

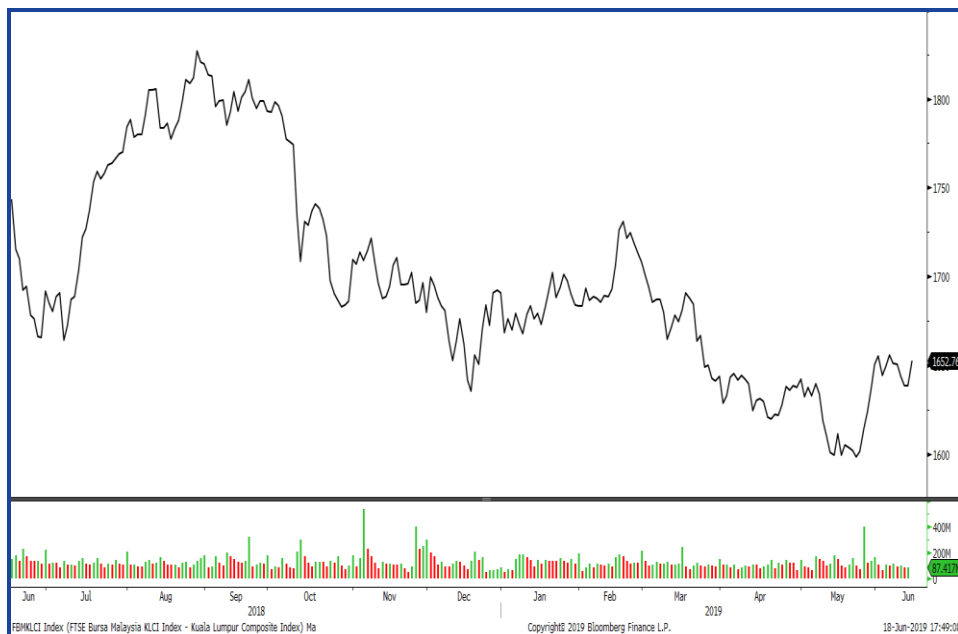
Market Pulse

Wednesday, 19 Jun, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 18-Jun-19	Change %
FBM KLCI	1,652.76	0.88
52-W High	1,826.90	
52-W Low	1,572.03	
FBM EMAS	11,616.46	0.67
FBM 100	11,471.45	0.71
FBM Fledgling	14,721.70	0.04
FBM Small Cap	12,729.03	-0.10
FBM ACE	4,353.52	0.09
FBM Shariah	11,898.91	1.07
Volume (mln)	2,029.41	25.27
Value (RM mln)	1,715.04	19.84

Market Participation	%	Net (RM mln)
Institution	N/A	N/A
Retail	N/A	N/A
Foreign	N/A	N/A

Renewed Optimism On Easing Trade Spat

- The Main Board snapped six consecutive sessions' of losses, driven by bargain-hunting activities in selected telco stocks. The lower liners eked-out gains, although the FBM Small Cap (-0.1%) remained in the red, while the broader market mostly rebounded – led by the Telecommunications and Media (+2.1%) sector.
- Market breadth was negative as losers beat the winners on a ratio of 428-to-357 stocks. Traded volumes, meanwhile, jumped 25.3% to 2.03 bln shares amid the bouts of renewed buying interest.
- Outperforming heavyweights like Hong Leong Bank (+56.0 sen), Tenaga Nasional (+26.0 sen), Axiata (+24.0 sen), MISC (+23.0 sen) and Petronas Dagangan (+18.0 sen) dominated the key-index gainers. Other broader market winners were Fraser & Neave (+38.0 sen), Shangri-La Hotels (+31.0 sen), Bintulu Port (+23.0 sen), Sime Darby Plantation (+18.0 sen) and Telekom Malaysia (+18.0 sen).
- On the flipside, BAT (-76.0 sen), Can-One (-12.0 sen), Hume Industries (-11.0 sen), Eng Kah (-10.0 sen) and UPA Corporation (-9.0 sen) were the main losers in the broader market. The top five significant decliners include glove makers like Top Glove (-13.0 sen) and Hartalega (-5.0 sen) after the former reported weaker-than-expected quarterly results, followed by Nestle (-30.0 sen) Malaysia Airports (-5.0 sen), and Maybank (-3.0 sen).
- Key benchmark regional indices closed mostly higher, with the exception of the Nikkei (-0.7%), weighed down by the weakness in utilities and communication services sectors. The Hang Seng index rose 1.0% - led by strong gains in Tencent, while the

Futures		
FKLI Spot	1,647.00	0.55
FKLI Forward	1,649.50	0.58

Foreign		
Dow Jones	26,465.54	1.35
S&P 500	2,917.75	0.97
NASDAQ	7,953.88	1.39
FTSE 100	7,443.04	1.17
DAX	12,331.75	2.03
CAC 40	5,509.73	2.20
FTSE STI	3,238.73	0.96
Shanghai Composite	2,890.16	0.09
Hang Seng Index	27,498.77	1.00
Nikkei 225	20,972.71	-0.72

Commodities		
WTI Crude Oil (USD)	54.11	0.39
Brent Spot (USD)	62.14	1.97
Gold (USD)	1,345.33	-0.10
CPO (RM)	2,022.00	-0.59

Currency		
USD	4.1823	-0.11
GBP	5.2409	0.31
EURO	4.6802	0.07
SGD	3.0492	-0.07
YEN	25.8980	0.38

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Shanghai Composite gained 0.1% after a volatile session. The majority of the ASEAN equities, meanwhile, posted decent gains.

- Wall Street – The Dow (+1.4%), the S&P500 (+1.0%) and the Nasdaq (+1.4%) rallied on easing fears of an all-out U.S.-China trade war after President Donald Trump indicated his willingness to restart trade negotiations with China at the G20 summit next week. Trade-sensitive stocks like chipmakers advanced, while defensive stocks took the backseat.
- Earlier, major European indices rallied on expectations of additional stimulus and potential rate cuts, following a dovish stance from the ECB on Tuesday. The FTSE posted a 1.2% gain, lifted by exporters after the Pound hit a new low. Similarly, the DAX (+2.0%) and the CAC (+2.3%) also closed in the green at the end of the session.

THE DAY AHEAD

- Key index stocks continue to find institutional support yesterday that looks to persist over the near term as the market outlook brightens with the renewed optimism over the resumption of the U.S.-China trade negotiations.
- We see Wall Street's overnight positivity over the above development to also buoy the local market further and to sustain the near term upsides, albeit the broad based buying interest is still lacking and the technical indicators are veering back into the overbought zones. Despite that, we think that the selective buying to help shore up the key index for longer which may lead it to the 1,655-1,657 levels, before retesting the 1,663 level. The supports, meanwhile, are at 1,650 and 1,644 respectively.

- After the recent pause, we think that the lower liners could make some headway as the more positive market undertone could provide some near term trading impetus. As it is, retail participants have been waiting for fresh leads and the latest trade development could provide the near term catalyst for the retail players to return to equities.

COMPANY UPDATE

- Serba Dinamik Holdings Bhd have secured several contracts. It won a three-year operations and maintenance (O&M) contract from Pavilion Qatar Engineering Co WLL worth US\$60.0 mln or RM250.6 mln. The contract, which commenced on May 20, has a one-year extension option.
- It also secured five O&M contracts from Petronas Chemicals Fertiliser Sabah Sdn Bhd, Malaysia Refining Company Sdn Bhd, Malaysia LNG Sdn Bhd, Keabangan Petroleum Operating Company Sdn Bhd (KPOC) and PC Myanmar (Hong Kong) Ltd.
- The above O&M contracts above have no specific value as the contracts are on a "call-out" basis whereby the work orders will be awarded at the discretion of the clients based on its activities schedules and rates throughout the duration of the contracts.
- At the same time, SDSB also secured one engineering, procurement, construction and commissioning (EPCC) contract from Petroliam Nasional Bhd (Petronas). (The Edge Daily)

Comments

- The new contract brings Serba Dinamik's total orderbook replenishment to RM698.6 mln (excluding contracts that are on "call-out" basis) for 2019,

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representing 23.3% of our orderbook replenishment assumption of RM3.00 bln for 2019.

- The abovementioned contracts bumps Serba Dinamik's unbilled orderbook to approximately RM8.70 bln (comprising of RM2.30 bln from EPCC segment and RM6.40 bln from O&M segment) will provide long-term earnings visibility until 2033.
- With the orderbook replenishment coming within our assumption, we made no changes to our earnings forecast. Consequently, we maintained our **BUY** recommendation on Serba Dinamik with an unchanged target price at RM4.65. Our target price is derived by ascribing an unchanged target PER of 15.0x to its forecasted 2020 EPS of 31.0 sen. The ascribed target PER in line with mid-large cap oil & gas peers average of 16.5x.

COMPANY BRIEF

- **Top Glove Corp Bhd**'s 3QFY19 net profit fell 36.5% Y.o.Y to RM74.7 mln amid rising natural rubber latex prices and strong competition. Revenue for the quarter, however, grew 8.1% Y.o.Y to RM1.19 bln.
- For 9MFY19, cumulative net profit declined 12.5% Y.o.Y RM290.5 mln. Revenue for the period, however, rose 20.5% Y.o.Y to RM3.61 bln. An interim dividend of 3.5 sen per share, payable on 16th July 2019, was declared. (The Star Online)
- **Berjaya Sports Toto Bhd**'s (BToto) 4QFY19 net profit jumped 99.5% Y.o.Y to RM70.2 mln, helped by lower prize payout and a decline in operating expenses. Revenue for the quarter rose 7.7% Y.o.Y to RM1.51 bln.
- For the FY19, cumulative net profit grew 20.4% Y.o.Y to RM276.4 mln. Revenue for the year increased 1.1% Y.o.Y to RM5.72 bln. A fourth interim dividend payment of 4.5 sen per share was declared. (The Sun Daily)
- **Pantech Group Holdings Bhd** has reported that its steel products manufacturing unit will resume exports to the US after the company was not subjected to anti-dumping duty. Pantech had suspended for almost a year all shipments of carbon steel butt-weld fittings having an inside diameter of less than 14 inches.
- This is after the US Department of Commerce (DOC), on 20th July 2018, issued a preliminary affirmative anti-circumvention determination carbon steel butt-weld fittings from Malaysia. (The Star Online)
- The Malaysian Aviation Commission (Mavcom) has revised upward slightly, the rate of return to 10.9% for **Malaysia Airports Holdings Bhd** (MAHB) on the airport operator's assets in its latest consultation paper released on 17th June 2019. This is higher than the 9.0%-11.0% rate of return proposed in the first consultation paper in October 2018, but lower than the 12.7% to 14.0% range submitted by MAHB itself.
- Mavcom is also proposing to allow MAHB to introduce a transfer PSC to be applied for both domestic and international connections under all three scenarios. The transfer PSC will apply to flights that are scheduled to depart within 24 hours of arrival at the transit airport. MAHB is proposing a transfer PSC of RM3.00 and RM17.00 for domestic and international transit, respectively. (The Edge Daily)
- **Fajarbaru Builder Group Bhd** is partnering a Chinese company to participate in the bidding on request for proposal (RFP) by

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the Energy Commission of Malaysia to develop and operate large scale solar photovoltaic plants (LSS3) for Peninsular Malaysia.

- It has entered into a memorandum of understanding with China Gezhouba Group Overseas Investment Co Ltd (CGG) to bid for the LSS3 through a joint venture company with 55.0% ownership by Fajarbaru and 45.0% by CGG. (The Edge Daily)
- **Yinson Holdings Bhd** has secured a four-year extension of its floating production storage and offloading (FPSO) charter contract worth US\$137.5 mln (RM574.1 mln).
- Yinson indirect unit, Adoon Pte Ltd has entered into an addendum with Addax Petroleum Development (Nigeria) Ltd to further extend the contract for the charter of FPSO Adoon with retrospective effect from 17th October 2018 to 16th October 2022. (The Edge Daily)
- **I-Bhd** has lined up property launches worth RM800.0 mln in gross development value (GDV) over the next six months. It is also planning to upgrade and relocate some of its theme park rides and attractions at i-City, Selangor, in order to attract new groups of visitors as well as to free up land for property development. (The Edge Daily)

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