

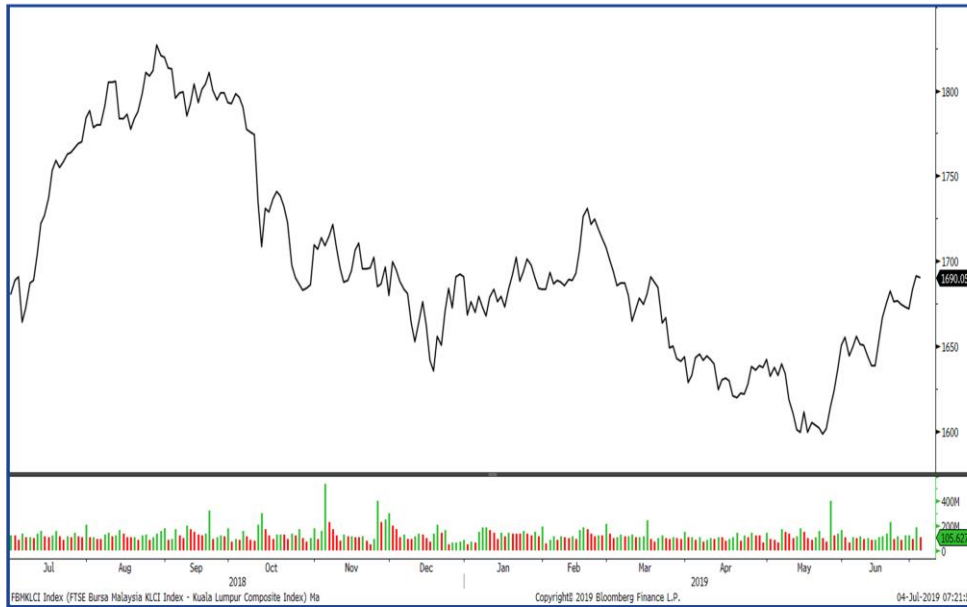
Market Pulse

Thursday, 04 Jul, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 3-Jul-19	Change %
FBM KLCI	1,690.05	-0.06
52-W High	1,826.90	
52-W Low	1,572.03	
FBM EMAS	11,935.07	-0.05
FBM 100	11,777.22	-0.06
FBM Fledgling	14,844.10	0.04
FBM Small Cap	13,323.93	0.20
FBM ACE	4,583.64	1.34
FBM Shariah	12,326.01	0.06
Volume (mln)	3,010.70	6.72
Value (RM mln)	1,822.99	-29.02

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

Futures

FKLI Spot	1,692.50	-0.35
FKLI Forward	1,691.00	-0.38

Foreign

Dow Jones	26,966.00	0.67
S&P 500	2,995.82	0.77
NASDAQ	8,170.23	0.75
FTSE 100	7,609.32	0.66
DAX	12,616.24	0.71
CAC 40	5,618.81	0.75
FTSE STI	3,367.80	-0.09
Shanghai Composite	3,015.26	-0.94
Hang Seng Index	28,855.14	-0.07
Nikkei 225	21,638.16	-0.53

Commodities

WTI Crude Oil (USD)	57.27	-0.12
Brent Spot (USD)	63.82	2.28
Gold (USD)	1,416.35	-0.17
CPO (RM)	1,956.00	-0.56

Currency

USD	4.1370	0.10
GBP	5.2045	0.31
EURO	4.6703	0.05
SGD	3.0522	-0.04
YEN	26.0290	0.49

To Tip Higher, Extends Overbought Streak

- The FBM KLCI (-0.1%) staged a mild pullback from a two-day rally on renewed global trade uncertainty after the U.S. Commerce Department reported that tariffs would be imposed on steel from Vietnam that was originally produced in South Korea or Taiwan. The lower liners – the FBM Small Cap (+0.2%), FBM Fledgling (+0.04%) and FBM ACE (+1.3%), however, all advanced, while the broader market closed mixed.
- Market breadth stayed negative as decliners outpaced advancers on a ratio of 456-to-395 stocks. Traded volumes, however, gained 6.7% to 3.01 bln shares as trading interest centered towards the lower liners.
- CIMB (-8.0 sen) led the local bourse decliners list, followed by Hap Seng (-6.0 sen), MISC (-5.0 sen), Petronas Chemicals (-5.0 sen) and Dialog (-4.0 sen). Notable decliners the broader market were Carlsberg (-46.0 sen), Chin Teck Plantations (-46.0 sen), BAT (-14.0 sen), Time dotCom (-13.0 sen) and Guan Chong (-12.0 sen).
- On the other side of the trade, Fraser & Neave (+30.0 sen), KESM Industries (+21.0 sen), Latitude Tree (+19.0 sen), Aeon Credit (+12.0 sen) and Khind Holdings (+11.0 sen) rose on the broader market. Key winners on the FBM KLCI were Hong Leong Financial Group (+14.0 sen), Top Glove (+9.0 sen), Petronas Gas (+8.0 sen), Malaysia Airport Holdings (+7.0 sen) and Sime Darby (+5.0 sen).
- Asia benchmark indices retreated, dragged down by renewed global trade uncertainty as the Nikkei fell 0.5%. The Hang Seng Index edged 0.1% lower, while the Shanghai Composite (-0.9%) sank after the Caixin Services PMI for

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June 2019 fell to 52.0 – the weakest in four months. ASEAN stockmarkets, meanwhile, closed mostly lower yesterday.

- U.S. stockmarkets were powered to record high levels as the Dow gained 0.7% to close a hair away from the 27,000 psychological level, boosted by a more dovish stance from central banks across the globe. Likewise, the S&P 500 (+0.8%) advanced to another fresh record high level with all eleven major sectors in the green, while the Nasdaq ended 0.8% higher.
- Earlier, European benchmark indices – the FTSE (+0.7%), CAC (+0.8%) and DAX (+0.7%) all trended higher for the third straight session. Investors cheered on the news that the International Monetary Fund Chief Christine Lagarde was appointed as the first female head of the European Central Bank to replace Mario Draghi.

THE DAY AHEAD

- With institutional support trimming the day's pullback, the key index remains overbought. However, as global indices tipping higher again – on expectations of further loosening of monetary policies to cushion the slowing economy and the resumption of the U.S.-China trade negotiations, we think that there will be continuing support for the FBM KLCI over the near term.
- This will extend the key index's overbought streak as there are still few signs of a reversal as yet. Still, we think that the recent upsides on the FBM KLCI, and that of most global indices, are already overdone and the current streak is largely on temporary euphoria that is not backed by improvements in the fundamental outlook. Hence, we think

that the way up will see increasing cautiousness and choppiness as equities are already due for a pullback. On the upside, the FBM KLCI's resistances are at 1,700 and 1,710, while the supports are at 1,686 and 1,680 respectively.

- The lower liners are still on a purple patch with their extended gains, but their recent gains have also left them tethering on the overbought zone. With few signs of a pullback as yet, we also see further near term upsides as market players take advantage of the current uptrend to continue their short-term trades.

COMPANY BRIEF

- **Nestle (Malaysia) Bhd** will not increase the prices of products following the introduction of the excise tax on sugary beverages as the impact on its business is very minor. The company has stated that it will find a way to absorb the impact instead. However, the prices of the products would be higher if there is a rise in raw material prices in the future. (The Edge Daily)
- **MMC Corp Bhd** has announced that it has been refunded by the Inland Revenue Board of Malaysia (IRB) the amount of RM20.3 mln and that its additional income tax issues have been resolved. Following the full receipt of the refund, no penalties have been imposed by the IRB upon the company.
- Back in December 2017, MMC received notices of assessment from the IRB pursuant to a tax audit for the assessment years 2011 to 2013, for additional income tax and penalties amounting to RM45.9 mln. (The Edge Daily)
- The privatisation of **Yee Lee Bhd** is not materialising at this juncture as the joint

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offerors, one of whom is the company's controlling shareholder, have not been able to garner enough acceptance for their voluntary takeover offer of RM2.29 per share (excluding four sen dividend).

- Yee Lee announced that the joint offerors have only managed to secure 89.9% shareholding in the company, which is a short of the 90.0% threshold needed to suspend trading of Yee Lee's securities. (The Edge Daily)
- **Benalec Holdings Bhd** is disposing of two of its sand carrier vessels for US\$3.8 mln (RM15.8 mln) to improve its cash flow amid the softening of the domestic and regional maritime industry. Benalec 51.0%-owned indirect subsidiary, Ocean Pacific Ltd is selling the vessels to Regiontrade Sdn Bhd. (The Edge Daily)
- **Yong Tai Bhd** (YTB) has terminated a joint development agreement with JM Bestari Land Sdn Bhd to develop a piece of land in Malacca. YTB inked the joint development agreement with JM Bestari on 21st March 2017, under which JM Bestari as the landowner, had agreed to grant YTB the sole and exclusive rights and entitlement to develop land. The proposed JV development was expected to have a total GDV of approximately RM1.20 bln. (The Edge Daily)
- **Lingkaran Trans Kota Holdings Bhd** (Litrak) and Litrak's associate company, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (Sprint Holdings) have accepted the Government's offer to take over Damansara-Puchong Expressway (LDP) and the Sprint highway. The boards of the two companies had unanimously found the offer fair and reasonable. (The Edge Daily)
- **AirAsia Group Bhd**, together with **AirAsia X Bhd**, are appealing against the High Court's dismissal of their application to

challenge the Malaysian Aviation Commission's (Mavcom) refusal to mediate an ongoing dispute between the budget airline group and **Malaysia Airports Holdings Bhd**. (The Edge Daily)

- Gabungan Kesturi Sdn Bhd has sold its stake in **Media Prima Bhd** to tycoon Tan Sri Syed Mokhtar Al-Bukhary in an off-market deal on 2nd July 2019. Gabungan Kesturi is wholly owned by trustee company Amanah Raya Bhd, which, in turn, is wholly owned by the government.
- Syed Mokhtar, who already owns equity interest in **Utusan Melayu Bhd** and The Malaysian Reserve, is believed to have acquired an 11.1% equity interest. With the shares in hand, Syed Mokhtar is now the third largest shareholder in Media Prima, while UMNO has a remaining 8.0% stake in Media Prima. (The Star Online)
- **Damansara Realty Bhd** (DBhd) has estimated the renewal of its parking management contract at the Madrigal Business Park (MBP) in southern Manila to be worth RM62.0 mln. This is based on the renewal of 702 existing parking bays at the park that was recently announced. (The Edge Daily)

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