



# Daily Newswatch

## Market Review

The FBM KLCI ended the week on a higher note buoyed by optimism surrounding Budget 2025 and widespread buying across the board, closing at 1,646.0 (+0.3%). Among the index constituents, the top gainers were YTL (+2.7%), AXIATA (+2.1%) and GENM (+1.8%). Sector-wise, the positive performance was led by Technology (+1.4%) and Utilities (+0.9%). Overall, the broader market breadth was positive, with 598 gainers outweighing 396 losers.

## Economics

- **Japan:** BOJ in no rush to hike in October, looking to move later
- **Malaysia:** Federal gov't's committed guarantees rise to RM231.4bn, lifting total to RM407.8bn
- **Malaysia:** More details on targeted RON95 subsidies expected in coming months
- **Malaysia:** Investors hold different views on 2% tax on dividends exceeding RM100,000
- **Malaysia:** Govt to expand scope of SST, to include fee-based financial services
- **China:** Rolls out US\$112bn funding schemes to bolster stock market

## Companies

- **SCIB:** Secures RM48m Islamic banking facilities from Affin Islamic Bank
- **Exsim Hospitality:** Wins RM60m sub-contract works
- **HeiTech Padu:** Wins bid for RM892.2m NIISe project

### Upcoming key economic data releases

<u>Upcoming key economic data releases</u>	<u>Date</u>
Malaysia – Sep 2024 CPI	24 Oct
US – Oct 2024 NFP	1 Nov
US – Oct 2024 Unemployment	1 Nov
US – Oct 2024 ISM Manufacturing PMI	1 Nov
Malaysia – Nov 2024 Interest Rate	6 Nov
US – Nov 2024 Fed Interest Rate	7 Nov
Malaysia – Sep 2024 Unemployment	8 Nov
US – Oct 2024 CPI	13 Nov
US – Oct 2024 PPI	14 Nov
EU – Oct 2024 GDP Growth Rate	14 Nov
EU – Oct 2024 Inflation Rate	19 Nov
Malaysia – Oct 2024 Inflation Rate	22 Nov

Key Indices	Last Close	Daily chg %	YTD chg %
FBM KLCI	1,646.0	0.3	13.2
Dow Jones	43,275.9	0.1	14.8
Nasdaq CI	18,489.6	0.6	23.2
S&P 500	5,864.7	0.4	23.0
FTSE 100	8,358.3	(0.3)	8.1
Nikkei 225	38,981.8	0.2	16.5
Shanghai CI	3,261.6	2.9	9.6
HSI	20,804.1	3.6	22.0
STI	3,640.2	0.4	12.3

Market Activities	Last Close	% Chg
Vol traded (m shares)	2,520.2	(6.1)
Value traded (RM m)	2,167.7	(11.7)
Gainers	598	
Losers	396	
Unchanged	556	

Top 5 Volume	Last Close	Daily chg %	Vol (m)
NORTHEAST	0.530	8.2	53.4
BINA PURI	0.330	(4.3)	40.6
WCT	0.925	1.1	37.4
MYEG	0.910	1.7	35.2
FOCUS	0.025	0.0	32.4

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
CIMB	8.150	(0.1)	91.4
TNB	14.680	0.1	86.8
PUBLIC	4.570	0.7	82.0
GAMUDA	8.200	0.4	77.2
99SMART	2.370	(1.3)	69.9

Currencies	Last Close	% Chg
USD/MYR	4.306	0.1
USD/JPY	149.53	0.5
EUR/USD	1.0867	0.3
USD/CNY	7.1023	0.3
US Dollar Index	103.49	(0.3)

Commodities	Last Close	% Chg
Brent (USD/barrel)	73.1	(1.9)
Gold (USD/troy oz)	2,721	1.1
CPO (MYR/metric t)	4,318	(0.6)
Bitcoin (USD/BTC)	68,135	(0.4)

## Economics

### **Japan: BOJ in no rush to hike in October, looking to move later**

Bank of Japan officials see little need to rush into raising interest rates this month while they remain on track to hike at a later stage with inflation staying in line with forecasts, according to the government. Officials see only a small risk of prices significantly outpacing the central bank's quarterly projections set out in July, reducing the need to act quickly. The BOJ also sees a need to monitor the US economy and the potential economic and market impact of the US election next month, among other sources of high uncertainty, before its next move. The BOJ is widely expected to leave its 0.25% benchmark rate untouched at its policy meeting ending Oct 31. A focal point is it's still possible for bank to consider a third rate hike this year in December. That will likely depend on the level of uncertainty at the time. (*Bloomberg*)

### **Malaysia: Federal govt's committed guarantees rise to RM231.4bn, lifting total to RM407.8bn**

The federal government's committed guarantee, which forms its debt and liabilities exposures, increased to RM231.4bn as at end-June 2024, against RM227.4bn in 2023. The share of gross domestic product (GDP) ratio, however, dropped to 11.9% at end-June, compared with 12.5% in 2023, according to the Ministry of Finance (MOF)'s 2025 Fiscal Outlook and Federal Government Revenue Estimates report. Committed guarantees are part of the federal government's financial guarantees which consist of recipients that receive financial support from the government "under extenuating circumstances to sustain the form of temporary cash flow injections, working capital or partial interest repayment". (*The Edge*)

### **Malaysia: More details on targeted RON95 subsidies expected in coming months**

More details on the mechanism for targeted subsidies for RON95 petrol should come in the coming months as government in the process of reviewing it, said Transport Minister Anthony Loke. One of the proposals under discussion, he said, is the introduction of an identification system at retail stations, where eligible Malaysians would need to use their identity cards to verify eligibility before the subsidized price is displayed. (*The Edge*)

### **Malaysia: Investors hold different views on 2% tax on dividends exceeding RM100,000**

The government will introduce a 2% tax in the year of assessment 2025 on dividend income exceeding RM100,000 received by individual shareholders. This comes as a negative surprise as Malaysia currently adopts the single-tier tax system whereby companies are not required to deduct tax for dividends paid to shareholders. Taxes are only required at company level. Countries that adopt double taxation on dividend income are typically developed countries like US, UK, France, Canada, South Korea and Japan. (*The Edge*)

### **Malaysia: Govt to expand scope of SST, to include fee-based financial services**

The federal government is expanding the scope of the sales and service tax (SST) again to raise tax revenue. Starting May 1, 2025, sales tax will be imposed on non-essential items, including imported premium items, such as salmon and avocado, Prime Minister Datuk Seri Anwar Ibrahim announced in his Budget 2025 speech on Friday. On the same date, fee-based financial services will be included under the scope of coverable services of the service tax. (*The Edge*)

### **China: Rolls out US\$112bn funding schemes to bolster stock market**

China's central bank kicked off two funding schemes on Friday, that will initially pump as much as 800bn yuan (US\$112.4bn or RM484bn) into the stock market through newly created monetary policy tools. The People's Bank of China (PBOC) spelt out operational details of the swap and relending schemes first announced in late September, aiming to support "steady development" of capital markets. China's recent market bull run has been losing steam as euphoria turned into caution over the size and implementation of Beijing's stimulus promises. (*Reuters*)

## Companies

### **SCIB: Secures RM48m Islamic banking facilities from Affin Islamic Bank**

SCIB Concrete Manufacturing Sdn Bhd, a wholly-owned subsidiary of Sarawak Consolidated Industries Bhd, has accepted Islamic banking facilities totaling RM48m from Affin Islamic Bank Bhd. In a filing with Bursa Malaysia, SCIB said that the first facility is a Tawarruq Term Financing-i of RM27m, intended to redeem a two-storey office building with a spun piles factory and another two-storey office with a concrete roofing tiles factory in the Muara Tebas Land District, Sarawak, from RHB Bank Bhd. It said the remaining amount would be used as working capital, with a tenure of 180 months. The second facility is an RM8m Tawarruq Cash Line-i for working capital requirements, with a tenure of 120 months and subject to annual review. (*The Edge*)

### **Exsim Hospitality: Wins RM60m sub-contract works**

Exsim Hospitality Bhd, previously known as Pan Malaysia Holdings Bhd, said on Friday that its wholly-owned subsidiary Exsim Concepto Sdn Bhd has won a sub-contract work package for RM60m. According to a bourse filing, the work package, which is awarded by Totalbuildz Sdn Bhd, involves the designing and building of architecture, as well as interior design and fit-out works to 294 rooms in the Building E of Empire City at Damansara Perdana, Selangor. Exsim Hospitality also said the contract will begin from Oct 18, subject to further confirmation by the main contractor. (*The Edge*)

### **HeiTech Padu: Wins bid for RM892.2m NIISe project**

HeiTech Padu Bhd whose share price hit a record high of RM4.40, announced that it has won an RM892.2m National Integrated Immigration System (NIISe) project. HeiTech said in a filing with Bursa Malaysia that it must submit to government a performance bond amounting to RM8.9m not exceeding 30 days from the date of receipt of the letter of award. Notably, HeiTech is the incumbent operator of the NIISe through the Malaysian Immigration System (MyIMMs), which has been in operation since 1993. (*The Edge*)



## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
British American Tobacco (M)	Consumer	7.43	0.61	8.16
Sentral REIT	REIT	0.81	0.06	7.95
KIP REIT	REIT	0.94	0.07	7.70
MAG Holdings	Consumer	1.19	0.09	7.56
Magnum	Consumer	1.19	0.09	7.56
Hektar REITS	REIT	0.53	0.04	7.43
Amway (M)	Consumer	6.96	0.50	7.14
Datasonic Group	Technology	0.44	0.03	6.90
Genting Malaysia	Consumer	2.32	0.16	6.81
UOA REITS	REIT	1.00	0.06	6.40
Paramount Corporation	Property	1.07	0.07	6.26
Tambun Indah Land	Property	0.96	0.06	6.25
Pavilion REIT	REIT	1.48	0.09	6.22
RHB Bank	Finance	6.42	0.40	6.21
REXIT	Technology	0.81	0.05	6.21

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="#">Sorento Capital Bhd</a>	ACE Market	0.37	155.0	74.0	15 Oct	28 Oct
<a href="#">OB Holdings Bhd</a>	ACE Market	0.24	120.0	0	15 Oct	29 Oct
3Ren Bhd	ACE Market	0.28	110.0	45.0	23 Oct	6 Nov
Azam Jaya Bhd	Main Market	0.78	78.8	50.0	24 Oct	11 Nov

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