

Market Pulse

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M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 24-May-19	Change %
FBM KLCI	1,598.32	-0.22
52-W High	1,826.90	
52-W Low	1,572.03	
FBM EMAS	11,187.92	-0.19
FBM 100	11,041.81	-0.20
FBM Fledgling	14,639.94	-0.15
FBM Small Cap	12,403.58	0.00
FBM ACE	4,289.00	0.00
FBM Shariah	11,315.50	-0.15
Volume (mln)	1,894.88	-20.32
Value (RM mln)	1,549.87	-26.63

Market Participation	%	Net (RM mln)
Institution	36.9	99
Retail	21.0	31
Foreign	42.1	-130

Still Going Nowhere

- The FBM KLCI (-0.2%) fell for the third consecutive day, after falling in the eleventh hour, dragged down by Sime Darby Plantation and Tenaga Nasional. The majority of the lower liners remained in the red after a volatile session, although the FBM Ace and the FBM Small Cap closed unchanged. The broader market, meanwhile, finished mostly lower, with the exception of the Industrial Products and Services, Technology and Telecommunications and Media.
- Market breadth was negative as decliners beat the advancers on a ratio of 449-to-342 stocks. Traded volumes also fell 20.3% to 1.89 bln shares as investors retreated to the sidelines amid a risk-off sentiment.
- Major key-index decliners include Nestle (-80.0 sen), Sime Darby Plantation (-13.0 sen), Petronas Dagangan (-12.0

sen), Tenaga Nasional (-12.0 sen) and Hong Leong Bank (-10.0 sen). Other losers were BAT (-40.0 sen), Carlsberg (-40.0 sen), Dutch Lady (-30.0 sen), Apex Healthcare (-18.0 sen) and Unisem (-16.0 sen).

- In contrast, Allianz (+20.0 sen), Lotte Chemical Titan (+13.0 sen), United Plantations (+12.0 sen), Lii Hen Industries (+10.0 sen) and Magna Prima (+8.5 sen) advanced. Main bourse gainers, meanwhile, were Petronas Gas (+8.0 sen), IOI Corporation (+7.0 sen), Digi (+5.0 sen) and Sime Darby (+5.0 sen). Petronas Chemicals also ended 12.0 sen higher despite reporting weaker 1Q2019 net profit.
- Regional benchmark indices were mixed on Friday following signs of slowing growth after the U.S.' manufacturing growth hit a multi-year low amid its ongoing trade war with China. The

Futures		
FKLI Spot	1,600.50	-0.06
FKLI Forward	1,599.50	-0.06

Foreign		
Dow Jones	25,585.69	0.37
S&P 500	2,826.06	0.14
NASDAQ	7,637.01	0.11
FTSE 100	7,277.73	0.65
DAX	12,011.04	0.49
CAC 40	5,316.51	0.67
FTSE STI	3,169.89	0.29
Shanghai Composite	2,853.00	0.02
Hang Seng Index	27,353.93	0.32
Nikkei 225	21,117.22	-0.16

Commodities		
WTI Crude Oil (USD)	58.92	0.49
Brent Spot (USD)	69.33	0.93
Gold (USD)	1,284.39	-0.04
CPO (RM)	2,013.00	-0.15

Currency		
USD	4.1880	0.13
GBP	5.3175	-0.46
EURO	4.6872	-0.36
SGD	3.0430	-0.27
YEN	26.1380	0.49

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Nikkei lost 0.2% and closed lower for the second-straight session, weighed down by energy-related stocks, while the Shanghai Composite flatlined. The Hang Seng Index, however, rebounded alongside most of the ASEAN equities.

- Wall Street rallied on Friday, supported by bargain-hunting activities ahead of the Memorial Day public holiday on Monday. The Dow (+0.4%) closed in the green despite marking its fifth consecutive week of losses amid ongoing trade tensions, while the both the S&P500 and Nasdaq closed 0.1% higher.
- U.K. stockmarkets rebounded after taking a hard beating on Thursday, despite Prime Minister Theresa May's resignation announcement. The FTSE (+0.7%) closed higher with the majority of its sectors in the positive territory. Meanwhile, gains in mining and automakers pushed the DAX (+0.5%) and the CAC (+0.7%) higher as investors digested the latest development of the ongoing Fiat-Renault's merger.

THE DAY AHEAD

- Sentiments on Malaysian equities are still on the dull side with the uncertainties over the global trading environment to continue weighing on market players' minds. This is likely to keep most market players on the sidelines as the cautiousness lingers. Already this is evident with traded volumes on Bursa Malaysia dwindling below the 2.0 bln shares in the past few sessions.
- Meanwhile, the FBM KLCI's recent weakness shows few signs of abating as yet, albeit there has been support over the past few sessions to leave the key index still on a drifting mode. Hence, there is no change to the immediate market outlook as we still see the weak

fresh buying strength providing few impetuses for significant upsides. Under the prevailing environment, any gains are likely to be muted, but there should be some mild support as the selling appears to be abating. On the upside, the resistances are at 1,600 and 1,605 respectively, while the supports are at 1,595 and 1,589 respectively.

- After a streak of weakness, the lower liners and broader market shares could be angling for a near term rebound as it looks to break the downtrend spell. However, the still weak market sentiments are unlikely to provide much fresh buying impetus and the recovery is likely to be mild for now.

COMPANY UPDATE

- **Engtex Group Bhd's** 1Q2019 profit slumped 98.8% Y.o.Y to RM118,000, dragged down by: (i) soft demand that contributed to lower utilisation rates and increases in procurement cost for certain metal and steel products that bit into the manufacturing and wholesale & distribution segment's margins, (ii) higher operating cost for the completed property development projects in Kepong and Selayang and (iii) hospitality segment remaining in the red. Revenue for the quarter fell 8.0% Y.o.Y to RM274.2 mln.
- The reported earnings fell short of our expectations, amounting to only 0.5% of our estimated net profit of RM22.7 mln. The reported revenue also came below our expectations, accounting to 21.4% our full year revenue of RM1.30 bln.

Comments

- With the reported earnings coming below our forecast, we slashed our earnings estimates by 73.3% and 61.6% to RM6.0 mln and RM12.7 mln for 2019 and 2020

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respectively to account for the lower margins from both the manufacturing and wholesale and distribution segments, arising from the additional costs from the two new manufacturing plants, coupled with higher procurement costs. We also maintain our **SELL** recommendation on Engtex with a lower target price of RM0.48 (from RM0.60) amid the cut in its margins and the challenging operating environment.

- Our target price was derived from ascribing a unchanged target PER of 8.0x to our revised 2019 earnings forecast of its manufacturing and wholesale and distribution businesses, in line with its historical PER. Its hospitality segment earnings is pegged to an unchanged PER of 6.0x to its 2019 earnings due to its smaller contribution to the group, while its property development segment's valuation remains unchanged at 0.6x its BV due to its relatively small-scale property development projects.

COMPANY BRIEF

- **D'nonce Technology Bhd** has proposed a rights issue including Irredeemable Convertible Preference Shares (ICPS) and free warrants to raise a minimum of RM8.0 mln to reduce its debts. The corporate exercise included a renounceable rights issue of up to 315.1 mln new shares and 315.1 mln ICPS on the basis of one rights share and one ICPS-for-every one share held, together with 157.6 mln free warrants. This would be on the basis of one free warrant for every two rights shares and two ICPS subscribed.
- The proposed rights issue will further reduce the borrowings and interest savings of up to RM2.1 mln per annum. The issue price of the ICPS is five sen each and the conversion price is 20 sen

on the basis of four ICPS for every one share. (The Star Online)

- **Hengyuan Refining Co Bhd** 1Q2019 net profit sank 75.0% Y.o.Y to RM21.6 mln, dragged down by lower operating margin arising from the oversupply of products in the region. Revenue for the quarter declined 3.3% Y.o.Y to RM2.96 bln. (The Edge Daily)
- **MISC Bhd's** 1Q2019 net profit jumped 64.4% Y.o.Y to RM510.5 mln, buoyed by higher vessel utilisation and better rates. Revenue for the quarter rose 12.7% Y.o.Y to RM2.28 bln. A tax-exempt first interim dividend of seven sen per share, payable on 25th June 2019, was declared. (The Edge Daily)
- **Dayang Enterprise Holdings Bhd** has won a contract to provide procurement, construction, installation, hook-up and commissioning services for Roc Oil (Sarawak) Sdn Bhd. The services will be provided under Roc's Siprod (Simultaneous Production and Drilling) and Infill Drilling Campaign from 2019 to 2023. Value of the contract is based on work orders issued by Roc Oil throughout the four-year contract duration with an option to extend for another one year. (The Edge Daily)
- **Kossan Rubber Industries Bhd's** 1Q2019 net profit increased 31.9% Y.o.Y to RM58.7 mln due to better performance from its core business segments. Revenue for the quarter increased 16.0% Y.o.Y to RM561.5 mln. (The Edge Daily)
- **Eastern & Oriental Bhd's**(E&O) 4QFY19 net profit climbed 16.3% Y.o.Y to RM38.2 mln, supported by continuing strong inventory sales and recognition of progressive billings on handover of Tamarind and Ariza Seafront Terrace. Revenue for the quarter, however, declined 11.2% Y.o.Y to RM250.0 mln.

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- For 2019, cumulative net profit fell 34.3% Y.o.Y to RM61.9 mln. Revenue for the year decreased 9.8% Y.o.Y to RM886.32 mln. A first and final dividend of three sen per share was declared. (The Edge Daily)
- **Petronas Chemicals Group Bhd** (PetChem) 1Q2019 net profit dropped 25.0% Y.o.Y to RM802.0 mln due to lower product prices and sales volume, coupled with higher operating expenditure relating to maintenance activities. Revenue for the quarter contracted 16.6% Y.o.Y to RM4.13 bln. (The Edge Daily)
- **Malayan Flour Mills Bhd** (MFM) 1Q2019 net profit surged 12.4% Y.o.Y to RM19.9 mln on higher operating profit in the group's flour and grains trading segment, supported by higher selling prices which lifted margins. Revenue for the quarter climbed 12.7% Y.o.Y to RM635.2 mln. (The Edge Daily)

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Stock	Entitlement Subjects	Description	Ex-Date	Commencement Date	Last Trading Date
TUNE PROTECT GROUP BHD	Final	RM0.03	27/5/2019	-	-
K SENG SENG CORP BHD	Regular Cash	RM0.01	27/5/2019	-	-
MHC PLANTATIONS BHD	Regular Cash	RM0.02	28/5/2019	-	-
TSH RESOURCES BHD	Regular Cash	RM0.01	28/5/2019	-	-
DUFU TECHNOLOGY CORP BHD	Bonus	1:20	29/5/2019	-	-
CYPARK RESOURCES BHD	Regular Cash	RM0.04	30/5/2019	-	-
SAPURA ENERGY BHD	Special Cash	RM0.01	30/5/2019	-	-
CHEMICAL CO OF MALAYSIA BHD	Final	RM0.02	30/5/2019	-	-
CCK CONSOLIDATED HOLDINGS BH	Final	RM0.01	30/5/2019	-	-
PIE INDUSTRIAL BHD	Special Cash	RM0.03	30/5/2019	-	-
PIE INDUSTRIAL BHD	Regular Cash	RM0.02	30/5/2019	-	-
WANG-ZHENG BHD	Regular Cash	RM0.04	30/5/2019	-	-
SUPERCOMNET TECHNOLOGIES BHD	Special Cash	RM0.01	30/5/2019	-	-
SUPERCOMNET TECHNOLOGIES BHD	Regular Cash	RM0.01	30/5/2019	-	-
MAXIS BHD	Interim	RM0.05	30/5/2019	-	-
APEX HEALTHCARE BHD	Final	RM0.07	31/5/2019	-	-
TONG HERR RESOURCES BERHAD	Final	RM0.12	31/5/2019	-	-
DIGI.COM BHD	1st Interim	RM0.04	31/5/2019	-	-
TIMBERWELL BERHAD	Final	RM0.02	31/5/2019	-	-
MMC CORP BHD	Final	RM0.04	31/5/2019	-	-
D&O GREEN TECHNOLOGIES BHD	Interim	RM0.01	3/6/2019	-	-
KOSSAN RUBBER INDUSTRIES	Final	RM0.03	3/6/2019	-	-
PHARMANIAGA BERHAD	Interim	RM0.06	3/6/2019	-	-
KRONOLOGI ASIA BHD	Final	RM0.02	4/6/2019	-	-
TIEN WAH PRESS HLDGS BHD	Final	RM0.08	4/6/2019	-	-
WARISAN TC HOLDINGS BHD	Final	RM0.03	4/6/2019	-	-
RIVERVIEW RUBBER ESTATES BHD	1st Interim	RM0.02	4/6/2019	-	-
SPRITZER BHD	Regular Cash	RM0.04	4/6/2019	-	-
TAN CHONG MOTOR HOLDINGS BHD	Final	RM0.02	4/6/2019	-	-
TECHFAST HOLDINGS BHD	Final	RM0.01	7/6/2019	-	-
N2N CONNECT BHD	Interim	RM0.01	7/6/2019	-	-
SCICOM (MSC) BHD	Interim	RM0.01	7/6/2019	-	-
DANCOMECH HOLDINGS BHD	Final	RM0.01	7/6/2019	-	-
GAS MALAYSIA BHD	Final	RM0.05	7/6/2019	-	-
INSAS BHD	Regular Cash	RM0.02	10/6/2019	-	-
SAMCHEM HOLDINGS BHD	Final	RM0.01	10/6/2019	-	-
BOUSTEAD PLANTATIONS BHD	Interim	RM0.01	10/6/2019	-	-
KKB ENGINEERING BHD	Final	RM0.04	10/6/2019	-	-
MISC BHD	1st Interim	RM0.07	10/6/2019	-	-

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