	0.0	43.0
SETIA	1.390	6.1	39.1
SIME DARBY	1.510	0.7	36.3

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
TNB	14.660	1.4	169.4
RHB	6.480	3.0	166.2
CIMB	8.160	0.1	119.7
PUBLIC BANK	4.540	1.8	85.3
SPEEDMART	2.400	(2.8)	70.9

Currencies	Last Close	% Chg
USD/MYR	4.315	(0.1)
USD/JPY	150.13	0.1
EUR/USD	1.0828	(0.0)
USD/CNY	7.123	(0.0)
US Dollar Index	103.77	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	74.5	0.3
Gold (USD/troy oz)	2,693	0.0
CPO (MYR/metric t)	4,360	0.4
Bitcoin (USD/BTC)	67,355	0.6

## Economics

### **EU: ECB cuts rates as expected, says well on track to tame inflation**

The European Central Bank cut interest rates for the third time this year on Thursday in a nod to sluggish economic growth, some softening in an otherwise rock-solid labour market and easing consumer price pressures. The ECB cut its deposit rate by 25 basis points to 3.3% as forecast. In a tacit acknowledgement that inflation, now below 2%, could settle around its 2% target quicker than previously thought. But the bank gave no new clues about its next move, even if markets expect similar cuts at each of its next three meetings, taking the rate from a level where it restricts growth to at least a neutral setting by the end of next year. (*Reuters*)

### **China: US\$562bn loan push for unfinished homes falls short of market expectations**

China's pledge to nearly double the loan quota for unfinished residential projects to 4tn yuan (US\$562bn or RM2.4tn) fell short of market expectations, causing property shares to retreat as investors looked for stronger policies. The government set the new year-end target for loans to so-called "whitelist" property projects after disbursing 2.2tn yuan as of Wednesday. The measure, aimed at ensuring home completion, was part of a basket of initiatives announced during a Thursday briefing. The plans underwhelmed, with some analysts calling them "incremental". (*Bloomberg*)

### **Malaysia: More than 10,000 jobs to be created with industrial cluster development**

The Investment, Trade and Industry Ministry (MITI) expects 10,380 job opportunities to be created via an industrial cluster development in the central region comprising the Federal Territory of Kuala Lumpur, Selangor, Negeri Sembilan and Melaka. According to Miti, this initiative will raise several macroeconomic measures, including the collective central region's achievement in 2023, with an RM754.2bn contribution to the gross domestic product (GDP), and an estimated annual increase of RM24.5bn from 2025 to 2030. According to MITI, the central region's 2023 gross estimated rise in average investment was RM7.6bn, which is expected to increase by RM12.5bn for 2025-2030. (*Bernama*)

## Companies

### **Varia: Bags RM572m Socso rehabilitation centre project in Terengganu**

Varia Bhd has secured a contract worth RM571.8m from the Social Security Organisation (Socso) to build a rehabilitation centre in Setiu, Terengganu. Its wholly-owned subsidiary, Pembinaan Teguh Maju Sdn Bhd, accepted the 30-month contract on Thursday. The date of site possession is set for Oct 29, 2024, with expected completion on April 28, 2027, Varia said in a stock exchange filing. Additionally, the construction and property development company said the contract is expected to contribute positively to its earnings over the duration of the project. "The risk factors affecting the contract include changes in the economic, political, and regulatory environment, as well as general operational risks. The group will take appropriate measures to mitigate these risks," said Varia, formerly known as Stella Holdings Bhd. (*The Edge*)

### **Salcon: Wins RM18.5m water reticulation contract**

Salcon Bhd said on Thursday that its wholly-owned subsidiary Salcon Engineering Bhd has won an external water reticulation work package for RM18.5m. According to a bourse filing, the contract was awarded by LTE Engineers Sdn Bhd on behalf of F&N AgriValley Sdn Bhd in Gemas, Negeri Sembilan. Based on the project description, the work packages are split into two sections and are related to Fraser & Neave Holdings Bhd's integrated dairy farm. Salcon said section one of the project will begin on Jan 19, 2025, for a period of 13 weeks, while section two will start on April 20, 2025, spanning 26 weeks. (*The Edge*)

### **LKL: Expands into Indonesia's medical equipment and furniture market via JV**

Medical equipment and furniture manufacturer LKL International Bhd has announced a proposed joint venture (JV) with PT Fasilitas Teknologi Nusantara (Fastech) to expand into the Indonesian healthcare market. In a Bursa Malaysia filing on Thursday, LKL said the JV will primarily engage in the business of manufacturing, selling, trading and distribution of medical equipment, medical devices and medical furniture in Indonesia. Fastech is principally engaged in the business of providing workforce solutions in Indonesia that specializes in providing high-quality labour resources, said LKL. The JV will be incorporated under PT LKL Indonesia Makmur, with a total share issuance of 10,000 ordinary shares where LKL will hold 51% interest and Fastech will take up the remaining 49% equity stake. (*The Edge*)

### **SC Estate Builder: To bid for Sabah LSS power plant projects**

SC Estate Builder Bhd and consortium partner JK Spark Sdn Bhd plan to bid for Sabah's large-scale solar (LSS) power plant projects, initiated by the Energy Commission of Sabah (ECoS). According to ECoS' website, the inaugural bidding process seeks to secure the development of LSS PV power plants with a total capacity of 100MW. The target is for the plants to begin operations in 2026. In a filing with Bursa Malaysia, SC Estate said the consortium aims to bid for solar power projects with capacities ranging from 1 MWac to 15 MWac. The company said that under its joint-venture (JV) agreement with JK Spark, it will hold 40% of the JV, while JK Spark will hold the remaining 60% stake. (*The Edge*)

### **Bintai Kinden: Partners with Henan Province Installation Group**

Bintai Kinden Corp Bhd's wholly-owned subsidiary, Kejuruteraan Bintai Kinden Sdn Bhd (KBK), has signed a memorandum of understanding (MoU) with Henan Province Installation Group (Malaysia) Sdn Bhd (HPIG) to enhance tendering capabilities and jointly pursue construction projects in Malaysia. HPIG is a subsidiary of Henan Province Installation Group Co. Ltd, China. In a statement, the mechanical and electrical (M&E) engineering services specialist, said the MoU forms a partnership between KBK and HPIG to collaborate on future projects, utilising their expertise in construction and M&E engineering. (*The Star*)



**Zecon: Explore partnerships for 3,000-acre tech park development**

Zecon Bhd has entered into a tripartite memorandum of understanding (MoU) with Sarawak Digital Economy Corp Bhd (SDEC) and Centre for Technology Excellence Sarawak Sdn Bhd (Centexs) for the development of the 3,000-acre Kota Petra Green Technology Park in Sarawak. In a filing with Bursa Malaysia, Zecon said the development of the project, of which it is the land owner, is subject to the approvals of the government and regulatory authorities. The MoU entails that SDEC shall have exclusive rights to provide supporting services and amenities at the project. (*The Star*)

## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.79	0.06	8.15
British American Tobacco (M)	Consumer	7.44	0.61	8.15
MAG Holdings	Consumer	1.16	0.09	7.76
Magnum	Consumer	1.16	0.09	7.76
KIP REIT	REIT	0.94	0.07	7.66
Hektar REITS	REIT	0.53	0.04	7.36
Amway (M)	Consumer	6.95	0.50	7.15
Genting Malaysia	Consumer	2.28	0.16	6.93
Datasonic Group	Technology	0.44	0.03	6.90
UOA REITS	REIT	0.99	0.06	6.46
Paramount Corporation	Property	1.04	0.07	6.44
MBM Resources	Consumer	6.00	0.38	6.30
Tambun Indah Land	Property	0.96	0.06	6.25
CapitaLand Malaysia Trust	REIT	0.69	0.04	6.23
REXIT	Technology	0.81	0.05	6.21

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="#">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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