



# Daily Newswatch

## Market Review

Following two days of gains, the FBM KLCI closed flat at 1,590.4 (-0.1%) yesterday, as investors turned cautious amid mixed regional market performance. Among the index constituents, the top-performing stocks include AXIATA (+2.6%), SIME (+1.2%), and PETDAG (+1.0%). All sectors ended slightly in the red with minimal losses, while Telecommunication (+0.5%), Transportation (+0.4%) and Consumer (+0.3%) posted gains. Overall, the broader market breadth turned negative with 444 gainers against 652 losers.

## Economics

- **Germany:** Property prices record first quarterly rise in two years
- **Malaysia:** GLICs commit RM120b in direct domestic investments over next five years
- **Malaysia:** Wholesale and retail growth moderates to 5.4% in June
- **US:** Initial Jobless Claims Decline by Most in Nearly a Year

## Companies

- **Kawan Renergy:** Bags RM58m contract from KAB Energy
- **SP Setia:** Completes sale of RM392m Semenyih land to Mah Sing subsidiaries
- **Cape EMS:** CEO trims another 11.6% stake
- **MK Land:** Reaches settlement with tax authority, shrinking final bill by 85%
- **I-Bhd:** Sees strong i-City demand with RM90m unbilled sales

### Upcoming key economic data releases

<u>Upcoming key economic data releases</u>	<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	1,590.4	(0.1)	9.3
Dow Jones	39,446.5	1.8	4.7
Nasdaq CI	16,660.0	2.9	11.0
S&P 500	5,319.3	2.3	11.5
FTSE 100	8,145.0	(0.3)	5.3
Nikkei 225	34,831.2	(0.7)	4.1
Shanghai CI	2,869.9	0.0	(3.5)
HSI	16,891.8	0.1	(0.9)
STI	3,261.8	0.4	0.7

Market Activities	Last Close	% Chg
Vol traded (m shares)	4,319.7	(15.7)
Value traded (RM m)	3,097.8	(22.9)
Gainers	444	
Losers	652	
Unchanged	467	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
CAPE EMS	0.475	9.2	405.3
TECHNA-X	0.135	35.0	84.4
HUBLINE	0.090	(5.3)	81.9
EKOVEST	0.390	(4.9)	76.7
SAUDEE	0.025	25.0	66.2

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CAPE EMS	0.475	9.2	191.5
CIMB	7.300	(0.4)	149.5
YTL POWER	4.230	(3.2)	122.1
TENAGA	14.000	0.4	108.3
MAYBANK	10.140	0.0	106.4

Currencies	Last Close	% Chg
USD/MYR	4.473	0.6
USD/JPY	147.62	(0.3)
EUR/USD	1.0915	(0.0)
USD/CNY	7.1762	0.0
US Dollar Index	103.21	0.0

Commodities	Last Close	% Chg
Brent (USD/barrel)	79.2	1.1
Gold (USD/troy oz)	2,423	(0.2)
CPO (MYR/metric t)	3,807	0.2
Bitcoin (USD/BTC)	61,753	3.7

## Economics

### **Germany: Property prices record first quarterly rise in two years**

The German government announced a surprising turnaround in the residential real estate market during the second quarter of 2024, with prices rising across all segments for the first time in nearly two years. Driven by the prospect of lower borrowing costs and a decrease in new housing supply, apartment prices increased by 2.4%, single-family homes by 2%, and multi-family houses by 4.4%. Although prices are still lower than a year ago, the decline has narrowed for the third consecutive quarter. The government highlighted that the market's recovery is gaining momentum, aided by reduced uncertainty and anticipated interest rate cuts. This resurgence follows a sharp decline in 2023, the steepest in 60 years, due to high interest rates and material costs. Despite these positive signs, property transactions remain below pre-pandemic levels, indicating a cautious but steady market recovery. (*Bloomberg*)

### **Malaysia: GLICs commit RM120bn in direct domestic investments over next five years**

Malaysia's six main government-linked investment companies (GLICs) have pledged RM120bn in direct domestic investments over the next five years under the GEAR-UP program led by the Finance Ministry. This initiative focuses on high-growth, high-value sectors such as energy transition and advanced manufacturing, including the semiconductor industry. The GLICs—Khazanah Nasional Bhd, Employees Provident Fund, Retirement Fund Inc, Permodalan Nasional Bhd, Lembaga Tabung Haji, and the Armed Forces Fund Board—will target various areas: Khazanah on productivity and connectivity, KWAP on private equity and infrastructure, Permodalan Nasional on modernising industries, EPF on sustainable healthcare, Tabung Haji on Islamic finance, and the Armed Forces Fund Board on biopharmaceuticals. Managing over RM1.8tn in assets, these GLICs aim to drive economic growth and enhance quality of life. Prime Minister Datuk Seri Anwar Ibrahim emphasised the importance of mobilising all sectors of the economy, stating that this increased focus on domestic investments will benefit all Malaysians and foster new economic ecosystems. (*The Star*)

### **Malaysia: Wholesale and retail sales growth moderates to 5.4% in June**

Malaysia's wholesale and retail sales growth moderated and rose 5.4% year-on-year in June, led by retail sales in specialised stores and wholesale of agricultural raw materials and live animals, official data on Thursday showed. Wholesale and retail trade totalled RM146bn in June, the Department of Statistics Malaysia said in a statement. The pace of sales growth was slower than the 7.1% increase in May. On a month-on-month basis, distributive trade declined 1.3% in June. The retail sector rose 7.9% to RM64.1bn followed by the wholesale segment, which expanded 4% to RM64.9bn. Sales of motor vehicles, meanwhile, was up 2% to RM17 billion in June. Retail sales mainly led the year-on-year increase in retail sales in specialised stores which grew 12.6%. The rise in wholesale, meanwhile, was driven by the wholesale of agricultural raw materials and live animals, which gained 7.9%. (*The Edge*)

### **US: Initial Jobless Claims Decline by Most in Nearly a Year**

Initial jobless claims in the U.S. fell by 17,000 last week to 233,000, marking the largest drop in nearly a year and easing concerns about a rapidly cooling labour market. The decrease, driven by reduced claims in states like Michigan, Missouri, and Texas, comes after a disappointing jobs report that revealed slowed hiring and a rising unemployment rate. This decline could help stabilise market fears and dampen speculation about an imminent Federal Reserve rate cut. Despite the uptick in claims this year and recent layoffs at major companies like Dell and Intel, job openings remain robust, suggesting the labour market is adjusting rather than deteriorating. (*Bloomberg*)

## Companies

### **Kawan Renergy: Bags RM58m contract from KAB Energy**

Kawan Renergy Bhd's subsidiary, Kawan Engineering Sdn Bhd (KESB), has secured an RM58m contract with KAB Energy Holdings Sdn Bhd for mechanical, firefighting, and electrical works at a 52-megawatt power plant in Sipitang, Sabah. The project, starting April 8, 2024, and set to be completed by the first quarter of 2026, requires KESB to provide a 5% performance bond and a corporate guarantee. (*The Edge*)

### **SP Setia: Completes sale of RM392m Semenyih land to Mah Sing subsidiaries**

S P Setia Bhd has announced the completion of its land disposal, involving 500 acres of freehold land in Glengowrie, Semenyih, to three of Mah Sing Group Bhd's wholly-owned subsidiaries for RM392m, cash. The subsidiaries are Elite Park Development Sdn Bhd, Grand Prestige Development Sdn Bhd and Mestika Bistari Sdn Bhd. Announcing this in a press statement issued Aug 5, S P Setia said the disposal is part of its strategy to boost capital efficiency as it focuses on high-priority projects while steering the company towards a leaner business model. S P Setia president and CEO Datuk Choong Kai Wai commented, "The completion of this land sale allows us to reallocate resources towards significant projects, reduce debt and align with our asset-light strategy to enhance competitiveness." (*The Edge*)

### **Cape EMS: CEO trims another 11.6% stake**

Cape EMS Bhd managing director and chief executive officer Christina Tee Kim Chin further trimmed her stake by 11.6% after selling shares worth RM44.9m in the electronic manufacturing services company. The sale of 115.3m shares, according to the latest exchange filings, translates to an average price of 38.9 sen per share and 6.2% lower than the stock's volume-weighted average price of 41.5 sen on Wednesday. That cuts her equity by nearly half to 138.7m shares in the company. Meanwhile, according to a separate bourse filing, Kim Chin's sister Tee Kim Yok, who is an executive director at Cape EMS, also trimmed her stake in the company. She sold a further 32.8m shares worth RM14m at an average price of 42.6 sen apiece. (*The Edge*)

### **MK Land: Reaches settlement with tax authority, shrinking final bill by 85%**

MK Land Holdings Bhd announced a settlement with the Inland Revenue Board (IRB) that significantly reduces the additional tax bills and penalties imposed on its unit, Saujana Triangle Sdn Bhd, by nearly 85%. The taxes payable were cut from RM80.8m to RM12.2m, with the amount to be settled progressively by December 15, 2024. The settlement, recorded at the Special Commissioners of Income Tax, is not expected to materially impact MK Land's finances. The dispute originated from IRB's reclassification of gains from land sales in 2009 as revenue rather than capital, leading to additional assessments and penalties. (*The Edge*)

### **I-Bhd: Sees strong i-City demand with RM90m unbilled sales**

Property group I-Bhd with unbilled sales of RM90m as of June 2024, sees continued robust demand for its i-City properties. "This solid foundation, combined with our strategic initiatives and market insights, positions I-Bhd well for continued growth and success. "Looking forward, we remain committed to our vision of making i-City a symbol of innovation, quality, and success. By exceeding expectations and setting new standards of excellence in urban development, we are confident in our ability to create lasting value for our stakeholders and ensure a prosperous future for i-City," I-Bhd said in the notes accompanying its financial results. In the second quarter ended June 30, I-Bhd's net profit surged to RM5.4m, or earnings per share of 0.3 sen compared with RM1.8m, or 0.1 sen in the same quarter last year. Revenue for the quarter rose 32.7% to RM55.5m against RM41.8m a year ago. (*The Star*)



## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.81	0.07	8.70
KIP REIT	REIT	0.88	0.08	8.69
Bermaz Auto	Consumer	2.38	0.21	8.66
Hektar REITS	REIT	0.52	0.04	7.50
Amway (M)	Consumer	6.95	0.50	7.15
RHB Bank	Finance	5.68	0.40	7.11
YTL Hospital REIT	REIT	1.21	0.09	7.11
British American Tobacco (M)	Consumer	7.99	0.54	6.82
Pavilion REIT	REIT	1.38	0.09	6.81
MBM Resources	Consumer	5.26	0.35	6.62
Paramount Corporation	Property	1.02	0.07	6.57
CapitaLand Malaysia Trust	REIT	0.66	0.04	6.56
Ta Ann Holdings	Plantation	3.81	0.25	6.54
Datasonic Group	Technology	0.46	0.03	6.52
Gas Malaysia	Utilities	3.57	0.22	6.30

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="#">EPB Group Berhad</a>	ACE Market	0.56	71.6	40.0	31 Jul	23 Aug
<a href="#">Sik Cheong Berhad</a>	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
Vetece Holdings Berhad	ACE Market	0.25	98.0	39.2	14 Aug	28 Aug

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MERCURY SECURITIES SDN BHD  
Registration No. 198401000672 (113193-W)  
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,  
50480 Kuala Lumpur  
Telephone: (603) - 6203 7227  
Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my