

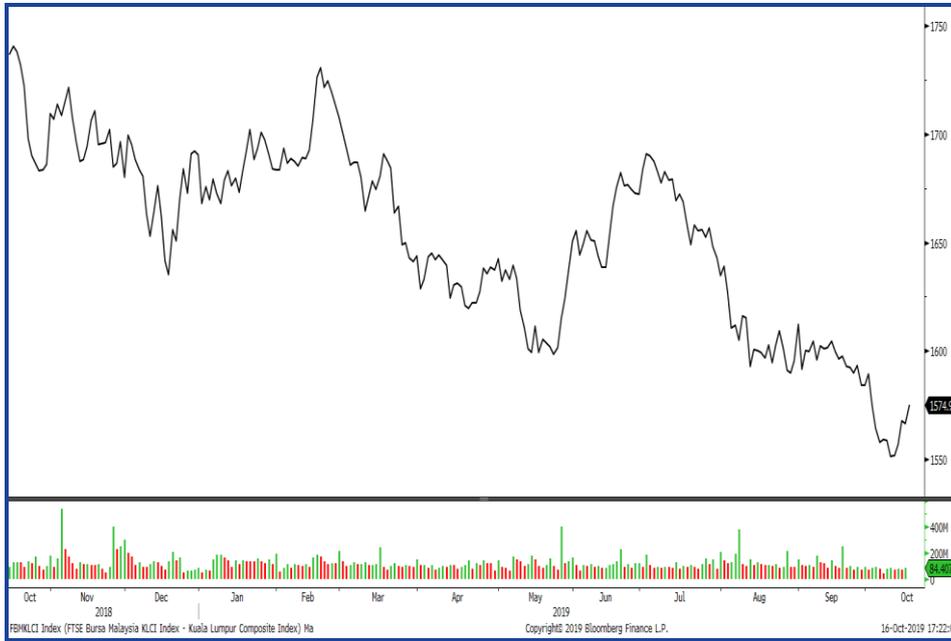
Market Pulse

Thursday, 17 Oct, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 16-Oct-19	Change %
FBM KLCI	1,574.90	0.55
52-W High	1,742.80	
52-W Low	1,548.45	
FBM EMAS	11,216.85	0.54
FBM 100	11,032.80	0.58
FBM Fledgling	14,298.62	0.23
FBM Small Cap	13,463.36	-0.30
FBM ACE	4,714.43	1.59
FBM Shariah	11,836.38	0.57
FBM MidS Cap	14,644.58	0.04
FBM MidS (Shariah)	13,909.63	-0.04
Market Participation		
Trading Volume (mln)	3,063.7	17.0
Trading Value (RM mln)	2232.8	28.8
FKLI Spot Futures	1,572.00	0.32
FKLI Forward Futures	1,573.50	0.41

Looking Positive, For Now

- Taking cue from the generally positive sentiment spilled over from Wall Street overnight, the FBM KLCI also closed higher, lifted by gains in selected heavyweights. The lower liners – the FBM Fledgling (+0.2%) and the FBM Ace (+1.6%) gained, although the FBM Small Cap (-0.3%) weakened and finished lower. The broader constituents, meanwhile, were mostly in the positive territory on Wednesday's close.
- Market breadth remained positive as winners trounced the losers on a ratio of 458-to-426 stocks, while traded volumes jumped 17.0% to 3.06 bln shares as investors booked profits on selected O&G stocks after the recent strong rally.
- Leading the blue-chip gauge higher were Hong Leong-affiliated companies like Hong Leong Bank (+30.0 sen) and Hong Leong Financial Group (+24.0 sen), followed by Nestle (+40.0 sen), Petronas Gas (+40.0 sen) and Kuala Lumpur Kepong (+18. sen). Sin stocks like BAT (+RM1.40) and Heineken Malaysia (+18.0 sen) also gained momentum, alongside other broader market advancers like Fraser & Neave (+56.0 sen), Malaysian Pacific Industries (+28.0 sen) and Shangri-La Hotels (+23.0 sen)
- On the negative side of the trade, Dayang (-26.0 sen), Sam Engineering (-15.0 sen), Scientex (-15.0 sen), Batu Kawan (-12.0 sen) and MI Technovation (-11.0 sen) tumbled. Meanwhile, offsetting the gains in FBM KLCI were Malaysia Airports (-9.0 sen), Sime Darby Plantation (-5.0 sen), RHB Bank (-4.0 sen) and Hartalega (-1.0 sen).
- Asian shares were mostly higher, boosted by positive corporate earnings releases ahead of the earning season. The Nikkei (+1.2%) outperformed its

Dow Jones	27,001.98	-0.08
S&P 500	2,989.69	-0.20
NASDAQ	8,124.18	-0.30
FTSE 100	7,167.95	-0.61
DAX	12,670.11	0.32
CAC 40	5,696.90	-0.09
FTSE STI	3,134.71	0.59
Shanghai Composite	2,978.71	-0.41
Hang Seng Index	26,664.28	0.61
Nikkei 225	22,472.92	1.20
WTI Crude Oil (USD)	52.80	-1.05
Brent Spot (USD)	59.42	1.16
Gold (USD)	1,490.32	0.01
CPO (RM)	2,252.00	1.72
USD	4.19	-0.06
GBP	5.35	-0.81
EURO	4.6294	-0.17
SGD	3.0564	0.06
YEN	25.9200	-0.28

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regional peers, with majority of its sectors in the green, while the Hang Seng index ended higher by 0.6%, despite the ongoing political instability plaguing Hong Kong. The Shanghai Composite (-0.4%), however, remained sluggish, although the ASEAN stockmarkets were mostly positive.

- Wall Street eased below the breakeven line after a volatile session, dragged down by losses in software shares and weaker-than-expected retail sales in September. The Dow slipped 0.1%, together with the S&P 500 (-0.2%) and the Nasdaq (-0.3%), albeit losses were cushioned by the optimism in Netflix after the streaming giant's earnings surpassed consensus estimates.
- Major European stockmarkets, meanwhile, finished mostly in the red, on the back of weaker energy prices amid rising U.S. inventories. The FTSE continued its downward trajectory, pulled down by the stronger Pound, alongside the CAC (-0.1%). The DAX (+0.3%), however, closed higher after clawing back earlier losses.

THE DAY AHEAD

- Expectedly, Malaysian equities continue to make headway as bargain hunting activities are still prevalent among beaten down sector leaders of late as well as gains in many key global indices. The near term outlook remains firm and we see further near term upsides as the key index continues to recover from its most recent sell-down.
- On the whole, however, market conditions are still mixed with the fresh buying not overwhelming as yet with quick profit taking activities still tempering some of the upsides. Therefore, we maintain our view that the near term upsides will still

be measured, albeit we also see potential bouts of profit taking activities that could temper some of the upsides. In the interim, we think that the 1,580 level is likely to serve as the near term resistance, with the 1,680 level the resistance further ahead. The supports, meanwhile, are at 1,550-1,560 levels.

- The lower liners and broader market shares are also continuing to make headway that we see continuing amid the increased risk appetite. However, we also think that gains will still be tempered by bouts of quick profit taking activities.

COMPANY UPDATE

- **Serba Dinamik Holdings Berhad** announced the successful securement of total two engineering, construction and commissioning (EPCC) and three operations and maintenance (O&M) contracts.
- The combined estimated EPCC contracts are US\$163.0 mln, which is approximately RM682.81 mln. The 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.

Comments

- The abovementioned contracts falls within our expectations, bumping its EPCC contract wins year-to-date to RM1.93 bln - making up to 96.5% of our orderbook replenishment of RM2.00 bln for the segment in 2019.
- With the reported job wins falling within our expectations, we made no changes to our earnings assumption and we maintained our BUY recommendation on

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Serba Dinamik with an unchanged target price of RM5.52. We arrive at our target price by ascribing an unchanged target PER of 15.0x to its forecast 2020 EPS of 36.8 sen. The ascribed target PER is similar to mid-large cap oil & gas peers' average of 16.0x.

COMPANY BRIEF

- **Yinson Holdings Bhd** has received two letters of intent (LOI) from Petróleo Brasileiro S.A. (Petrobras) with a value of US\$5.40 bln to provide a vessel and also operations and maintenance over 25 years. The first LOI was for a floating production storage and floating facility (Marlim 2 FPSO) to the Marlim field offshore Brazil in the north-eastern part of the Campos basin. The second LOI was for the operation and maintenance during the charter phase of Marlim 2 FPSO. (The Star Online)
- A minority shareholder is suing Empire Resorts Ltd, its board members and the controlling shareholders – **Genting Malaysia Bhd** (GENM) and Kien Huat Realty III for the offer to take the US-based casino operator private which he deemed as unfair. The shareholder, who was seeking class-action status for all minority shareholders, accused Empire Resorts and its board of not providing sufficient information required to assess the privatisation offer jointly made by GENM and Kien Huat. He also claimed that the privatisation deal was endorsed by board members who would financially benefit from it. (The Edge Daily)
- **Hong Leong Bank Bhd** has committed RM500.0 mln in financing for renewable energy (RE) programme for the next four years to support the government's goal to raise RE's share of the country's power mix to 20.0% by 2025. (The Edge Daily)
- **Favelle Favco Bhd** has bagged nine supply contracts worth a total of RM77.2 mln, involving the supply of tower cranes, offshore cranes, programmatic logic controller system, as well as hardware upgrading. (The Edge Daily)
- **Mestron Holdings Bhd** has accepted a project wide supply agreement with MMC Gamuda KVMRT (T) Sdn Bhd to supply and commission LED Tunnel Lighting for Mass Rapid Transit Line 2 (MRT2) project. The contract value for the job will be payable upon completion of each work stages as agreed upon in accordance to the payment schedule stated in the agreement. (The Edge Daily)
- **AE Multi Holdings Bhd** has bagged a 24-month sub-contract worth RM30.9 mln to construct a palm oil mill with biogas plant system, which will also have a polishing as well as a composting plant, in Sabah, from **Vertice Bhd**'s wholly-owned Vertice Construction Sdn Bhd. (The Edge Daily)
- **Sunway Bhd** is establishing a private trust in Singapore with an initial £38.0 mln (RM202.0 mln) of assets under management that focuses on purpose-built student accommodation in the UK. Sunway RE Capital Advisors (SG) Pte Ltd will act as a fund manager for the trust in Singapore while RBC Investor Services Trust Singapore Ltd will act as trustee for the trust. (The Edge Daily)
- **Apex Healthcare Bhd** is buying an 18.8 ac. freehold industrial plot in Melaka for RM20.4 mln to cater for the future expansion of its off-patent pharmaceutical manufacturing unit, Xepa-Soul Pattinson (Malaysia) Sdn Bhd. (The Edge Daily)
- **Vizione Holdings Bhd**'s joint-venture company with Pembinaan Maju Cemerlang Sdn Bhd has been shortlisted by the Sabah State Water Department to

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design and build the Papar dam in Sabah. Upon successful completion of the project, it will have the capacity to supply 1,000 MLD (mln litres per day) of water supply and generate 100 MW of electricity. (The Edge Daily)

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