



Daily Newswatch

Market Review

Last Friday, the FBMKLCI ended lower at 1,594.3 (-0.2%) as investors adopted a cautious stance amid mixed trading sentiment across regional markets. The index was weighted down as substantial profit taking activities occurred on index-heavy weighted counters such as TENAGA (-2.3%), MISC (-2.0%) and YTLPOWR (-1.5%). Among the sector, Telecommunication led the negative performance as it was dragged down heavily by the loss in telecommunication index heavyweight counters like MAXIS (-1.1%), TIMECOM (-1.0%) and CDB (-0.3%). The overall broader market breadth remained relatively neutral, with 539 laggards matching against 515 gainers.

Economics

- **Japan:** BOJ's Ueda says rate hike timing 'approaching'
- **US:** Sets tariffs for solar panels from Southeast Asian nations
- **EU:** Inflation accelerates but won't derail ECB cuts
- **India:** Growth shocker puts pressure on RBI to cut rates
- **China:** PBOC injects \$111bn of liquidity as bond supply surges

Companies

- **Tenaga:** Inks electricity supply agreement with Bridge Data Centres
- **South Malaysia:** Slams EGM advert as 'misleading', seeks SC clarification over director appointments
- **QL Resources:** 2Q profit climbs 5% as higher sales offset increases in tax, finance costs
- **IGB:** Pays 12 sen dividend for FY2024, including a five-sen special
- **Steel Hawk:** Bags five construction and modification jobs from Petronas
- **IGB REIT:** Buys two office floors in Menara Southpoint from IGB for RM62.4m cash
- **Press Metal:** Higher aluminium prices drive 3Q net profit
- **Public Bank:** 3Q net profit rises 12% as both interest, non-interest income grows
- **RHB:** 3Q earnings grow 28%

Upcoming key economic data releases

| | Date |
|---------------------------------------|--------|
| US – Nov 2024 Manufacturing PMI | Dec 2 |
| US – Nov 2024 Unemployment Rate | Dec 7 |
| Malaysia – Oct 2024 Unemployment Rate | Dec 9 |
| US – Dec 2024 CPI | Dec 11 |
| US – Dec 2024 PPI | Dec 12 |
| US – Dec 2024 FOMC | Dec 19 |
| Malaysia – Nov 2024 Inflation Rate | Dec 20 |
| Malaysia – Nov 2024 PPI | Dec 24 |

| Key Indices | Last Close | Daily chg % | YTD chg % |
|-------------|------------|-------------|-----------|
| FBM KLCI | 1,594.3 | (0.2) | 9.6 |
| Dow Jones | 44,910.7 | 0.4 | 19.2 |
| Nasdaq CI | 19,218.2 | 0.8 | 28.0 |
| S&P 500 | 6,032.4 | 0.6 | 26.5 |
| FTSE 100 | 8,287.3 | 0.1 | 7.2 |
| Nikkei 225 | 38,208.0 | (0.4) | 14.2 |
| Shanghai CI | 3,326.5 | 0.9 | 11.8 |
| HSI | 19,423.6 | 0.3 | 13.9 |
| STI | 3,739.3 | 0.1 | 15.4 |

| Market Activities | Last Close | % Chg |
|-----------------------|------------|-------|
| Vol traded (m shares) | 3,431.0 | 23.0 |
| Value traded (RM m) | 3,185.5 | 9.9 |
| Gainers | 515 | |
| Losers | 539 | |
| Unchanged | 461 | |

| Top 5 Volume | Last Close | Daily chg % | Vol (m) |
|--------------|------------|-------------|---------|
| VELESTO | 0.160 | (13.5) | 236.5 |
| ZENTECH | 0.005 | (50.0) | 136.9 |
| SUPREME | 0.305 | 22.0 | 115.7 |
| AIMFLEX | 0.160 | (8.6) | 68.4 |
| SAPNRG | 0.040 | 0.0 | 60.0 |

| Top 5 Turnover | Last Close | Daily chg % | Val (RM m) |
|----------------|------------|-------------|------------|
| TENAGA | 13.660 | (2.3) | 343.9 |
| CIMB | 8.250 | 0.0 | 238.6 |
| PBBANK | 4.470 | 1.4 | 167.3 |
| MAYBANK | 10.200 | 0.0 | 145.5 |
| RHBBANK | 6.760 | 1.3 | 114.8 |

| Currencies | Last Close | % Chg |
|-----------------|------------|-------|
| USD/MYR | 4.446 | 0.0 |
| USD/JPY | 149.77 | 1.2 |
| EUR/USD | 1.0577 | 0.2 |
| USD/CNY | 7.246 | (0.0) |
| US Dollar Index | 105.74 | (0.3) |

| Commodities | Last Close | % Chg |
|--------------------|------------|-------|
| Brent (USD/barrel) | 71.8 | (1.3) |
| Gold (USD/troy oz) | 2,643 | 0.2 |
| CPO (MYR/metric t) | 5,238 | 3.5 |
| Bitcoin (USD/BTC) | 95,830 | (1.0) |

Economics

Japan: BOJ's Ueda says rate hike timing 'approaching'

Bank of Japan (BOJ) Governor Kazuo Ueda indicated that the timing for the next interest rate hike is "approaching" as Japan's economy is aligning with the central bank's forecasts, with a potential rate increase in December. Ueda emphasized that factors like wage growth, consumption, and inflation trends would guide the BOJ's decision, highlighting the importance of next year's wage negotiations. While the yen's depreciation and inflation pressures could influence future decisions, market expectations now see a 60% chance of a rate hike in December. *(Reuters)*

US: Sets tariffs for solar panels from Southeast Asian nations

U.S. trade officials have imposed new tariffs on solar panel imports from Cambodia, Malaysia, Thailand, and Vietnam, following complaints from American manufacturers about unfairly cheap products flooding the market. The tariffs, which range from 21.31% to 271.2%, target solar cells produced in these countries, with companies like Jinko Solar and Trina Solar facing significant duties. The tariffs are part of a trade case initiated by U.S. manufacturers to protect their investments, with final determinations expected in 2025. The move aligns with the Biden administration's efforts to boost U.S. solar manufacturing and reduce reliance on foreign imports. *(Reuters)*

EU: Inflation accelerates but won't derail ECB cuts

The European Central Bank (ECB) needs to be wary of cutting interest rates too far, as borrowing costs are already near a level that no longer restrains the economy and going lower could backfire, according to executive board member Isabel Schnabel. Officials can continue to loosen monetary policy, but should do so only gradually to avoid taking rates below the so-called neutral threshold, Schnabel said in an interview. Easing too much could squander valuable policy space, the hawkish policymaker warned. "Given the inflation outlook, I think we can gradually move towards neutral if the incoming data continue to confirm our baseline," Schnabel said in her Frankfurt office. "I would warn against moving too far, that is into accommodative territory." *(Bloomberg)*

India: Growth shocker puts pressure on RBI to cut rates

India's economy grew by just 5.4% in the third quarter of 2024, its slowest pace in nearly two years, falling short of expectations and the central bank's 7% forecast. This slowdown, driven by weaker manufacturing and mining, is likely to lead economists to lower their full-year growth forecasts, with predictions now as low as 6.4%. The disappointing data has increased expectations that the Reserve Bank of India may cut interest rates in its upcoming December meeting, despite concerns about inflation. However, government spending and rural consumption are expected to support a rebound in the second half of the financial year. *(Bloomberg)*

China: PBOC injects \$111bn of liquidity as bond supply surges

China's central bank, the People's Bank of China (PBOC), injected 800 billion yuan (\$111 billion) into the banking system in November through reverse repurchase agreements to ensure sufficient liquidity amidst increased local government bond sales. This move aims to alleviate funding pressures as banks absorb higher debt supply while continuing to lend to businesses and consumers. The PBOC is also considering further actions, such as cutting the reserve requirement ratio, to prevent a liquidity squeeze in the coming months. Additionally, the bank has called on lenders to adjust interest rates more effectively to support the economy. *(Bloomberg)*

Companies

Tenaga: Inks electricity supply agreement with Bridge Data Centres

Tenaga Nasional Bhd (TNB) has signed the MY07 Electricity Supply Agreement (ESA) with Bridge Data Centres (BDC), a hyperscale data center solutions platform backed by Bain Capital, to address the energy needs of BDC's new data center in Johor, Malaysia. The agreement, delivered rapidly to meet urgent demands, includes a Bilateral Energy Supply Contract (BESC) under the Corporate Renewable Energy Supply Scheme (CRESS). The MY07 data center, currently under construction in Ulu Tiram, Johor, will support the growing digital infrastructure needs of the region. The signing ceremony was attended by TNB and BDC executives. *(The Edge)*

SMIB: Slams EGM advert as 'misleading', seeks SC clarification over director appointments

South Malaysia Industries Bhd (SMIB) announced that no extraordinary general meeting (EGM) will be held on January 9, 2025, in response to a misleading advertisement placed by Velocity Capital Sdn Bhd, representing its largest shareholder, Target 1 Sdn Bhd. Target 1, controlled by Leong Seng Wui, holds a 30.67% stake in SMIB and has proposed appointing six new directors, including former Perak police chief Datuk Pahlawan Mior Faridalathrash Wahid. SMI stated that the notice for the EGM was not circulated to all shareholders, particularly minority ones, and therefore, the meeting will not proceed until proper notification is sent. Additionally, SMIB has requested clarification from the Securities Commission Malaysia regarding the appointment of new directors amid an ongoing legal dispute related to a takeover offer by Target 1 and its associates. *(The Edge)*

QL Resources: 2Q profit climbs 5% as higher sales offset increases in tax, finance costs

QL Resources Bhd's net profit for the second quarter of FY2025 rose 4.6% to RM128.3m, driven by higher revenue across all business segments, despite increased tax expenses and finance costs. Quarterly revenue increased by 10.8% to RM1.9bn, with strong growth in its integrated livestock farming and marine product manufacturing segments. For the first half of FY2025, QL's net profit grew 9.4% to RM235.7m, with management cautiously optimistic about maintaining satisfactory performance in the upcoming quarter. *(The Edge)*

IGB: Pays 12 sen dividend for FY2024, including a five-sen special

IGB Bhd has declared a dividend payout of 12 sen per share for FY2024 — comprising an interim dividend of seven sen and a special dividend of five sen — as its latest third quarter net profit jumped 27% from the corresponding quarter last year, driven by higher contributions from its retail, commercial and hotel segments. Net profit for the third quarter ended Sept 30, 2024 (3QFY2024) rose to RM73.7m from RM58m in 3QFY2023, as revenue grew 6% to RM419.3m from RM395.1m, largely driven by its hotel business where topline climbed 34% to RM92.4m, thanks to higher occupancy and room rates. Its commercial property segment saw an 8% increase in revenue to RM56.6 million from RM52.4m, supported by higher rental income. The retail property segment recorded a modest 4% growth to RM154.1m from RM148.5m. *(The Edge)*

Steel Hawk: Bags five construction and modification jobs from Petronas

Steel Hawk Bhd, an oil and gas services provider listed on the ACE Market on Sept 5, has secured five packages to provide construction and modification works for Petrolia Nasional Bhd (Petronas) and 27 of the national oil company's downstream operating plant units. Steel Hawk, whose share price gained nearly 30% over recent weeks, said in a statement on Friday that the contracts were awarded to its wholly owned unit Steel Hawk Engineering Sdn Bhd. The 27 companies include Asean Bintulu Fertilizer Sdn Bhd, Kertih Port Sdn Bhd, Malaysia LNG Sdn Bhd, Malaysian Refining Company Sdn Bhd, Pengerang Gas Solutions Sdn Bhd, and Pengerang LNG (Two) Sdn Bhd. *(The Edge)*



IGB REIT: Buys two office floors in Menara Southpoint from IGB for RM62.4m cash

IGB Commercial Real Estate Investment Trust (IGB Commercial REIT) is acquiring two office floors in Menara Southpoint, Mid Valley City, for RM62.4m in cash from its parent company, IGB Bhd. The transaction, which is in line with the REIT's growth strategy, includes a lease that expires in March 2030, with the property expected to contribute to stable income and long-term growth. IGB will use the proceeds from the sale for working capital, project financing, and loan repayment, with the deal expected to be completed by 1Q2025. *(The Edge)*

Press Metal: Higher aluminium prices drive 3Q net profit

Press Metal Aluminium Holdings Bhd's net profit surged 31.4% year-on-year to RM403.3m for 3QFY2024, driven by higher aluminium prices and stronger contributions from its associated companies. However, foreign exchange losses due to the depreciation of the US dollar slightly dampened the results. The company declared a dividend of 1.75 sen for the quarter, with revenue rising 9.8% to RM3.8bn. Despite the overall positive performance, an RM130m asset write-off from a fire at its Samalaju smelter led to a significant increase in operating expenses. *(The Edge)*

Public Bank: 3Q net profit rises 12% as both interest, non-interest income grow

Public Bank Bhd's net profit for 3QFY2024 rose 12% year-on-year to RM1.9bn, driven by growth in operating income, including a 5% increase in net interest income and a 6.5% rise in Islamic banking income. The bank's loan portfolio expanded by 5.2% annually, with domestic loans growing by 6.2%. Despite the positive performance, Public Bank remained cautious, emphasizing prudent risk management in light of global uncertainties. For the first nine months of 2024, the bank's net profit increased 6% to RM5.4bn, with revenue rising 7.6% to RM20.2bn. *(The Edge)*

RHB Bank: 3Q earnings grow 28%

RHB Bank Bhd's net profit for 3QFY2024 increased by 28% year-on-year to RM833.2m, driven by significant currency gains of RM659.9m. The bank's revenue rose 7% to RM4.5bn, with net interest income growing 8.8% and other operating income more than doubling due to forex gains. For the first nine months of 2024, RHB's net profit grew 3% to RM2.3bn, supported by higher non-fund income and lower credit loss allowances. The bank remains optimistic about Malaysia's economic prospects, with GDP growth projected at 5.0% for 2025. *(The Edge)*



Stock Selection Based on Dividend Yield

| | Sector | Price (RM) | Dividend/Share (RM) | Dividend Yield (%) |
|------------------------------|------------|------------|---------------------|--------------------|
| Bermaz Auto | Consumer | 2.13 | 0.20 | 9.44 |
| Sentral REIT | REIT | 0.79 | 0.06 | 8.10 |
| British American Tobacco (M) | Consumer | 7.37 | 0.60 | 8.09 |
| KIP REIT | REIT | 0.90 | 0.07 | 8.04 |
| Datasonic Group | Technology | 0.39 | 0.03 | 7.69 |
| Genting Malaysia | Consumer | 2.16 | 0.16 | 7.41 |
| Amway (M) | Consumer | 6.90 | 0.50 | 7.20 |
| MAG Holdings | Consumer | 1.22 | 0.09 | 7.05 |
| Magnum | Consumer | 1.22 | 0.09 | 7.05 |
| Sports Toto | Consumer | 1.57 | 0.11 | 6.88 |
| CapitaLand Malaysia Trust | REIT | 0.65 | 0.04 | 6.62 |
| REXIT | Technology | 0.77 | 0.05 | 6.49 |
| Hektar REITS | REIT | 0.53 | 0.03 | 6.48 |
| Paramount Corporation | Property | 1.06 | 0.07 | 6.32 |
| UOA REITS | REIT | 0.98 | 0.06 | 6.22 |

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 | | |
| Cropmate Bhd | ACE Market | 0.20 | 260.0 | - | 22 Nov | 5 Dec |
| TMK Chemical Bhd | Main Market | 1.75 | 220.0 | - | 29 Nov | 12 Dec |
| TopVision Eye Specialist Bhd | ACE Market | 0.33 | 54.2 | - | 3 Dec | 16 Dec |
| Vanzo Holdings Bhd | ACE Market | 0.15 | 93.4 | 46.7 | 4 Dec | 17 Dec |
| Carlo Rino Group Bhd | ACE Market | 0.27 | 171.9 | - | 5 Dec | 18 Dec |
| Winstar Capital Bhd | ACE Market | 0.35 | 56.6 | 17.4 | 3 Dec | 19 Dec |

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