



# Daily Newswatch

## Market Review

The FBM KLCI closed flattish at 1,645.7 yesterday, as investors paused to digest the details of Budget 2025. Among the index constituents, the top gainers were PDAG (+2.2%), PCHEM (+1.1%) and PETGAS (+0.9%), while the top decliners were led by YTL (-3.0%), YTLPOWR (-2.6%) and NESTLE (-1.6%). For sector-wise, the positive performance was led by Health Care (+0.9%), Energy (+0.8%) and Technology (+0.7%), while the negative performance was led by Property (-1.3%), Utilities (-1.0%) and Plantation (-0.4%). Overall, the broader market breadth turned negative, with 645 losers outweighing 395 gainers.

## Economics

- **EU:** ECB's Simkus says it's clear rates will be lowered further
- **China:** Cuts key lending rates to support growth
- **EU:** Banks under investor pressure to keep earnings growth alive
- **US:** Fed's Logan repeats call to lower rates gradually amid risks

## Companies

- **DNeX:** Appoints Faizal Sham Abu Mansor as group CEO
- **EP Manufacturing:** Proposes diversification into vehicles assembly business
- **AWC:** Bags housekeeping services job in JB Sentral
- **PUC:** Subsidiary bags RM10m CRM project
- **MYEG, Heitech Padu:** Affirm collaboration in current and future e-government projects
- **Yinson:** FPSO Maria Quitéria achieves first oil

### 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 %
<b>FBM KLCI</b>	1,645.7	(0.0)	13.1
<b>Dow Jones</b>	42,931.6	(0.8)	13.9
<b>Nasdaq CI</b>	18,540.0	0.3	23.5
<b>S&amp;P 500</b>	5,854.0	(0.2)	22.7
<b>FTSE 100</b>	8,318.2	(0.5)	7.6
<b>Nikkei 225</b>	38,954.6	(0.1)	16.4
<b>Shanghai CI</b>	3,268.1	0.2	9.9
<b>HSI</b>	20,478.5	(1.6)	20.1
<b>STI</b>	3,614.6	(0.7)	11.6

  

Market Activities	Last Close	% Chg
<b>Vol traded (m shares)</b>	3,018.5	19.8
<b>Value traded (RM m)</b>	2,187.3	0.9
<b>Gainers</b>	395	
<b>Losers</b>	645	
<b>Unchanged</b>	519	

  

Top 5 Volume	Last Close	Daily chg %	Vol (m)
<b>CEB</b>	0.325	(1.5)	57.4
<b>KHB</b>	0.210	16.7	50.0
<b>ALPHA</b>	0.365	1.4	47.7
<b>GTRONIC</b>	0.660	7.3	45.9
<b>MYEG</b>	0.890	(1.9)	39.7

  

Top 5 Turnover	Last Close	Daily chg %	Val (RM m)
<b>CIMB</b>	8.200	0.6	138.3
<b>TENAGA</b>	14.640	(0.3)	128.5
<b>PBBANK</b>	4.570	0.0	88.3
<b>GAMUDA</b>	8.200	0.0	61.1
<b>99SMART</b>	2.350	(0.8)	49.6

  

Currencies	Last Close	% Chg
<b>USD/MYR</b>	4.3073	(0.0)
<b>USD/JPY</b>	150.71	0.1
<b>EUR/USD</b>	1.0816	0.0
<b>USD/CNY</b>	7.1206	(0.3)
<b>US Dollar Index</b>	104.01	0.5

  

Commodities	Last Close	% Chg
<b>Brent (USD/barrel)</b>	74.3	1.7
<b>Gold (USD/troy oz)</b>	2,721	0.0
<b>CPO (MYR/metric t)</b>	4,373	0.2
<b>Bitcoin (USD/BTC)</b>	67,751	0.0

## Economics

### **EU: ECB's Simkus says it's clear rates will be lowered further**

European Central Bank (ECB) Governing Council member Gediminas Simkus said borrowing costs will be reduced further should the downtrend in inflation persist, though he wouldn't predict the outcome of officials' next meeting. "The direction is clear — less restrictive monetary policy," the Lithuanian central bank chief said on Monday. "I can't yet tell what the decision will be in December. But the direction is clear — down." Investors agree. They are betting on a spate of interest-rate cuts at the next few meetings with inflation already below the 2% target and the 20-nation eurozone economy barely growing. A December move is very likely, according to people familiar with the matter. (*Bloomberg*)

### **China: Cuts key lending rates to support growth**

China cut benchmark lending rates as anticipated at the monthly fixing on Monday, following reductions to other policy rates last month as part of a package of stimulus measures to revive the economy. The one-year loan prime rate (LPR) was lowered by 25 basis points to 3.1% from 3.4%, while the five-year LPR was cut by the same margin to 3.6% from 3.9% previously. People's Bank of China (PBOC) Governor Pan Gongsheng told a financial forum last week lending rates will decrease by 20 to 25 basis points on Oct. 21. The PBOC announced cuts to banks' reserve requirement ratio by 50 basis points and the benchmark seven-day reverse repo rate by 20 basis points on Sept. 24, kicking off the most aggressive stimulus since the pandemic that include measures to support the ailing property sector and boost consumption. (*Reuters*)

### **EU: Banks under investor pressure to keep earnings growth alive**

Europe's biggest banks are healthier than at any point since the 2008-09 financial crisis, but investors want reassurance that they can trust their longer-term earnings power as interest rates fall. Bank share prices have broadly delivered a double-digit rise this year, driven by stock buyback programmes made possible by years of capital accumulation, restructuring, cost cuts and supportive central bank policy, which boosted their profits. Deutsche Bank, Lloyds and Barclays will kick off third-quarter earnings reporting this week, while UBS and HSBC will be among those reporting next week. The numbers are expected to show continued profitability, with robust investment banking activity offsetting squeezes on margins and weak demand for loans among consumers and businesses. But investors want more. Besides looking for evidence of asset quality resilience, they are seeking sharper strategy, lower costs and the potential to outperform in a low-growth global economy. (*Bloomberg*)

### **US: Fed's Logan repeats call to lower rates gradually amid risks**

Lorie Logan, President of the Federal Reserve Bank of Dallas, emphasised the need for a gradual reduction of interest rates to balance inflation and labour market risks amid ongoing economic uncertainty. Following a recent half-percentage-point cut, she noted that stronger-than-expected hiring could lead to a smaller quarter-point cut at the upcoming Fed meeting. Logan discussed the ample liquidity in the market and suggested that the Fed's overnight reverse repurchase facility might need adjustments if market dynamics change. She also highlighted the importance of banks being prepared to use the Fed's emergency liquidity tools and mentioned potential future considerations for central clearing in repo facilities. (*Bloomberg*)

## Companies

### **DNeX: Appoints Faizal Sham Abu Mansor as group CEO**

Dagang Nexchange Bhd has appointed Faizal Sham Abu Mansor as its group chief executive officer effective Nov 1, succeeding executive chairman Tan Sri Syed Zainal Abidin Syed Mohamed Tahir Jamalullail in leading the company's management team. Syed Zainal Abidin, 62, will continue to lead the management team until Dec 31, after which he will be redesignated as non-executive chairman. (*The Edge*)

### **EP Manufacturing: Proposes diversification into vehicles assembly business**

EP Manufacturing Bhd has proposed to diversify its existing principal activities to include the assembly of vehicles as it aims to strengthen its existing automotive business. In a filing with Bursa Malaysia, the group said it is constantly exploring new business opportunities within the broader automotive business industry to provide additional revenue streams and recurring profit. This diversification would allow the company to expand its participation in the wider automotive industry upstream supply chain. (*The Star*)

### **AWC: Bags housekeeping services job in JB Sentral**

AWC Bhd has secured an RM30.5m contract for housekeeping services at the JB Sentral building in Johor Bahru, awarded by KCJ Engineering Sdn Bhd. This contract extends AWC's order book to over RM700m and marks the first facilities division win since January, with the company optimistic about future growth. (*The Edge*)

### **PUC: Subsidiary bags RM10m CRM project**

PUC Bhd's subsidiary, Presto Technology, secured an RM10m contract from Green Growth Asia Foundation (GGAF) to develop a CRM system for GGAF's donation and fundraising activities. The project aims to streamline GGAF's fundraising efforts and enhance donor engagement, supporting its mission for environmental sustainability. This initiative aligns with PUC's commitment to ESG principles, using technology to drive social and environmental impact. (*The Star*)

### **MYEG, Heitech Padu: Affirm collaboration in current and future e-government projects**

MyEG Services Bhd and HeiTech Padu Bhd have commenced a partnership to collaborate on current and future e-government projects in Malaysia, following a teaming agreement signed in April. This comes shortly after HeiTech won an RM892.2m contract for the National Integrated Immigration System (NIISe) project, adding to other major wins, including two contracts from the Road Transport Department (JPJ) for digital system revamps and maintenance services. MyEG, which owns a 14.99% stake in HeiTech, also secured a two-year extension for its immigration-related services contract. Both companies aim to enhance digital transformation and public sector efficiency through their collaboration. (*The Edge*)

### **Yinson: FPSO Maria Quitéria achieves first oil**

Yinson Holdings Bhd announced that its FPSO Maria Quitéria achieved first oil on Oct 15, 2024, marking the start of a 22.5-year firm charter with Petrobras. This is Yinson Production's second vessel delivered to Petrobras, following FPSO Anna Nery in May 2023. The Maria Quitéria has a production capacity of 100,000 barrels per day and a storage capacity of one million barrels, enhancing Yinson's long-term partnership with Petrobras. Yinson's total order book exceeds US\$22bn, with FPSO Atlanta awaiting commissioning and another vessel, FPSO Agogo, expected by 2026. (*The Edge*)



## Stock Selection Based on Dividend Yield

	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
Bermaz Auto	Consumer	2.21	0.20	9.10
British American Tobacco (M)	Consumer	7.43	0.61	8.16
Sentral REIT	REIT	0.80	0.06	8.00
KIP REIT	REIT	0.93	0.07	7.74
MAG Holdings	Consumer	1.18	0.09	7.63
Magnum	Consumer	1.18	0.09	7.63
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
REXIT	Technology	0.74	0.05	6.76
UOA REITS	REIT	1.00	0.06	6.43
Tambun Indah Land	Property	0.96	0.06	6.28
Paramount Corporation	Property	1.07	0.07	6.26
Sports Toto	Consumer	1.57	0.10	6.24

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
Mega Fortris Bhd	Main Market	0.67	147.9	147.9	28 Oct	11 Nov

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