



Daily Newswatch

Market Review

Yesterday, the FBMKLCI closed rather flattish with a slight decline to 1,624.3 (-0.1%). This was mainly dragged by selling pressure in selective index constituents which include SUNWAY (-3.3%), PETDAG (-2.8%) and GENTING (-1.9%), despite overall good performance in regional markets. Sectors that underperformed include Construction (-0.6%), Industrial Products & Services (-0.5%), and Property (-0.5%). Overall, the broader market breadth remained bearish with 654 losers against 442 gainers.

Economics

- US:** Fed on course for September rate cut
- UK:** Bank of England cuts rates from 16-year high
- Malaysia:** Malaysia-UAE Comprehensive Economic Partnership Agreement on track for year-end enforcement
- US:** Manufacturing activity contracts by most in eight months
- US:** Initial jobless claims rise to one-year high as hiring slows
- China:** Private factory gauge dips for first time in nine months

Companies

- Capital A:** Submits EGM circular to Bursa for proposed disposals
- Pekat:** To acquire 60%-stake in Apex Power for RM96m
- Astro:** High Court grants interim stay against IRB on its RM734m claim of additional tax
- MN Holdings:** Bags RM86m substation job from TNB
- Mitrajaya:** Bags RM37.9m construction job in KL

<u>Upcoming key economic data releases</u>	<u>Date</u>
US – Jul 2024 Nonfarm Payrolls	2 Aug
US – Jul 2024 Unemployment Rate	2 Aug
Malaysia – Jun 2024 Unemployment Rate	9 Aug
US – Jul 2024 PPI	13 Aug
US – Jul 2024 CPI	14 Aug
Malaysia – Q2 GDP	16 Aug
Malaysia – Jul 2024 CPI	22 Aug
Malaysia – Jul 2024 PPI	28 Aug
US – Jul 2024 PCE	30 Aug
EU – Jul 2024 Unemployment Rate	30 Aug

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,624.3	(0.1)	11.7
Dow Jones	40,348.0	(1.2)	7.1
Nasdaq CI	17,194.1	(2.3)	14.5
S&P 500	5,446.7	(1.4)	14.2
FTSE 100	8,283.4	(1.0)	7.1
Nikkei 225	38,126.3	(2.5)	13.9
Shanghai CI	2,932.4	(0.2)	(1.4)
HSI	17,305.0	(0.2)	1.5
STI	3,419.8	(1.0)	5.5

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,506.0	(20.7)
Value traded (RM m)	2,714.8	(24.9)
Gainers	442	
Losers	654	
Unchanged	482	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
SMTRACK	0.030	(25.0)	142.1
EKOVEST	0.440	(2.2)	57.1
VELESTO	0.220	2.3	54.4
CEB	0.695	1.5	40.3
SMETRIC	0.255	8.5	39.9

Top 5 Turnover	Last Close	Daily chg %	Value (RM m)
CIMB	7.430	0.0	182.3
TENAGA	14.100	0.1	148.1
MAYBANK	10.260	0.4	96.3
PBBANK	4.260	1.2	73.3
YTLPOWR	4.700	0.9	63.2

Currencies	Last Close	% Chg
USD/MYR	4.5695	0.5
USD/JPY	149.68	0.2
EUR/USD	1.0782	(0.4)
USD/CNY	7.2434	(0.2)
US Dollar Index	104.37	0.3

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.7	1.0
Gold (USD/troy oz)	2,434	(0.6)
CPO (MYR/metric t)	4,001	(0.7)
Bitcoin (USD/BTC)	64,541	(0.0)

Economics

US: Fed on course for September rate cut as risks to job market grow

The Federal Open Market Committee held the federal funds rate in a range of 5.25% to 5.5% on Wednesday. Federal Reserve Chair Jerome Powell signalled central bank officials are on course to cut interest rates in September unless inflation progress stalls, citing risks of further labour-market weakening. Powell framed the labour market as solid but slowing. Hiring has moderated, and the unemployment rate has ticked up to 4.1%, which is the highest since 2021 but still a historically low level. Layoffs remain modest. But he said it doesn't need to soften more for the Fed to reach its 2% inflation goal. (*Bloomberg*)

UK: Bank of England cuts rates from 16-year high

The Bank of England (BoE) cut interest rates from a 16-year high on Thursday after a narrow vote in favour from policymakers divided over whether inflation pressures had eased sufficiently. British consumer price inflation returned to the BoE's 2% target in May and stayed there in June, down from a 41-year high of 11.1% struck in October 2022. (*Reuters*)

Malaysia: Malaysia-UAE Comprehensive Economic Partnership Agreement on track for year-end enforcement

Malaysia's first free trade agreement (FTA) with the United Arab Emirates (UAE), a member of the Gulf Cooperation Council (GCC), is expected to be signed in two months, said Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz. "From today, it takes two months for agencies to do the legal scrubbing," he told *Bernama* after the Economic & Public Finance Conference organised by the National Institute of Public Administration on Thursday. (*Bernama*)

US: Manufacturing activity contracts by most in eight months

In July, U.S. manufacturing activity declined sharply, with the Institute for Supply Management's index falling to 46.8, indicating significant contraction. Production and orders fell notably, leading to the largest employment cutback in four years. This trend contrasts with Federal Reserve data, which showed an increase in manufacturing output. However, manufacturers are effectively managing inventory levels, and prices for materials slightly increased. (*Bloomberg*)

US: Initial jobless claims rise to one-year high as hiring slows

Initial U.S. unemployment claims rose to 249,000 for the week ending July 27, the highest in nearly a year, signaling a potential slowdown in the labour market. Continuing claims also increased to 1.88m, the highest since November 2021. Despite these trends, Federal Reserve Chair Jerome Powell noted that the job market remains historically strong, though job growth has moderated. Meanwhile, productivity improved more than expected in the second quarter, helping to moderate labour costs, while summer job cuts and hiring plans have generally been low. (*Reuters*)

China: Private factory gauge dips for first time in nine months

In July, China's manufacturing activity unexpectedly contracted for the first time in nine months, with the Caixin PMI falling to 49.8 from 51.8 in June. This decline reflects weaker export momentum and a slowdown in new orders, contrasting with other Asian economies that saw manufacturing growth. The downturn has led to concerns about China's economic outlook, particularly given ongoing issues with domestic demand and a sluggish housing market. In response, Chinese policymakers are expected to focus on boosting consumer spending and may implement further monetary easing to support the economy. (*Bloomberg*)

Companies

Capital A: Submits EGM circular to Bursa for proposed disposals; eyes completion by December 2024

Capital A Bhd has submitted its extraordinary general meeting (EGM) circular to Bursa Malaysia for the proposed disposals of its entire equity interest in AirAsia Aviation Group Ltd (AAAGL) and AirAsia to AirAsia X Bhd (AAX). The group aims to complete the proposed disposals by December this year, heralding a new era for the new aviation group under AAX, as well as Capital A group's aviation services and digital businesses. The group said this pivotal move is a major step to bring Capital A closer to (finalisation of) its efforts to regularise its financial position and is part of Capital A's strategic plan to streamline its operations, as well as to concentrate on specialised areas supplementary to the aviation business. *(Bernama)*

Pekat: To acquire 60%-stake in Apex Power for RM96m

Pekat Group Bhd's subsidiary, Pekat Teknologi Sdn Bhd (PTSB), plans to acquire a 60%-stake in Apex Power Industry Sdn Bhd for RM96m in cash. This acquisition is aimed at expanding Pekat's presence in the power distribution equipment sector. The deal, involving a share purchase from Apex Power's sole shareholder, includes a profit guarantee of RM48m over specified years. *(Bernama)*

Astro: High Court grants interim stay against IRB on its RM734m claim of additional tax on Astro

The High Court here has on Thursday granted an interim stay application applied by Astro Malaysia Holdings Bhd against the Inland Revenue Board's (IRB) imposition of RM734.9m additional tax against the pay television company's two subsidiaries for the years 2018 to 2023. The temporary stay was granted to maintain the status quo until the hearing for leave of Astro's judicial review, which has now been fixed on Nov 20. *(The Edge)*

MN Holdings: Bags RM86m substation job from TNB

MN Holdings Bhd said it has secured a RM86m contract from Tenaga Nasional Bhd to develop a gas-insulated substation in Pahang. With this job win, MN Holdings' outstanding order book has increased to a total value of RM654.5m, the group said. *(The Edge)*

Mitrajaya: Bags RM37.9m construction job in KL

Mitrajaya Holdings Bhd has clinched a contract worth RM37.9m for the construction of a four-storey building with one level of sub-basement car park in Kuala Lumpur. The contract is slated for completion within 21 months from the commencement date of October 30, 2024. *(The Edge)*



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
Bermaz Auto	Consumer	2.46	0.21	8.37
KIP REIT	REIT	0.91	0.08	8.35
YTL Hospital REIT	REIT	1.22	0.10	7.95
Amway (M)	Consumer	7.00	0.50	7.10
RHB Bank	Finance	5.72	0.40	7.06
Hektar REITS	REIT	0.56	0.04	6.96
Pavilion REIT	REIT	1.35	0.09	6.96
MBM Resources	Consumer	5.32	0.35	6.64
British American Tobacco (M)	Consumer	8.29	0.55	6.57
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.56
Gas Malaysia	Utilities	3.57	0.22	6.30
Ta Ann Holdings	Plantation	4.01	0.25	6.21
Malayan Banking	Finance	10.26	0.63	6.09
Sunway REIT	REIT	1.63	0.10	6.07

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		
EPB Group Berhad	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug
Sik Cheong Berhad	ACE Market	0.27	66.0	20.0	30 Jul	13 Aug

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