

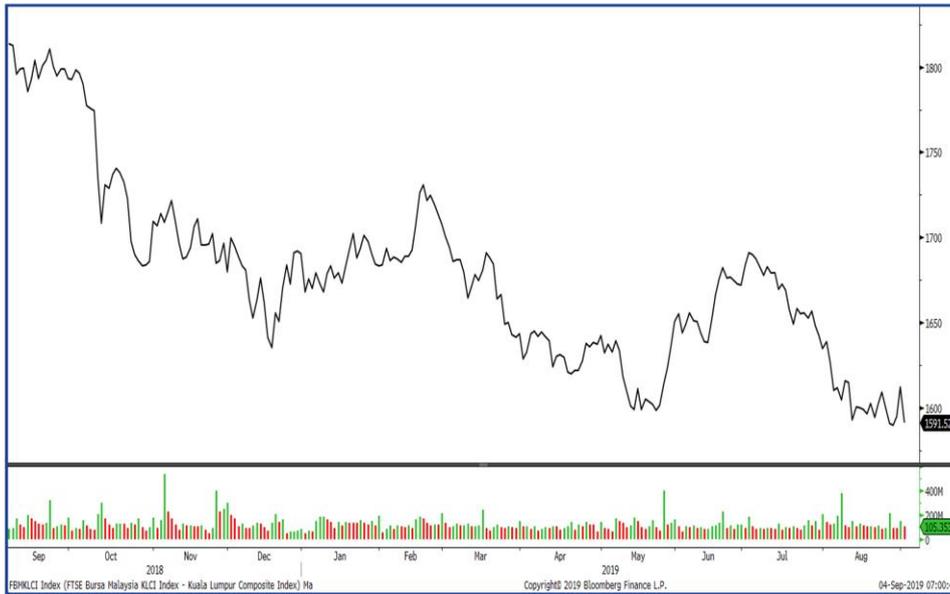
Market Pulse

Wednesday, 04 Sep, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 3-Sep-19	Change %
FBM KLCI	1,591.52	-1.28
52-W High	1,822.68	
52-W Low	1,572.03	
FBM EMAS	11,200.62	-1.30
FBM 100	11,041.83	-1.33
FBM Fledgling	14,169.31	-1.15
FBM Small Cap	12,787.77	-0.69
FBM ACE	4,442.57	-1.02
FBM Shariah	11,722.05	-1.60
FBM MidS Cap	13,641.89	-0.46
FBM MidS (Shariah)	13,019.87	-0.33
Market Participation		
Trading Volume (mln)	2,259.6	1.8
Trading Value (RM mln)	1588.5	-20.9
FKLI Spot Futures	1,578.50	-1.22
FKLI Forward Futures	1,578.00	-1.25

Weakness All Around

- The FBM KLCI resume trading in a downbeat manner as the key index erased all its intraday gains before sinking 1.3% on Tuesday. Adding on to the weakness was the sluggish IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) data that fell to 47.4 in August 2019. The lower liners – the FBM Small Cap (-0.7%), FBM Fledgling (-1.2%) and FBM ACE (-1.0%), all slipped, while the REIT sector (+0.1%) was the sole outperformer on the broader market.
- Expectedly, market breadth turned negative as decliners hammered advancers on a ratio of 614-to-242 stocks, while 326 stocks traded unchanged. Traded volumes, however, gained 1.8% to 2.26 bln shares as selling activities intensified.
- More than two-thirds of the key index components were the red, led by Petronas Dagangan (-RM1.46), followed by, Petronas Gas (-54.0 sen), Nestle (-50.0 sen), KLK (-38.0 sen) and Public Bank (-24.0 sen). Among the biggest losers on the broader market include BLD Plantations (-57.0 sen), Fraser & Neave (-50.0 sen), Hong Leong Industries (-40.0 sen), Shangri-La (-33.0 sen) and Genting Plantations (-30.0 sen). BAT slipped 24.0 sen to close at its lowest level since November 1998.
- Notable gainers on the broader market were Panasonic (+22.0 sen), Batu Kawan (+20.0 sen), Manulife (+18.0 sen), KLCC (+14.0 sen) and Carlsberg (+10.0 sen). There were only two gainers on the FBM KLCI – Malaysia Airport Holdings (+22.0 sen) that delivered stellar quarterly earnings, and Maybank (+1.0 sen).
- Asian benchmark indices finished mostly higher as investors continue to

Dow Jones	26,118.02	-1.08
S&P 500	2,906.27	-0.69
NASDAQ	7,874.16	-1.11
FTSE 100	7,268.19	-0.19
DAX	11,910.86	-0.36
CAC 40	5,466.07	-0.49
FTSE STI	3,090.63	0.25
Shanghai Composite	2,930.15	0.21
Hang Seng Index	25,527.85	-0.39
Nikkei 225	20,625.16	0.02
WTI Crude Oil (USD)	54.03	0.17
Brent Spot (USD)	58.26	-0.68
Gold (USD)	1,546.04	-0.07
CPO (RM)	2,181.00	-2.37
USD	4.22	-0.35
GBP	5.06	0.38
EURO	4.6222	-0.16
SGD	3.0313	-0.23
YEN	25.1240	0.58
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YEN	25.1240	0.58

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monitor for developments surrounding the Sino-U.S. trade spat. Both the Nikkei and the Shanghai Composite gained 0.02% and 0.2% respectively, but the Hang Seng Index (-0.4%) remains bogged down by the on-going political unrest. ASEAN equities, meanwhile, ended mostly lower yesterday.

- U.S. stockmarkets finished lower as the Dow (-1.1%) snapped a three day winning streak, dragged down by the sluggish Institute of Supply Management manufacturing index for August 2019 that came in at 49.1 – its lowest level since January 2016. On the broader market, the S&P 500 declined 0.7%, while the Nasdaq ended 1.1% lower
- European benchmark indices – the FTSE (-0.2%), CAC (-0.5%) and DAX (-0.4%), all retreated on rising political uncertainty after British opposition lawmakers looks to have seize control of the House of Commons and stopped the U.K. leaving the European Union without a deal on 31st October 2019.

THE DAY AHEAD

- The dour sentiments dominated market conditions yesterday to bring the key index back to around the 1,590 level. The pullback was also much steeper-than-expected as we thought that the profit taking activities could be milder and the key index could hold around the 1,600 points level.
- After yesterday's retreat, conditions on Bursa Malaysia are looking frail again and the overnight weakness on the key global indices will also cast a pall over the FBM KLCI's near term performance, in our view. Already, the market environment is directionless with the escalating U.S-China trade dispute affecting sentiments and the latest readings of weak

manufacturing PMIs, including that of Malaysia's, fortifying the view that the global economic environment is reeling from the effects of the trade dispute, we see no improvements in the immediate market conditions.

- Hence, the near term weakness is looking to persist and the support is now lowered to the 1,580 level, which is followed by the year low of 1,572 points. The 1,600 points level is the immediate resistance, followed by the 1,610 level.
- The lower liners and broader market shares are also similarly affected by the dour market conditions and with the less-than-savoury trend holding firm, the downside risk remains over the near term. As it is, many retail players are staying away from the market amid the lack of fresh catalyst and this will continue to leave the lower liner stocks to drift, in our opinion.

COMPANY BRIEF

- **Scomi Group Bhd** has submitted a Practice Note 17 (PN17) waiver application to Bursa Malaysia on 3th September 2019 after its shareholders' equity spread fell less than 25.0% of its issued share capital and the equity dropped below RM40.0 mln.
- The group has incurred a loss of RM250.5 mln for the quarter, with its losses in the oilfield services segment rising by RM20.7 mln compared with a year ago, mainly due to a lower gross profit and higher operating expenses.
- **Sime Darby Plantation Bhd** targets to boost income from its palm-based specialty products segment to two-thirds of its downstream revenue by 2023. The group will focus on its special products such as palm oil refined for specific

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purposes such as shortening or high-quality cooking oil. This is expected to strengthen its earnings and reduce its exposure to the volatility in palm oil prices.

- **Dayang Enterprise Holdings Bhd** has secured a 15-month contract by Petronas Carigali Sdn Bhd for the provision of hook-up, commissioning, and topside major maintenance services for the latter's projects in Peninsular Malaysia. The contract is expected to be valid until 15th November 2020.
- **Berjaya Land Bhd (BLand)** has clinched a public housing and mixed development project in Yangon, Myanmar, worth an estimated gross development value (GDV) of US\$624.0 mln (RM2.63 bln). The proposed development was awarded by the Yangon Region Government and is located on a land measuring about 183 ac. along the Myanandar Road and Shweli Road in the Seikkan Township.
- The proposed development comprises 14 parcels of mixed development, including affordable housing, mid-to high end condominiums, shop houses, retail spaces, a farmer's market, community hall, schools and infrastructure, to be built over three phases.
- **UEM Edgenta Bhd's** 70.0%-owned, UEM Sunrise Edgenta TMS Sdn Bhd (UEMSET) has aborted its joint-venture (JV) agreement with Township Management Services Sdn Bhd (TMS) to operate Edgenta TMS Sdn Bhd (ETSB), which was conceived in 2016 as the country's first holistic township management service operator.
- To recap, UEMSET is 70.0%-owned by UEM Edgenta and 30.0%-owned by **UEM Sunrise Bhd**.
- **UWC Bhd's** 4QFY19 net profit came-in at RM10.1 mln, while revenue was at

RM46.91 mln. No comparison figures were available for the quarter under review. Subsequently, full-year net profit stood at RM36.2 mln (+16.1% Y.o.Y), from RM31.2 mln in the preceding year. Full-year revenue, meanwhile, rose 5.8% Y.o.Y to RM144.4 mln.

- **Ranhill Holdings Bhd** has secured a RM18.6 mln contract to undertake pipe replacement works in Kota Bharu, from Pengurusan Aset Air Bhd. The one-year contract, which will be completed on 9th March 2020, includes the supply and laying of PVC-O and Mild Steel pipelines to replace existing pipes.
- **Priceworth International Bhd** has inked a Memorandum of Understanding (MoU) with **Innoprise Corp Bhd** for the supply of logs. Subsequently, Innoprise - the investment holding vehicle of Yayasan Sabah, will acquire up a 30.0% stake in Priceworth. Innoprise is in possession of several timber concessions and controls a significant supply of timber logs.

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