



# Daily Newswatch

## Market Review

The FBM KLCI closed positive and reached its highest in almost four years at 1,652.3 (+0.8%), as upbeat corporate results helped to boost market sentiment. Among the index constituents, the top-performers include MAXIS (+4.4%), PBBANK (+3.8%), and PMETAL (+2.7%). Meanwhile, the top-performing sectors include Telecommunications & Media (+1.6%), Financial Services (+1.3%), and Construction (+1.0%). On the flipside, the broader market breadth was slightly negative with 640 losers outpacing 476 gainers.

## Economics

- **Indonesia:** Palm oil output set to fall on weather, old trees
- **Indonesia:** Reinstates full tax break for property purchases until December
- **South Korea:** Birth rate drive struggles to sway 'Yolo' generation
- **China:** Industrial profit growth quickens in July 2024

## Companies

- **Malakoff:** 350MW Prai power plant gets one-year PPA extension
- **Binasat:** Gets RM23.8m cable laying job
- **Varia:** Gets RM410.3m flood mitigation job
- **Rohas:** Secures RM123m Sg Rasau water treatment plant project
- **Sime Darby:** Ends FY2024 on strong footing on disposal gain, declares 10sen DPS
- **RHB Bank:** 2Q net profit down 11%, declares 15sen DPS
- **Public Bank:** 2Q net profit rises 10%, declares 10sen DPS

### Upcoming key economic data releases

	<u>Date</u>
Malaysia – Jul 2024 PPI	28 Aug
US – Jul 2024 PCE	30 Aug
EU – Jul 2024 Unemployment Rate	30 Aug
EU – Q2 GDP	6 Sep
US – Aug 2024 Unemployment Rate	6 Sep
Malaysia – Jul 2024 IPI	10 Sep
US – Aug 2024 CPI	11 Sep
US – Aug 2024 PPI	12 Sep
US – FOMC	19 Sep
Malaysia – Aug 2024 CPI	23 Sep
Malaysia – Aug 2024 PPI	26 Sep
US – Q2 GDP	26 Sep
US – Aug 2024 PCE	27 Sep

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,652.3	0.8	13.6
Dow Jones	41,250.5	0.0	9.4
Nasdaq CI	17,754.8	0.2	18.3
S&P 500	5,625.8	0.2	17.9
FTSE 100	8,345.5	0.2	7.9
Nikkei 225	38,288.6	0.5	14.4
Shanghai CI	2,848.7	(0.2)	(4.2)
HSI	17,874.7	0.4	4.9
STI	3,398.5	0.1	4.9

Market Activities	Last Close	% Chg
Vol traded (m shares)	3,185.6	12.7
Value traded (RM m)	3,197.6	21.9
Gainers	476	
Losers	640	
Unchanged	452	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
NOTION	0.890	(17.6)	88.3
ELRIDGE	0.440	(2.2)	85.5
VELESTO	0.220	2.3	79.6
PBBANK	4.680	3.8	68.9
CEB	0.365	(5.2)	67.6

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
PBBANK	4.680	3.8	320.5
CIMB	7.930	0.5	214.0
MAYBANK	10.700	1.5	176.3
SUNWAY	4.080	(1.0)	82.2
NOTION	0.890	(17.6)	84.0

Currencies	Last Close	% Chg
USD/MYR	4.3475	0.0
USD/JPY	144.92	(0.3)
EUR/USD	1.1175	0.1
USD/CNY	7.1279	(0.1)
US Dollar Index	100.82	(0.0)

Commodities	Last Close	% Chg
Brent (USD/barrel)	81.0	(0.5)
Gold (USD/troy oz)	2,514	(0.2)
CPO (MYR/metric t)	4,030	0.2
Bitcoin (USD/BTC)	62,901	(0.9)

## Economics

### **Indonesia: Palm oil output set to fall on weather, old trees**

The outlook for Indonesia's palm oil harvest has dimmed as dry weather and ageing trees crimp production in the world's top grower, which will likely tighten global supply and keep prices elevated. Output of the tropical oil this year is expected to be flat or as much as 5% lower than 2023, according to forecasts from the Indonesian Palm Oil Association and the Indonesian Palm Oil Board. *(Bloomberg)*

### **Indonesia: Reinstates full tax break for property purchases until December**

Indonesia plans to reinstate the full tax break on property purchases worth up to five billion rupiah (US\$323,000 or RM1.4m) for the second half of 2024 to help support demand, its chief economic minister said on Tuesday. Under the policy, the government covers the cost of value-added tax on up to 2bn rupiah of the price of an eligible landed house or apartment purchase. Chief economic minister Airlangga Hartarto said the change aimed to support the purchasing power of middle class, which he said had been declining due to ongoing effects of Covid-19 pandemic. *(Bloomberg)*

### **South Korea: Birth rate drive struggles to sway 'Yolo' generation**

Asia's fourth-largest economy plans to launch a new government ministry dedicated to demographic challenges after years of incentives failed to ease the baby crisis. South Korea continues to break its own record for having the world's lowest birth rate, which hit a fresh low last year. Not even South Korea's aggressive interest rate hikes over the past three years have been able to rein in youthful spending. The savings rate for those in their 30s declined to 28.5% in the first quarter from 29.4% five years ago, while that for all other age groups increased in the same period, central bank data showed. At the same time, people in their 20s and 30s make up the biggest spenders at department stores and top-tier hotels, while their travel spending rose to 40.1% from 33.3% in the past three years. *(Reuters)*

### **China: Industrial profit growth quickens in July 2024**

Profits in July jumped 4.1% from a year earlier, following a 3.6% rise in June, according to National Bureau of Statistics (NBS) data. Tamer shipments last month raised a red flag over the country's export-driven recovery and heightened concerns about frail domestic demand. China's July bank loans recorded the first contraction in 19 years, central bank data showed earlier. Electric vehicle (EV) battery giant CATL recorded faster profit growth in the second quarter, but its revenue fell at a faster clip during the quarter, as EV sales slow in the world's largest auto market. Amid lacklustre demand, a prolonged housing downturn and employment worries, Beijing is looking to pivot its stimulus towards consumption. *(Reuters)*

## Companies

### **Malakoff: 350MW Prai power plant gets one-year PPA extension**

Malakoff Corp Bhd said on Tuesday that its wholly owned subsidiary Prai Power Sdn Bhd has received a one-year extension to its power purchase agreement (PPA) from Tenaga Nasional Bhd. According to a bourse filing, the PPA extension will commence on Sept 1, 2024, and expires on Aug 31, 2025. Separately, Tenaga Nasional Bhd, whose ring-fenced entity Single Buyer procures the electricity, said that the PPA has a one-year extension option. *(The Edge)*

### **Binasat: Gets RM23.8m cable laying job**

Binasat Communications Bhd has accepted a letter of award from Enertra Sdn Bhd in respect of cable laying works in Ara Damansara, Selangor, for Tenaga Nasional Bhd worth RM23.8m. "The contract shall be effective from the date of the letter of acceptance and the time for completion shall be 730 days from the commencement date. *(The Star)*

### **Varia: Gets RM410.3m flood mitigation job**

Varia Bhd has accepted a letter of award from Kator Construction Sdn Bhd for a flood mitigation project in Segamat, Johor, worth RM410.3m. "The commencement and completion dates for the contract shall align with the main contract's timeframe, for a period of 60 months from the date of commencement on July 23, 2024, until the date of completion on July 22, 2029. *(The Star)*

### **Rohas: Secures RM123m Sg Rasau water treatment plant project**

Rohas Tecnic Bhd has announced that it has received a letter of award from Gamuda Bhd for works pertaining to Phase 2 of the Sg Rasau water treatment plant, worth RM123m. "The Sg Rasau Package 2 project is expected to be completed by the fourth quarter of 2025," it said. *(The Edge)*

### **Sime Darby: Ends FY2024 on strong footing, declares 10sen DPS**

Sime Darby Bhd closed the financial year ended June 30, 2024 (FY2024) on a strong footing, with its net profit more than doubling to RM3.3bn from RM1.5bn in the previous year. This was largely due to an RM2bn gain from the disposal of Ramsay Sime Darby Health Care (RSDH) in December 2023. However, stripping out the one-off item, the automotive and industrial conglomerate reported a core net profit of RM1.3bn in FY2024, up 14% from FY2023, on higher profits from the industrial business in Australia, the strong performance of the motor's businesses in Malaysia, Singapore and Taiwan, as well as the maiden profit contribution from the UMW division. Revenue for FY2024 saw a 39% jump to RM67.1bn from RM48.3bn in FY2023. Sime Darby declared a second interim dividend of 10sen per share for FY2024, payable on Sept 30. Nevertheless, revenue for the quarter saw a 41.4% improvement to RM18.8bn from RM13.29bn a year earlier. Despite the challenging market situation, Sime Darby expects its core financial performance for FY2025 to be consistent with the just-ended FY2024. *(The Edge)*

### **RHB Bank: 2Q net profit down 11%, declares 15 sen dividend**

The net profit for the three months ended June 30, 2024 (2QFY2024) at RM722.3m, compared with RM808.7m over the same period last year, RHB Bank said in an exchange filing. Net interest income rose 11% year-on-year to RM989.4m, while non-interest income nearly doubled to RM603.2m. The company booked RM145m in allowances for credit losses on financial assets during the quarter. RHB Bank also declared a cash dividend of 15sen per share, to be paid at a date determined later. Thanks to a liability management initiative, its net interest margin expanded quarter-on-quarter and year-on-year to 1.99% in 2QFY2024. Deposits from customers increased 4.8% as current-account-savings-account grew 7.0%. Gross loans and financing expanded 6.4% in 1HFY2024. Regarding asset quality, gross impaired loans ended June at 1.76%, while loan loss coverage was 70.4%. When regulatory reserves were included, the ratio rose to 106.8%. *(The Edge)*



**Public Bank: 2Q net profit rises 10%, declares 10 sen dividend**

The net profit for the three months ended June 30, 2024 (2QFY2024) at RM1.8bn, compared with RM1.6bn in the same period last year, the Public Bank said in an exchange filing. Net interest income rose 5% year-on-year to RM2.3bn. The company also declared a first interim dividend of 10sen per share, amounting to RM1.9bn, payable on Sept 23. For the quarter under review, net interest income was RM2.3bn, while net income from Islamic banking stood at RM417m. non-interest income was RM674.8m. In terms of asset quality, the group's impaired loan ratio was steady at 0.6%, while loan loss coverage was sustained at 154.2%. Total customer deposits posted an annualised growth rate of 5.8% to RM424.9bn. The group's loan loss coverage ratio stood at 154.2%, above the banking industry's loan loss coverage ratio of 91.7%. Non-interest income increased 5.8% year-on-year to RM1.3bn in 1HFY2024, mainly supported by growth in unit trust income of 16.3% and an increase in stockbroking income of 44.6%. *(The Edge)*



## Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Sentral REIT	REIT	0.79	0.07	8.48
KIP REIT	REIT	0.90	0.08	8.44
Bermaz Auto	Consumer	2.47	0.21	8.38
Amway (M)	Consumer	6.84	0.50	7.27
YTL Hospital REIT	REIT	1.19	0.09	7.23
Hektar REITS	REIT	0.55	0.04	7.16
CapitaLand Malaysia Trust	REIT	0.63	0.04	6.83
RHB Bank	Finance	5.92	0.40	6.82
British American Tobacco (M)	Consumer	7.99	0.54	6.82
Pavilion REIT	REIT	1.39	0.09	6.76
Sports Toto	Consumer	1.59	0.11	6.67
Datasonic Group	Technology	0.45	0.03	6.67
Gas Malaysia	Utilities	3.61	0.23	6.48
UOA REITS	REIT	1.00	0.06	6.40
Ta Ann Holdings	Plantation	3.86	0.25	6.37

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="#">Vetece Holdings Bhd</a>	ACE Market	0.25	98.0	39.2	14 Aug	28 Aug
Steel Hawk Bhd	ACE Market	0.15	90.0	44.7	23 Aug	5 Sept
<a href="#">99 Speed Mart Retail Holdings Bhd</a>	Main Market	1.65	400.0	1,028.0	23 Aug	9 Sept

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