

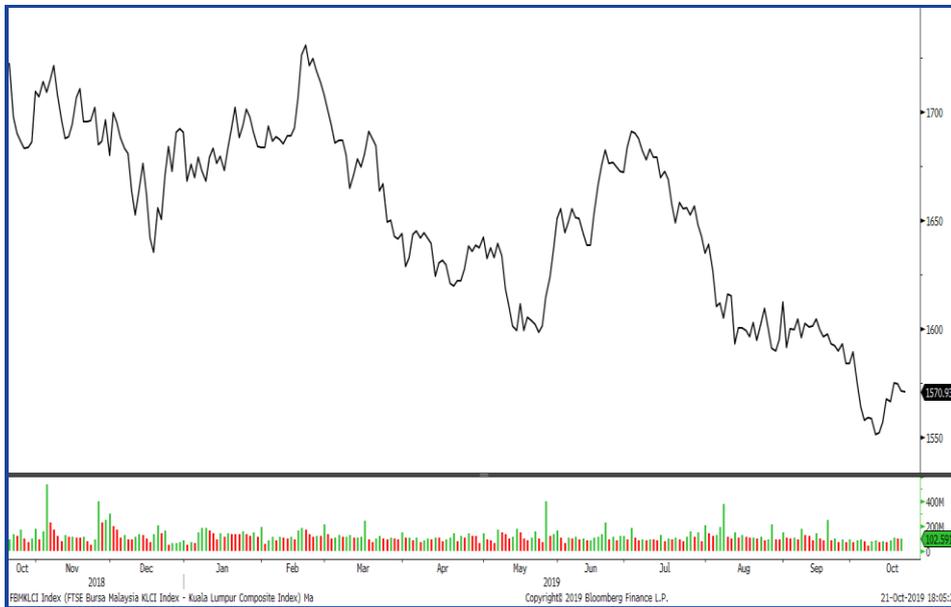
Market Pulse

Tuesday, 22 Oct, 2019

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 21-Oct-19	Change %
FBM KLCI	1,570.93	-0.01
52-W High	1,732.27	
52-W Low	1,548.45	
FBM EMAS	11,192.30	0.02
FBM 100	11,003.20	-0.01
FBM Fledgling	14,344.51	0.28
FBM Small Cap	13,576.33	0.82
FBM ACE	4,831.41	1.01
FBM Shariah	11,808.65	0.06
FBM MidS Cap	14,835.44	0.90
FBM MidS (Shariah)	14,012.96	0.79
Market Participation		
Trading Volume (mln)	2,577.0	-12.8
Trading Value (RM mln)	1476.8	-33.7
FKLI Spot Futures	1,568.50	0.00
FKLI Forward Futures	1,568.50	-0.03

Lumbering Along, But Broader Market Toppish

- The FBM KLCI (-0.01%) finished marginally lower as the key index retreated for the third straight session, weighed down by the weakness in selected banking heavyweights on Monday. The lower liners – the FBM Small Cap (+0.8%), FBM Fledgling (+1.3%) and FBM Ace (+1.0%), however, all advanced, while the broader market closed mostly higher, led by the technology sector (+1.2%).
- Market breadth stayed negative as decliners overcame advancers on a ratio of 438-to-380 stocks. Traded volumes fell 12.8% to 2.58 bln shares amid the negative market sentiment.
- Anchoring the decliners on the FBM KLCI were banking stocks like Hong Leong Bank (-14.0 sen), Ambank (-8.0 sen), and CIMB (-2.0 sen), while Genting fell 6.0 sen. DIGI shed 2.0 sen after it reported a weak set of quarterly earnings. Key decliners on the broader market were Fraser & Neave (-84.0 sen), Heineken (-48.0 sen), Aeon Credit (-44.0 sen), Scientex (-34.0 sen) and BAT (-26.0 sen).
- On the flipside, broader market gainers were KESM Industries (+38.0 sen), Carlsberg (+26.0 sen), Allianz (+20.0 sen) and Caring (+16.0 sen). KNM added 0.5 sen after bagging a contract to supply pressure vessels and columns from Petrofac Emirates LLC at Algeria. Meanwhile, Petronas Dagangan (+18.0 sen), KLK (+12.0 sen), Hong Leong Financial Group (+8.0 sen), Hap Seng (+5.0 sen) and PPB Group (+4.0 sen) advanced on the local bourse.
- Asian benchmark indices trended higher amid the optimism surrounding the U.S.-China trade negotiations as the Nikkei rose 0.3%. The Shanghai Composite added 0.1% after recovering

Dow Jones	26,827.64	0.21
S&P 500	3,006.72	0.69
NASDAQ	8,162.99	0.91
FTSE 100	7,163.64	0.18
DAX	12,747.96	0.91
CAC 40	5,648.35	0.21
FTSE STI	3,139.15	0.80
Shanghai Composite	2,939.62	0.05
Hang Seng Index	26,725.68	0.02
Nikkei 225	22,548.90	0.25
WTI Crude Oil (USD)	53.42	0.21
Brent Spot (USD)	58.96	-0.77
Gold (USD)	1,483.77	-0.05
CPO (RM)	2,285.00	-0.09
USD	4.18	0.13
GBP	5.43	-0.51
EURO	4.6689	-0.26
SGD	3.0720	-0.25
YEN	25.9740	0.00

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all its intraday losses, while the Hang Seng Index (+0.02%) finished marginally higher as gains were capped by its on-going political uncertainty. ASEAN equities, meanwhile, closed mostly on a positive note on Monday.

- U.S. stockmarkets rebounded as the Dow rose 0.2% on optimism over the U.S.-China trade negotiations. On the broader market, the S&P 500 (+0.7%) re-claimed the 3,000 psychological level, boosted by the energy sector (+1.9%), while the Nasdaq climbed 0.9%.
- Earlier, major European equities - the FTSE (+0.2%), CAC (+0.2%) and DAX (+0.9%), all advanced, taking cue from the positive sentiment across Asian equities. Gains, however, were capped after U.K.'s, Prime Minister Boris Johnson was prevented by the Parliament from holding a key vote on the Brexit withdrawal deal he recently agreed with the European Union.

THE DAY AHEAD

- It was again a two-speed equity market with the key index stocks continuing to dither, while the lower liners and broader market shares still on the ascend. As it is, the key index stocks are finding it difficult to find sufficient impetus to clear out of its present sideway trend, even though it has largely found support at the 1,550 level earlier.
- Under the prevailing environment, we continue to think that the FBM KLCI will still be lingering in a sideway trend for longer. Upsides are still looking elusive given the lack of fresh leads and continuing wariness over corporate earnings growth potential. At the same time, there is also little selling pressure as the foreign selling has dissipated for now. Therefore, we think the key index

will continue to trend within the tight range of between 1,566 and 1,576 for now.

- The broader market and lower liners, however, could continue to see decent following amid the return of retail players that are taking advantage of the calmer market conditions for trading activities. However, we also caution that the FBM Small Cap, FBM ACE and Technology indices are already overbought and that they are due for a pullback. Hence, we think that the near term upsides could become more measured and choppy, tempered by bouts of profit taking activities.

COMPANY BRIEF

- **TRC Synergy Bhd** has clinched a construction contract from Prasarana Malaysia Bhd for RM99.5 mln. The project includes the designing, construction and completion of Prasarana's new headquarters building in Damansara. (The Edge Daily)
- **Axis Real Estate Investment Trust's (Axis REIT)** 3Q2019 net property income (NPI) rose 1.8% Y.o.Y to RM47.9 mln, from RM47.0 mln a year ago, after adding three more properties to its portfolio during the period. Total income also grew by 2.9% Y.o.Y to RM53.9 mln, from RM52.4 mln previously, with property income reaching RM53.6 mln vs. RM52.1 mln in the same period last year. In contrast, the REIT's net income, however, narrowed by 12.1% Y.o.Y to RM26.2 mln, from RM29.7 mln earlier.
- Subsequently, Axis REIT also announced a third income distribution per unit (DPU) of 2.35 sen, payable on 29th November 2019. (The Edge Daily)
- An independent and Non-Executive

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- Director of loss-making **iDimension Consolidated Bhd**, Collin Goonting, has tendered his resignation, citing a lack of transparency in the company's board as the reason for his departure.
- Goonting joined Dimension's board on 22nd November 2013 and is a practicing lawyer. (The Edge Daily)
 - **Kejuruteraan Asastera Bhd (KAB)** is collaborating with Resource Data Management Asia Sdn Bhd (RDMA) to identify opportunities in the provision of end-to-end solutions related to energy efficiency, automation engineering, as well as integration of the Internet of Things (IoT).
 - The parties inked a joint-venture (JV) and shareholders' agreement, following the Memorandum of Understanding (MoU) signed on 3rd September 2019.
 - Under the agreement, KAB will be holding 80.0% of the shares in the JV company, while RDMA, which is involved in the distribution of electronic control systems related to temperature and energy, will hold the remaining 20.0% stake. (The Edge Daily)
 - **OCR Group Bhd** is planning to launch its second Kuantan project in 1H2020 following the positive response for its first affordable housing project in the same location. The second project, named Vertex Kuantan, is a mixed development with a gross development value (GDV) of RM268.0 mln. (The Edge Daily)
 - Upon completion, Vertex will be the tallest development in Kuantan by 1H2023. Concurrently, the group saw 85.0% of its affordable homes under the first phase of its PRIYA Scheme Kuantan project taken up, reflecting strong demand for affordable housing. (The Star Online)
 - **KKB Engineering Bhd** has secured two water supply contracts as well as piping supply orders, worth a cumulative RM60.9 mln. The water supply contracts were awarded by the Sarawak Rural Water Supply Department, under the Sarawak Water Supply Grid Programme, which entails the construction of water supply from Kota Samarahan to Sebuyau. Both contracts will take about 14 - 16 months to complete. (The Star Online)
 - **CIMB Group Holdings Bhd** has appointed Adisorn Sermchaiwong as CIMB Thai Bank PCL President and Chief Executive Officer (CEO). Adisorn is set to replace Kittiphun Anutarasoti, who will not continue his role at CIMB Thai after the expiry of his current contract. (The Star Online)

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