

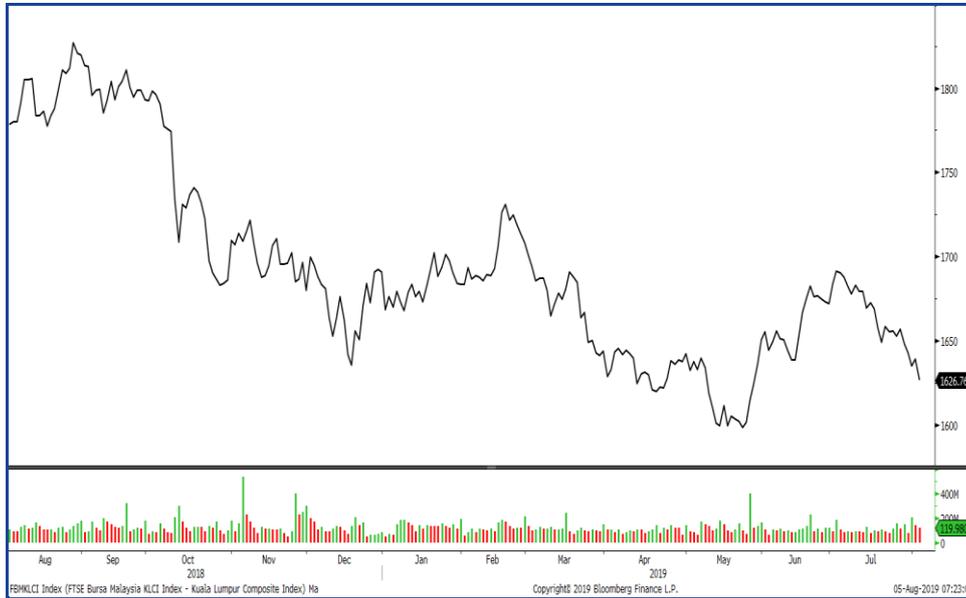
Market Pulse

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M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 2-Aug-19	Change %
FBM KLCI	1,626.76	-0.75
52-W High	1,826.90	
52-W Low	1,572.03	
FBM EMAS	11,516.79	-0.82
FBM 100	11,345.00	-0.80
FBM Fledgling	14,763.68	-0.68
FBM Small Cap	13,374.39	-1.32
FBM ACE	4,689.34	-1.76
FBM Shariah	11,926.52	-1.01
Volume (mln)	2,222.68	-9.36
Value (RM mln)	1,763.64	-12.64

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

Still No Recovery Impetus

- The FBM KLCI was not spared from the global equities selloff as the key index traded sharply lower for the entire trading session before closing 1.3% lower. Consequently, the key index fell 1.3% W.o.W – marking its fourth straight weekly decline. The lower liners – the FBM Small Cap (-1.3%), FBM Fledgling (-0.7%) and FBM ACE (-1.8%), all sank, while the REIT (+1.3%) sector was the sole winner on the broader market.
- Expectedly, market breadth stayed negative as losers hammered winners on a ratio of 696-to-210 stocks, while 341 stocks traded unchanged. Traded volumes fell 9.4% to 2.22 bln shares, bogged down by the negative market sentiment.
- Nestle (-RM1.20) was the biggest loser on the FBM KLCI, followed by Hong Leong Financial Group (-36.0 sen), Tenaga (-18.0 sen) and Malaysia Airport Holdings (-11.0 sen), while Maxis slipped 28.0 sen on a set of weak quarterly corporate earnings. Notable decliners on the broader market include MPI (-30.0 sen), G3 Global (-28.0 sen), Bursa (-21.0 sen), Manulife (-21.0 sen) and Allianz (-20.0 sen).
- Leading the broader market winners list were Carlsberg (+40.0 sen), Time dotCom (+15.0 sen), KLCC (+13.0 sen), Axis REIT (+10.0 sen) and United Plantations (+10.0 sen). Magni-Tech Industries added 27.0 sen after announcing a plan to undertake corporate exercise involving share split and bonus issues. Meanwhile, KLK (+26.0 sen) was the only gainer on the local bourse.
- Asian benchmark indices nosedived on the intensifying Sino-U.S. trade war as the Nikkei sank 2.1%. Similarly, the

Futures

FKLI Spot	1,618.50	-1.01
FKLI Forward	1,616.00	-1.07

Foreign

Dow Jones	26,485.01	-0.37
S&P 500	2,932.05	-0.73
NASDAQ	8,004.07	-1.32
FTSE 100	7,407.06	-2.34
DAX	11,872.44	-3.11
CAC 40	5,359.00	-3.57
FTSE STI	3,261.11	-0.93
Shanghai Composite	2,867.84	-1.41
Hang Seng Index	26,918.58	-2.35
Nikkei 225	21,087.16	-2.11

Commodities

WTI Crude Oil (USD)	55.34	-0.57
Brent Spot (USD)	61.32	-0.92
Gold (USD)	1,439.31	-0.11
CPO (RM)	2,062.00	-0.10

Currency

USD	4.1580	-0.34
GBP	5.0387	-0.35
EURO	4.6138	-0.74
SGD	3.0193	-0.17
YEN	25.7170	2.32

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Hang Seng Index tumbled 2.4% to close below the 27,000 psychological level, while the Shanghai Composite fell 1.4%. ASEAN stockmarkets, meanwhile, were splashed in red on last Friday.

- U.S. stockmarkets continued their slide as the Dow fell 0.4% as investors digested the unexpected upcoming implementation of another wave of tariffs on Chinese goods. On the broader market, the S&P 500 dipped 0.7%, dragged down by the technology sector (-1.7%), while the Nasdaq sank 1.3%
- Earlier, European benchmark indices – the FTSE (-2.3%), CAC (-3.6%) and DAX (-3.1%), all tumbled, mirroring the weakness in ASEAN equities. The rising uncertainty over Brexit also compounded the negative market sentiment.

THE DAY AHEAD

- Stockmarket sentiments are still looking frail amid the escalation of the U.S.-China trade war that is also set to prolong the already dour global trend. It also appears that the trade dispute is likely to remain long drawn and keep market sentiments in check for longer.
- Although the FBM KLCI is tipping into the oversold zone after its downward streak of late, there are still few signs of a rebound as yet and this could see the market's weakness continuing over the near term, in tandem with the weakness of most global indices.
- This would also prolong the dour trend as positive leads are few and in-between to provide a recovery impetus, in our opinion. On the downside, the supports are at 1,620 and 1,613 levels respectively. The resistances, on the other hand, are at 1,630 and 1,640 respectively.

- The lower liners and broader market shares are also undergoing a consolidation spell that looks to continue over the near term. Just like the index-linked shares, we see the shares also succumbing to increased selling activities as equity sentiments are turning weaker that could keep more retail players on the sidelines.

COMPANY UPDATE

- **SLP Resources Bhd's** (SLP) 2Q2019 net profit came in flat at RM6.5 mln (-0.9% Y.o.Y), from RM6.6 mln previously as domestic sales remained weak. 2Q2019 revenue also fell marginally by 2.6% Y.o.Y to RM43.2 mln, from RM44.4 mln a year earlier.
- Cumulative 1H2019 net profit traced the quarterly earnings with minimal change at RM11.7 mln (-0.6% Y.o.Y), compared to RM11.8 mln in the same period last year, while revenue narrowed by 2.5% Y.o.Y to RM86.3 mln, from RM88.5 mln last year. The group declared a second interim dividend of 1.5 sen a share, bringing YTD dividend per share to 2.5 sen. The latest dividend declared is payable on 4th October 2019.

Comments

- The latest earnings were below our expectations, accounting for 41.7% of our previous full-year forecast of RM28.0 mln, while revenue made up about 40.5% of our estimated full-year revenue.
- Although 1H2019 is typically lower compared to 2H2019, revenue was weaker-than-expected hence, we trim our FY19-FY20 revenue by 14.8%-21.4% respectively, while earnings for FY19 and FY20 was lowered by 7.1% and 19.1% respectively after accounting for persistently weak domestic demand,

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albeit we foresee higher margins due to better product mix and low raw materials prices.

- Moving forward, we expect a slight fall in revenue, although net profit will see minimal growth, following stronger EBITDA margins and low resin prices. Although we believe the group will demonstrate longer-term improvement, we maintain our **HOLD** recommendation on the group with an unchanged target price of RM1.30 after rolling forward our base year to FY20 as global demand remain hampered by trade uncertainties and rising advocacy against plastic pollution.
- Our target price is based on a target PER of 15.0x to our 2020 EPS of 8.7 sen, while the assigned PER is also notably higher than its closest peer, **Thong Guan Industries Bhd**, which we think is justifiable due to SLP's stronger growth prospects and superior double-digit margins.

COMPANY BRIEF

- **Tiger Synergy Bhd** has dropped its plans to develop land in Rantau, Negeri Sembilan, into a residential project as consensus on the terms and conditions of a proposed joint-venture (JV) could not be reached.
- To recap, the group had entered into a deal with land owners Joanna Yong Hui Fun and Datin Sek Chian Nee to jointly develop the residential project on 31st January this year. Yong is the sister-in-law of Tiger Executive Chairman, Datuk Tan Wei Lian, while Sek, who is Tan's spouse, is the Executive Director of Tiger. (The Edge Daily)
- **Daya Materials Bhd** has defaulted on additional payments to AmBank (M) Bhd

amounting to RM392,235, raising its total outstanding debt to RM7.7 mln.

- The Practice Note 17 (PN17) firm has defaulted on the payment which was due on 3rd August 2019 in-relation to banking facilities granted by AmBank to the company, as a result of cash flow constraints. The board is putting in place several fund-raising exercises to address the issue. (The Edge Daily)
- **Paramount Corp Bhd** is planning to setup an unrated perpetual securities issuance programme of up to RM500.0 mln in nominal value, which will be used to pare down existing debt obligations, finance investments and fund working capital purposes. (The Edge Daily)
- **KNM Group Bhd** has clinched a US\$4.2 mln (RM17.3 mln) contract in Indonesia for the supply of shop-assembled static equipment inclusive of large columns. KNM has inked a contract agreement with Jo SK E & Co Ltd, HEC Ltd, PT Rekind and PT PP (Persero) Tbk for the order meant for the RDMP RU-V Balikpapan project located at East Kalimantan. (The Edge Daily)
- **Maxis Bhd's** 2Q2019 net profit narrowed by 17.0% Y.o.Y to RM397.0 mln, from RM478.0 mln last year, marking its fifth straight drop in net profit amid lower average revenue per user (ARPU) and termination of network sharing agreement, higher staff and resource costs, finance costs, depreciation and amortisation. Meanwhile, quarterly revenue inched down 1.8% Y.o.Y to RM2.21 bln, from RM2.25 bln. Maxis declared a second interim dividend of five sen per share, payable on 26th September, 2019, bringing 1H2019 total dividend to 10.0 sen per share. (The Edge Daily)
- **Malaysia Marine and Heavy Engineering Holdings Bhd's** (MHB) 2Q2019 net loss

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narrowed to RM9.5 mln, from RM49.5 mln a year earlier, mainly due to improved performance in both its heavy engineering and marine segments. Revenue for the quarter also rose 24.0% Y.o.Y to RM276.5 mln, from RM223.0 mln previously.

- Cumulative 1H2019 net loss narrowed to RM38.8 mln, from RM74.8 mln a year ago, in-tandem with stronger revenue of RM479.6 mln, from RM411.3 mln a year earlier. Moving forward, it said that overall outlook for 2H2019 remains uncertain amidst prolonged unresolved trade tensions, slowing economic growth as well as escalating geopolitical tensions that continue to impact business confidence and investments. (The Edge Daily)

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Stock	Entitlement Subjects	Description	Ex-Date	Commencement Date	Last Trading Date
COMPLETE LOGISTIC SERVICES	Interim	RM0.16	5/8/2019	-	-
MNC WIRELESS BHD	Rights Issue	5:1	6/8/2019	8/8/2019	21/8/2019
XINGHE HOLDINGS BHD	Stock Split	1:8	6/8/2019	-	-
IGB REAL ESTATE INVESTMENT T	Regular Cash	RM0.02	6/8/2019	-	-
UOA REAL ESTATE INVESTMENT	Interim	RM0.04	6/8/2019	-	-
THONG GUAN INDUSTRIES BHD	Final	RM0.08	7/8/2019	-	-
AXIS REAL ESTATE INVESTMENT	Distribution	RM0.02	7/8/2019	-	-
CHOO BEE METAL INDUS BHD	Regular Cash	RM0.05	7/8/2019	-	-
YINSON HOLDINGS BHD	Final	RM0.02	7/8/2019	-	-
PANTECH GROUP HOLDINGS BHD	Final	RM0.01	8/8/2019	-	-
BRITISH AMERICAN TOBACCO BHD	2nd Interim	RM0.26	8/8/2019	-	-
CAPITALAND MALAYSIA MALL TRU	Distribution	RM0.03	8/8/2019	-	-
CRESCENDO CORPORATION BHD	Final	RM0.03	8/8/2019	-	-
KIM LOONG RESOURCES BHD	Final	RM0.03	8/8/2019	-	-
PAVILION REAL ESTATE INVEST	Distribution	RM0.04	8/8/2019	-	-
MINTYE BHD	Regular Cash	RM0.02	8/8/2019	-	-
TOWER REAL ESTATE INVESTMENT	Distribution	RM0.04	9/8/2019	-	-
KIP REIT	Distribution	RM0.02	9/8/2019	-	-
DATASONIC GROUP BHD	4th Interim	RM0.01	9/8/2019	-	-
WESTPORTS HOLDINGS BHD	Interim	RM0.07	13/8/2019	-	-
YTL HOSPITALITY REIT	Distribution	RM0.02	14/8/2019	-	-
ZHULIAN CORP BHD	2nd Interim	RM0.02	15/8/2019	-	-
ELK-DESA RESOURCES	Final	RM0.04	15/8/2019	-	-
BURSA MALAYSIA BHD	Interim	RM0.10	16/8/2019	-	-
CHIN TECK PLANTATIONS BHD	Special Cash	RM0.02	16/8/2019	-	-
CHIN TECK PLANTATIONS BHD	2nd Interim	RM0.08	16/8/2019	-	-
KIM LOONG RESOURCES BHD	Final	RM0.03	8/8/2019	-	-
PAVILION REAL ESTATE INVEST	Distribution	RM0.04	8/8/2019	-	-
MINTYE BHD	Regular Cash	RM0.02	8/8/2019	-	-
TOWER REAL ESTATE INVESTMENT	Distribution	RM0.04	9/8/2019	-	-
KIP REIT	Final	RM0.02	9/8/2019	-	-
DATASONIC GROUP BHD	4th Interim	RM0.01	9/8/2019	-	-

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