



Daily Newswatch

Market Review

The FBM KLCI continued its recovery by 1.1% to 1,591.9 as a semblance of calm returned to global markets, with investors picking up bargains after the frenzied selling earlier this week. Among the index constituents, the top-performing stocks include YTLP (+8.7%), YTL (+5.9%), MRDIY (+3.5%), and SUNWAY (+3.5%). Sectors that bounce back the most include Energy (+3.1%), Construction (+3.0%), and Technology (+2.5%). Overall, the broader market breadth was robustly positive, with 1,061 gainers against 270 losers.

Economics

- Malaysia:** Bank Negara international reserves rise to US\$114.7bn
- China:** Central bank holds back again on buying gold in July
- China:** Exports growth slows to 3-month low in July, but imports up
- Japan:** BOJ plays down chance of near-term rate hike
- Japan:** April yen-buying intervention sets new daily record

Companies

- Willowgen:** Bags RM27.82m contract
- Uzma:** Gets HWU provision contract from PTTEP Sarawak
- TNB:** Expand European RE assets
- IHH Healthcare:** Fortis Healthcare chairman steps down
- MN Holdings:** Partners with China's construction giant to explore power industry projects

Upcoming key economic data releases

	<u>Date</u>
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	1,591.9	1.1	9.4
Dow Jones	38,763.5	(0.6)	2.8
Nasdaq CI	16,195.8	(1.0)	7.9
S&P 500	5,199.5	(0.8)	9.0
FTSE 100	8,166.9	1.7	5.6
Nikkei 225	35,089.6	1.2	4.9
Shanghai CI	2,869.8	0.1	(3.5)
HSI	16,877.9	1.4	(1.0)
STI	3,249.7	1.6	0.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	5,121.5	(19.9)
Value traded (RM m)	4,020.1	(24.4)
Gainers	1,061	
Losers	270	
Unchanged	376	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CEB	0.435	7.4	736.2
JIANKUN	0.070	(12.5)	115.6
MYEG	0.890	0.6	110.9
EKOVEST	0.410	9.3	81.7
SAUDEE	0.020	0.0	61.6

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CEB	0.435	7.4	305.6
TENAGA	13.940	2.2	212.3
CIMB	7.330	1.8	150.9
YTLPOWR	4.370	8.7	133.9
SUNWAY	3.890	3.5	119.7

Currencies	Last Close	% Chg
USD/MYR	4.498	(0.5)
USD/JPY	145.78	0.6
EUR/USD	1.0933	0.1
USD/CNY	7.1766	(0.3)
US Dollar Index	103.20	0.2

Commodities	Last Close	% Chg
Brent (USD/barrel)	78.3	2.4
Gold (USD/troy oz)	2,385	0.1
CPO (MYR/metric t)	3,800	(0.8)
Bitcoin (USD/BTC)	54,997	(0.3)



Economics

Malaysia: Bank Negara international reserves rise to US\$114.7bn

Bank Negara's international reserve rose to US\$114.7bn as at July 31 compared with US\$113.3bn as at July 15. "The reserves position is sufficient to finance 5.5 months of imports of goods and services, and is 1.0 times of the total short-term external debt," the central bank said in a statement. The main components of the reserves were foreign currency reserves, which stood at US\$102.4bn, followed by International Monetary Fund reserves (US\$1.3bn), special drawing rights (US\$5.7bn), gold (US\$2.9bn) and other reserve assets (US\$2.4bn). (*The Star*)

China: Central bank holds back again on buying gold in July

China's central bank did not increase its gold reserves for the third consecutive month in July, maintaining its holdings at 72.8m fine troy ounces. Despite the unchanged volume, the value of these reserves rose from \$169.7bn in June to \$176.6bn in July, driven by a 16% increase in spot gold prices this year, which peaked at \$2,483.60 on July 17. The government indicated that the pause in purchases is a response to the elevated gold prices, suggesting that further acquisitions are unlikely if prices remain high. Previously, the People's Bank of China (PBOC) was the largest gold buyer in 2023, with net purchases of 7.23m ounces, the highest in 46 years. (*Reuters*)

China: Exports growth slows to 3-month low in July, but imports up solidly

China's exports grew by 7.0% in July, the slowest pace in three months and below expectations, while imports surged by 7.2%, reversing a previous decline. The slower export growth and narrowing trade surplus, which fell to \$84.7bn from \$99bn in June, reflect ongoing economic challenges despite government efforts to stimulate domestic demand. The government noted that exports may face increased pressure in the latter half of 2024 due to slowing external demand and tariffs. Meanwhile, imports rose due to a rush to purchase chips ahead of anticipated U.S. export restrictions. The government has pledged targeted stimulus measures and adjustments to support the economy, which grew by 4.7% in the second quarter. (*Bloomberg*)

Japan: BOJ plays down chance of near-term rate hike

The Bank of Japan's deputy governor, Shinichi Uchida, stated on Wednesday that the central bank would not raise interest rates amid market instability, downplaying the likelihood of an imminent rate hike. This contrasts with the recent hawkish stance of Governor Kazuo Ueda, who unexpectedly raised interest rates last week. Uchida emphasised that the recent market volatility could alter the BOJ's rate hike strategy, particularly if it affects economic and price projections or the likelihood of achieving the 2% inflation target. He noted that maintaining current levels of monetary easing is necessary due to the sharp volatility in financial markets. The remarks led to a significant drop in the yen and a boost in Japan's Nikkei share average. Uchida highlighted that the recent yen strengthening and stock market volatility would influence policy decisions and affect corporate activity and consumption. (*Bloomberg*)

Japan: April yen-buying intervention sets new daily record

Japan revealed on Wednesday that it executed a record single-day yen-buying intervention on April 29, selling ¥5.9tn (US\$40.8bn or RM182.6bn) worth of dollars to combat a depreciating yen. The Ministry of Finance (MOF) data indicated additional spending of ¥3.9tn on May 1. These interventions surpassed the previous single-day record of ¥5.6tn from October 21, 2022. The interventions from April 26 to May 29 totalled ¥9.8tn, temporarily boosting the yen by 5% from a 34-year low of 160.2 per dollar. However, the yen's long-term weakness persisted, falling to a 38-year low of 161.76 per dollar in July, leading Tokyo to spend another ¥5.5tn to support the currency. Later in July, the yen rallied sharply as economic data raised the prospect of a US downturn and larger rate cuts from the Federal Reserve. Concurrently, Japan's foreign reserves fell by US\$12.4bn to US\$1.2tn at the end of July, mainly due to the sale of US Treasury holdings to finance the interventions. (*Bloomberg*)



Companies

Willowglen: Bags RM27.82m contract

Willowglen MSC Bhd has been awarded a contract valued at RM27.8m from Kadenko Co Ltd, Singapore, for the provision of supervisory control and data acquisition and condition monitoring system, monitoring and control network. In a filing with Bursa Malaysia, Willowglen, which is engaged in the research, development and supply of computer-based control systems, said the commencement date of the contract is on Aug 7, 2024 and will be completed by May 30, 2028. (*The Star*)

Uzma: Gets HWU provision contract from PTTEP Sarawak

Uzma Bhd has accepted a contract award from PTTEP Sarawak Oil Ltd (PTTEP) for the provision of one hydraulic workover unit (HWU) and associated services for PTTEP, pursuant to the latter's letter of award dated July 4, 2024 and subsequently approved on Aug 5, 2024. In a filing with Bursa Malaysia, Uzma said the scope of works comprises the provision of HWU equipment and services for PTTEP's workover campaign on two platforms at offshore East Malaysia. The contract will take effect on July 4, 2024, and remain valid until six firm wells are completed, unless extended or terminated earlier according to its terms and conditions. (*The Star*)

MN Holdings: Partners with China's construction giant to explore power industry projects

MN Holdings Bhd has partnered with China State Construction Engineering (M) Sdn Bhd, a unit of China's largest construction and real estate conglomerate, to explore collaborations in the power industry. This two-year memorandum of understanding (MOU) aims to undertake projects in data centres, solar energy, and independent power plants across Malaysia and other ASEAN countries. The collaboration, announced in a bourse filing, will involve MN Holdings' subsidiary, MN Power Transmission Sdn Bhd, and is expected to enhance the company's reputation and growth by exploring more opportunities in the region. (*The Edge*)

IHH Healthcare: Fortis Healthcare chairman steps down

India's Fortis Healthcare Ltd, controlled by Malaysia's IHH Healthcare, announced that its chairman, Ravi Rajagopal, is resigning due to expanded board commitments in the UK and other regions. Rajagopal informed the board of his willingness to step down from the directorship, effective Sept 30, the hospital group said in a stock market filing on Tuesday. Following his resignation as chairman and non-executive independent director, Rajagopal will also cease to be a member of the company's corporate social responsibility committee. Appointed chairman in June 2018, Rajagopal led the board in overhauling governance processes. (*The Edge*)

TNB: Expand European RE assets

Tenaga Nasional Bhd (TNB) is set to expand its renewable energy (RE) assets in the UK and Europe through its subsidiary Vantage RE Ltd. Vantage RE, which has rapidly grown its RE capacity through acquisitions and developments, currently holds a portfolio of 1.2 gigawatts (GW), making up 27% of TNB's total 4.4GW RE portfolio. Vantage aims to exceed 2GW by 2030. Established in 2021, Vantage is pivotal for TNB's diversification outside Malaysia, where RE development faces regulatory and adoption challenges. The mature RE market in the UK and Europe offers TNB valuable insights and technology for achieving net-zero emissions by 2050. (*The Star*)



Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.78	0.07	8.97
Bermaz Auto	Consumer	2.35	0.21	8.77
KIP REIT	REIT	0.90	0.08	8.44
Hektar REITS	REIT	0.53	0.04	7.43
Amway (M)	Consumer	6.83	0.50	7.28
YTL Hospital REIT	REIT	1.19	0.09	7.23
RHB Bank	Finance	5.62	0.40	7.19
Pavilion REIT	REIT	1.32	0.09	7.12
CapitaLand Malaysia Trust	REIT	0.63	0.04	6.83
British American Tobacco (M)	Consumer	8.10	0.54	6.73
MBM Resources	Consumer	5.20	0.35	6.69
Paramount Corporation	Property	1.01	0.07	6.63
Ta Ann Holdings	Plantation	3.77	0.25	6.60
Datasonic Group	Technology	0.46	0.03	6.59
Gas Malaysia	Utilities	3.51	0.22	6.41

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
Elridge Energy Holdings Bhd	ACE Market	0.29	350.0	350.0	12 Aug	22 Aug

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