

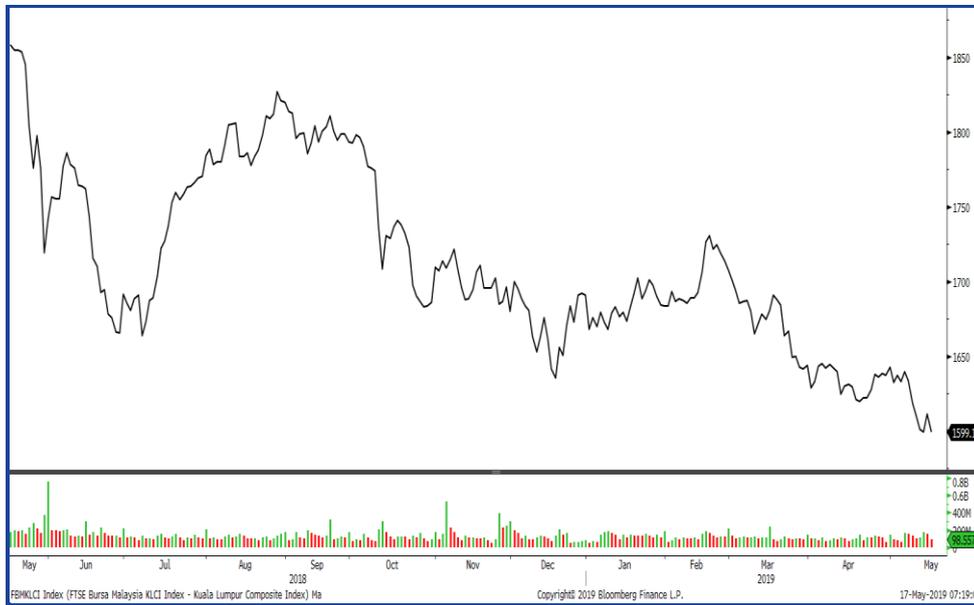
Market Pulse

Friday, 17 May, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 16-May-19	Change %
FBM KLCI	1,599.19	-0.76
52-W High	1,867.09	
52-W Low	1,572.03	
FBM EMAS	11,263.38	-0.79
FBM 100	11,097.12	-0.80
FBM Fledgling	15,013.45	-0.52
FBM Small Cap	12,915.74	-0.57
FBM ACE	4,426.38	-0.50
FBM Shariah	11,432.18	-0.81
Volume (mln)	2,032.93	-20.34
Value (RM mln)	1,713.43	-19.31

Market Participation	%	Net (RM mln)
Institution	39.7	342
Retail	25.1	30
Foreign	35.2	-372

Hopeful Of A Firmer End To The Week

- Quick profit taking activities in selected index heavyweights drove the FBM KLCI (-0.8%) down and to erase all its previous session's gains as investors brushed off the stronger-than-expected 1Q2019 GDP data. The lower liners – the FBM Small Cap (-0.6%), FBM Fledgling (-0.5%) and FBM ACE (-0.5%) all retreated, while the broader market finished lower with all 13 major sectors in the red.
- Market breadth turned negative as advancers overpowered decliners on a ratio of 2-to-1 stocks. Traded volumes fell 20.4% to 2.03 bln shares as investors remained on the sidelines amid the unabated concern over the recent volatility.
- More than two thirds of the FBM KLCI components fell, dragged down by Nestle (-30.0 sen), followed by KLK (-28.0 sen), Public Bank (-22.0 sen), Malaysia Airport Holdings (-20.0 sen) and Hartalega (-16.0 sen). Consumer products giants like Fraser & Neave (-68.0 sen), Carlsberg (-56.0 sen) and BAT (-44.0 sen) fell, while Apex Healthcare and PMB Technology shed 21.0 sen and 15.0 sen on the broader market.
- On the contrary, significant gainers on the broader market were Heineken (+26.0 sen), Dutch Lady (+20.0 sen), Aeon Credit (+16.0 sen) and Hong Leong Industries (+10.0 sen). Pentamaster added 10.0 sen after reporting a strong set of corporate earnings. Meanwhile, Petronas Dagangan (+12.0 sen) was the sole winner on the local bourse.
- Asia benchmark indices finished mixed as the Nikkei fell 0.6% amid the weak banking earnings from Mitsubishi UFJ Financial Group (-3.4%) and Mizuho Financial Group (-1.9%). The Shanghai Composite climbed 0.6%, while the

Futures

FKLI Spot	1,596.00	-0.53
FKLI Forward	1,597.00	-0.56

Foreign

Dow Jones	25,862.68	0.84
S&P 500	2,876.32	0.89
NASDAQ	7,898.05	0.97
FTSE 100	7,353.51	0.78
DAX	12,310.37	1.74
CAC 40	5,448.11	1.37
FTSE STI	3,230.26	0.36
Shanghai Composite	2,955.71	0.58
Hang Seng Index	28,275.07	0.02
Nikkei 225	21,062.98	-0.59

Commodities

WTI Crude Oil (USD)	63.16	0.46
Brent Spot (USD)	72.62	1.18
Gold (USD)	1,286.36	-0.03
CPO (RM)	2,096.00	2.49

Currency

USD	4.1645	0.22
GBP	5.3458	0.85
EURO	4.6725	0.18
SGD	3.0435	0.28
YEN	26.3110	-0.40

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Hang Seng Index (+0.02%) ended on a flattish noted after enduring a volatile trading session. ASEAN equities, meanwhile, closed on a mixed note yesterday.

- U.S. stockmarkets extended their gains for the third straight session as the Dow added 0.8%, boosted by solid quarterly earnings from Cisco Systems Inc. and Walmart Inc. On the broader market, the S&P 500 rose 0.9%, while the Nasdaq closed 1.0% higher.
- Earlier, European benchmark indices – the FTSE (+0.8%), CAC (+1.4%) and DAX (+1.7%) all also trended higher for the third straight session on easing global trade tension. In the meantime, the weaker Euro currency against the Greenback also boosted the positive market sentiment.

THE DAY AHEAD

- The volatility on Malaysian equities was more pronounced-than-expected yesterday to still leave investor sentiments on the doldrums as the most recent recovery has come to naught. It is now hoped that yesterday's global market positivity will permeate to Bursa Malaysia and help to improve the near term sentiments.
- While we see potential near term recovery on Malaysian stocks, the overall market environment is still largely cautious amid the unresolved U.S.-Sino trade dispute that will continue to weigh on the market. At the same time, the country's economic undertone is expected to turn weaker over the coming quarters even after it managed to put in a decent performance in 1Q2019.
- Therefore, we think that any recovery will be tentative and even if the FBM KLCI

passes the 1,600 points level, further gains will still be difficult to come by and we see the 1,610 level remaining the near term hurdle, followed by the 1,620 level. The supports are at 1,580 and 1,572 respectively.

- Elsewhere, the lower liners are also seeing reduced following with fewer leads and a choppy market environment. While we also think that a positive end to the week is likely, significant gains will also be elusive as we think that traders will be quick to lock-in their profits.

MACRO BRIEF

- Malaysia's 1Q2019 GDP expanded by 4.5% Y.o.Y, which was slightly above economists' forecast of 4.3% Y.o.Y, underpinned by continued expansion in domestic demand and recovery in agricultural production that offset the weakness in overall investment activity.
- However, the GDP expanded at a slower pace compared with 4Q2018 (+4.7% Y.o.Y). Overall, the baseline projection is for the Malaysian economy to grow between 4.3% and 4.8% for 2019.

Comments

- The better-than-expected GDP is re-enforcing the prognosis that the Malaysian economy is likely to remain mostly stable for most of 2019, even as the trade war is expected to result in some weakness over the medium term.
- With the external sector remaining challenging, domestic demand is seen as the main catalyst for the country's growth with a projected growth rate of 4.4% Y.o.Y, largely from the private consumption that should grow 6.6% Y.o.Y to cover the forecast 1.8% Y.o.Y

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reduction in government spending.

- As it is, the still low unemployment rate of 3.4% and wage growth will provide support to consumer spending growth in 2019. Meanwhile, private investments are to grow 4.9% Y.o.Y in 2019, despite the weak 1Q2019 data as it is likely to play catch up later. However, public investments are expected to fall by 7.1% Y.o.Y as the government cuts its infrastructure investments.
- The revival of the East Coast Expressway Project and the Bandar Malaysia will also provide some booster to the construction sector, but the impact only be felt in a year's time when the projects get underway.

COMPANY BRIEF

- **Pharmaniaga Bhd's** 1Q2019 net profit rose 12.0% Y.o.Y to RM19.6 mln, from RM17.6 mln a year earlier, boosted by stronger demand from Government and private hospitals in both Malaysia and Indonesia, while revenue gained 27.0% Y.o.Y to RM786.1 mln, from RM617.9 mln in the same quarter last year.
- The group's Indonesian division also recorded a turnaround, registering a pretax profit of RM0.4 mln, from a deficit a year ago. (The Edge Daily)
- **Petronas Chemicals Group Bhd** (PetChem) is acquiring Netherlands-incorporated Da Vinci Group BV from among others, funds managed by Bencis Capital Partner, for €163.0 mln (about RM760.8 mln), to expand into the specialty chemicals business.
- Da Vinci is a private limited liability company with global operations involving own-brand reselling, formulating and manufacturing of silicones, lube oil additives and chemicals. (The Star Online)
- **S P Setia Bhd** aims to achieve a RM5.65 bln sales target for 2019 despite registering lower property sales in 1Q2019 at RM718.0 mln (-35.0% Y.o.Y). Sales growth will be mainly due to the upcoming RM6.4 bln worth of property launches from now until the end-2019 as only RM339.0 mln worth of projects was launched in 1Q2019 as well as the bookings the developer has received from potential homebuyers.
- On the other hand, the group is also expecting a delay of around one year for Phase 2 and Phase 3 of the Battersea Power Station project. (The Edge Daily)
- **Carlsberg Brewery Malaysia Bhd's** 1Q2019 net profit added 8.4% Y.o.Y to RM87.6 mln, from RM80.8 mln a year ago, on higher sales recorded in both its Malaysia and Singapore operations during the Chinese New Year period. Quarterly revenue also grew 20.3% Y.o.Y to RM659.9 mln, from RM548.5 mln previously. Concurrently, the group declared a first interim dividend of 21.5 sen per share, payable on 31st July 2019. (The Edge Daily)
- **Sunway Construction Group Bhd's** (SunCon) 1Q2019 net profit narrowed 8.0% Y.o.Y to RM40.1 mln compared with RM43.6 mln a year ago, as revenue fell 17.0% Y.o.Y to RM440.0 mln, from RM529.2 mln in 1Q2018.
- The group has secured about 67.0% of its targeted order book replenishment of RM1.5 bln for 2019 in 1Q2019, bringing its outstanding order book to RM5.7 bln, which is expected to recognised within the next two years. (The Edge Daily)
- **Tropicana Corp Bhd's** 1Q2019 net profit barely changed, coming in at RM46.1 mln (- 0.7% Y.o.Y), from RM46.4 mln a year

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ago, despite sharply weaker lower revenue contribution of RM209.8 mln (-53.7% Y.o.Y) vs. RM453.0 mln last year. Meanwhile, total unbilled sales as at 31st March, 2019 stood at RM736.9 mln, with existing land bank of 1,071 ac., which has a total potential gross development value of RM48.6 bln. (The Star Online)

- **AirAsia X Bhd**'s 1Q2019 net profit rose 4.4% Y.o.Y to RM43.3 mln, from RM41.5 mln in the previous corresponding year, helped by an unrealised forex gain, in-tandem with the stronger Ringgit. Revenue, however, fell 8.1% Y.o.Y to RM1.69 bln. (The Edge Daily)
- **Perdana Petroleum Bhd** has received work orders from Petronas Carigali Sdn Bhd for the provision of three anchor handling tug & supply (AHTS) vessels. Perdana Nautika's two work order awards for the provision of two units of its AHTS vessel is expected to commence in 2Q2019, for a duration of six months with the option to extend for another six months.
- The group will also provide one unit of its AHTS vessel to Petronas Carigali for 184 days, starting from 23rd March 2019 with an option to extend another 182 days. (The Edge Daily)
- **Gas Malaysia Bhd** is planning to ramp up its capex for the next three years by at least 20.0%, compared with the RM500.0 mln it spent collectively in the last three years.
- The group maintained its positive growth outlook for 2019 and foresees demand from the industrial sector to continue driving its earnings growth this year. (The Edge Daily)
- **OSK Ventures International Bhd** made a turnaround with a 1Q2019 net profit of RM1.3 mln, from a net loss of RM13.8

mln in the previous corresponding quarter, as revenue rose to RM15.8 mln, from RM11.9 mln a year earlier.

- The group noted that its net fair value gain on financial assets in 1Q2019 totalled RM1.8 mln compared to a net fair value loss of RM12.5 mln in 4Q2018. Improved earnings were also contributed by increases in the market value in quoted investments held by the group. (The Edge Daily)

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