

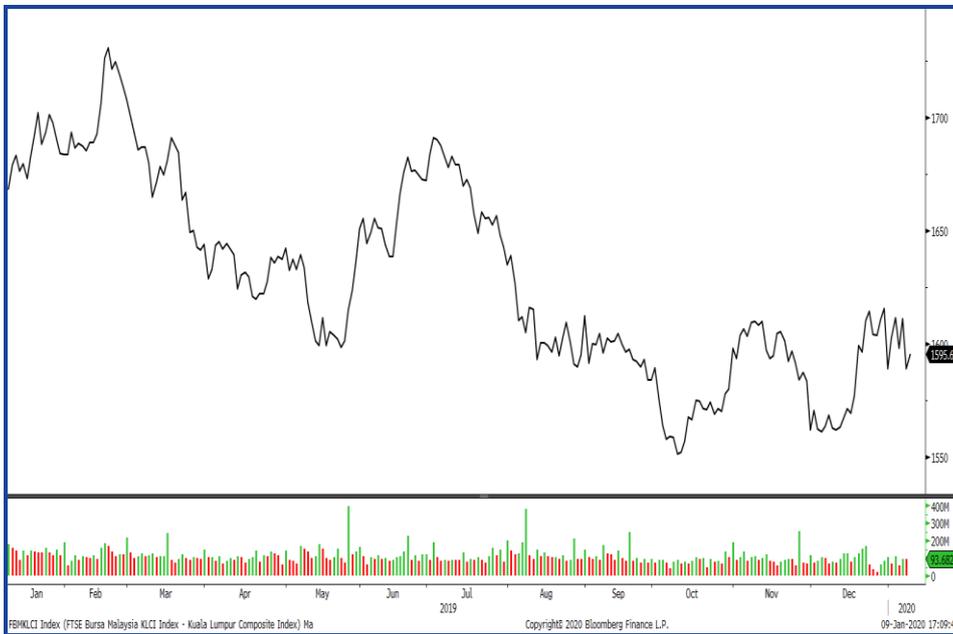
Market Pulse

Friday, 10 Jan, 2020

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 9-Jan-20	Change %
FBM KLCI	1,595.65	0.41
52-W High	1,732.27	
52-W Low	1,548.45	
FBM EMAS	11,361.91	0.50
FBM 100	11,157.70	0.45
FBM Fledgling	15,204.44	1.00
FBM Small Cap	14,081.14	1.43
FBM ACE	5,500.67	2.23
FBM Shariah	11,989.64	0.33
FBM MidS Cap	15,397.26	1.17
FBM MidS (Shariah)	14,560.77	1.05
Market Participation		
Trading Volume (mln)	2,834.8	-26.6
Trading Value (RM mln)	1890.5	-15.1
FKLI Spot Futures	1,598.00	0.06
FKLI Forward Futures	1,600.00	0.06

Trade Optimism Will Lead To More Gains

- The FBM KLCI closed with minor gains, on the back of bargain-hunting activities after Wednesday's sell-down. Tracking the relief rally in global equities and the key index, the lower liners – the FBM Small Cap (+1.4%), the FBM Fledgling (+1.0%) and the FBM Ace (+2.2%) also gained, while ten-of-twelve broader market constituents closed higher.
- Market breadth was positive as advancers overtook the decliners on a ratio of 601-to-254 stocks. Traded volumes, however, fell 26.6% to 2.83 bln shares as investors took a breather from the recent sell-down.
- Major gainers were Hong Leong Financial Group (+44.0 sen), Kuala Lumpur Kepong (+18.0 sen), Digi (+13.0 sen), Genting (+12.0 sen) and Maybank (+11.0 sen). Meanwhile, broader market chart toppers include Panasonic Manufacturing (+40.0 sen), Chin Teck Plantations (+28.0 sen), LPI Capital (+28.0 sen), Aeon Credit (+24.0 sen) and BAT (+22.0 sen).
- On the flipside, Dutch Lady (-20.0 sen), BLD Plantation (-10.0 sen), Carlsberg (-10.0 sen), Tomei (-9.5 sen) and Knusford (-9.0 sen) closed lower on Thursday. Underperforming key-index shares, meanwhile include Nestle (-RM1.30), Petronas Dagangan (-34.0 sen), Petronas Chemicals (-16.0 sen), Malaysia Airports (-14.0 sen) and PPB Group (-8.0 sen).
- Japanese stockmarkets mostly rebounded after U.S. downplayed Iran's recent missile attacks; easing fears of worsening geopolitical tensions. The Nikkei (+2.3%) ended strongly in the positive territory as the Yen weakens, while the Hang Seng Index and the

Dow Jones	28,956.90	0.74
S&P 500	3,274.70	0.67
NASDAQ	9,203.43	0.81
FTSE 100	7,598.12	0.31
DAX	13,495.06	1.31
CAC 40	6,042.55	0.19
FTSE STI	3,247.48	0.05
Shanghai Composite	3,094.88	0.91
Hang Seng Index	28,561.00	1.68
Nikkei 225	23,739.87	2.31
WTI Crude Oil (USD)	59.61	0.00
Brent Spot (USD)	65.42	-0.03
Gold (USD)	1,552.30	0.00
CPO (RM)	3,110.00	2.27
USD	4.09	0.25
GBP	5.35	0.93
EURO	4.5462	0.48
SGD	3.0270	0.38
YEN	26.7400	-1.13

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Shanghai Composite added 1.7% and 0.9% respectively. Majority of the ASEAN stockmarkets also rallied amid the prevailing positive sentiment

- Wall Street bagged another round of record highs as geopolitical worries took the backseat, while investors cheered better-than-expected U.S. employment data. Both the Dow and the S&P 500 rose 0.7%, while the Nasdaq gained 0.8% to 9,203.4 points.
- European equities rallied amid improving investor sentiments ahead of Washington and Beijing's initial trade deal signing ceremony next week. The FTSE gained 0.3% as the Pound hit its lowest mark in two weeks following expectations of increasing monetary stimulus. The CAC also added 0.2%, while the DAX (+1.3%) outperformed its European peers, following upbeat factory data from Germany.

THE DAY AHEAD

- The recovery on the FBM KLCI was brought about by the simmering tension between U.S. and Iran in the Middle East, while investors shifted their focus on the impending Phase One of trade deal between U.S. and China. The strong global equity market undertone, brought about by the gains in many overseas markets, will continue to drive the local market as well as the key index looks to end the week on a positive tone.
- Following the recently recovery, coupled with the renewed buying activities from foreign participants, gains may pick up as the FBM KLCI may continue to see bargain hunting activities. On the upside, key index may continue to re-test the 1,600 psychological level and subsequently towards the 1,615 level. On the flipside, the 1,575 level will serve as

the key support level for the time being.

- At the same time, we reckon that the lower liners and broader market shares may extend their gains, supported by the positive market undertone. Amid the upbeat market sentiment, rotational play may resume as evident in the technology shares.

COMPANY UPDATE

- **Econpile Holdings Bhd's** wholly-owned subsidiary, Econpile (M) Sdn Bhd has received a Letter of Award dated 8th January 2020 from Altimas Sdn Bhd to undertake piling, raft and sub-structure works for a 39-storey and a 43 storey mixed commercial development comprising residential suite with amenities, podium carpark and basement carpark, for a contract sum of RM45.0 mln. The overall duration of the contract is approximately 19 months and works is expected to commence in February 2020.

Comments

- This marks the fourth major contract secured by Econpile in FY20, bumping year-to-date major orderbook replenishment to RM135.1 mln. Consequently, Econpile's orderbook replenishment makes up to 27.0% of our orderbook replenishment assumption of RM500.0 mln for FY20. Moving forward, Econpile's unbilled orderbook of approximately RM850.0 mln will provide earnings visibility over the next two years.
- As the orderbook replenishment falls within our assumption, we made no changes to our earnings forecast. Consequently, we maintained our **SELL** recommendation on Econpile with an unchanged target price at RM0.63. Our target price is derived by ascribing a

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target PER of 18.0x to its FY21 EPS of 3.5 sen.

COMPANY BRIEF

- **Kejuruteraan Asastera Bhd** (KAB) has secured a RM19.0 mln contract from Binastra Ablebuild Sdn Bhd to supply, deliver, install and commission electrical services at a mixed development project in Sungai Besi, KL. The project has commenced on 9th January 2020 and is expected to be completed by 15th November 2022. (The Star Online)
- **Perdana Petroleum Bhd** has bagged four time charter contracts worth RM50.1 mln from its major shareholder **Dayang Enterprise Holdings Bhd** to charter two units of accommodation workbarge and two units of anchor handling tug and supply vessels.
- Dayang is the single largest shareholder of Perdana Petroleum, with a 60.5% stake as at 12th March 2019. As such, the vessels charter is a recurrent related party transaction. (The Edge Daily)
- **Telekom Malaysia Bhd** (TM) and Digi Telecommunications Sdn Bhd (Digi), a wholly-owned unit of **Digi.com Bhd**, have agreed to work together in testing the capabilities, possibilities and limitations of 5G network sharing between multiple network service operators under Malaysian Communications and Multimedia Commission's 5G Demonstration Project (5GDP).
- Both network operators are working together to test out the 5G network sharing for the 5GDP rollout on Langkawi island. Under the partnership, Digi operates its 5GDP sites (including on-site 5G radio network and 5G core network) in Langkawi to run its 5G use cases, supported by TM in providing fibre backhaul to these sites. (The Edge Daily)
- **Tune Protect Group Bhd**'s unit is disposing of its stake in Laka Ltd, a London-based insurance technology startup offering non-conventional insurance targeted at high-end bicycle owners, for 555,369.36 pounds (about RM3.0 mln). Tune Protect's subsidiary Tune Direct Ltd took up a 10.0% stake in Laka for 499,478 pounds (RM2.6 mln) in June 2019.
- The disposal is in line with its digital transformation strategy, and the group intends to channel the proceeds from the disposal towards strengthening its own homegrown digital and technology capabilities. (The Edge Daily)
- **GuocoLand (Malaysia) Bhd**'s 2QFY20 net loss widened to RMM14.9 mln, from a net loss of RM12.7 mln recorded in the previous corresponding quarter, due to lower sales of completed units, as well as higher marketing costs. Revenue for the quarter declined 18.3% Y.o.Y to RM90.2 mln.
- For 1HFY20, cumulative net loss stood at RM24.9 mln vs. a net profit of RM13.9 mln recorded in the previous corresponding period. Revenue for the period decreased 26.4% Y.o.Y to RM138.5 mln. (The Edge Daily)
- **Benalec Holdings Bhd** has called off plans to sell the remaining five of seven plots of land in Pekan Klebang, Melaka, to Titanium Hallmark Sdn Bhd. It inked an agreement in October 2017 to sell all seven plots, measuring 216,427 sqm for RM100.2 mln.
- The decision stems from the failure of Titanium Hallmark to pay the balance of the total disposal consideration, despite several extensions of time granted and several reminder notices issued to its solicitors. Following the

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termination, Benalec said its solicitors will study legal actions it can take, besides marketing the remainder plots to new prospective purchasers. (The Edge Daily)

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