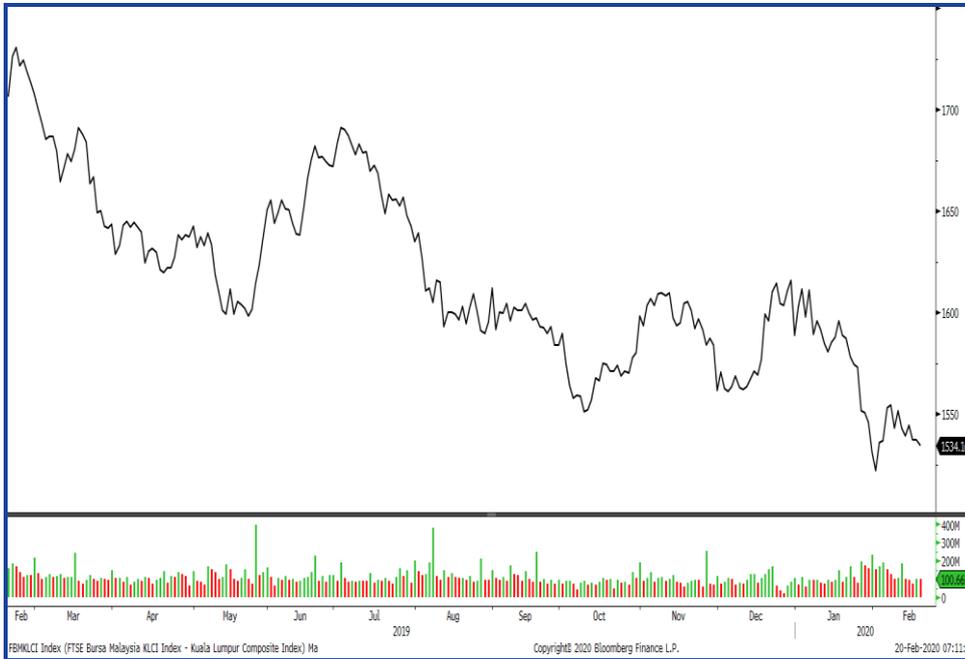


Market Pulse

Thursday, 20 Feb, 2020

FBM KLCI – Daily



Market Scorecard

	Close 19-Feb-20	Change %
FBM KLCI	1,534.16	-0.19
52-W High	1,732.27	
52-W Low	1,517.61	
FBM EMAS	10,985.39	-0.13
FBM 100	10,773.18	-0.15
FBM Fledgling	14,803.86	0.56
FBM Small Cap	13,971.51	0.40
FBM ACE	5,611.01	1.27
FBM Shariah	11,715.37	-0.35
FBM MidS Cap	15,243.49	0.16
FBM MidS (Shariah)	14,523.87	0.17
Market Participation		
Trading Volume (mln)	2,544.23	-8.64
Trading Value (RM mln)	1,950.62	-5.10
FKLI Spot Futures	1,532.50	-0.52
FKLI Forward Futures	1,525.00	-0.46

Still Cautious

- The FBM KLCI (-0.2%) trended lower for the third straight session after reversing all its' intraday gains on Wednesday as concern over global economic growth remain on the table. The lower liners – the FBM Small Cap (+0.4%), FBM Fledgling (+0.6%) and FBM ACE (+1.3%), however, all rebound, while the broader market finished mixed.
- Market breadth stayed negative as decliners edged the advancers on a ratio of 416-to-406 stocks. Traded volumes fell 8.6% to 2.54 bln shares as investors remain wary of the recent volatility.
- More than half of the key index fell, dragged down by Top Glove (-22.0 sen), Nestle (-20.0 sen), Hartalega (-19.0 sen), KLK (-12.0 sen) and Sime Darby Plantations (-12.0 sen). Meanwhile, Panasonic (-78.0 sen), Batu Kawan (-18.0 sen), United Malacca (-15.0 sen), Scientex (-13.0 sen) and Kossan Rubber Industries (-12.0 sen) declined on the broader market.
- Notable winners on the broader market were consumer products stocks like Carlsberg (+80.0 sen), Dutch Lady (+60.0 sen), Fraser & Neave (+56.0 sen) and Heineken (+46.0 sen). KKB Engineering jumped 33.0 sen after delivering a strong set of quarterly earnings. Key winners on the local bourse were Public Bank (+24.0 sen), Petronas Gas (+12.0 sen), Hong Leong Financial Group (+8.0 sen), Petronas Chemicals (+6.0 sen) and RHB Bank (+5.0 sen).
- Asia benchmark indices closed mostly higher on mild bargain hunting activities as the Nikkei (+0.9%) snapped a four-day losing streak. The Hang Seng Index rose 0.5%, but the Shanghai Composite

Dow Jones	29,348.03	0.40
S&P 500	3,386.15	0.47
NASDAQ	9,817.18	0.87
FTSE 100	7,457.02	1.02
DAX	13,789.00	0.79
CAC 40	6,111.24	0.90
FTSE STI	3,213.71	0.53
Shanghai Composite	2,975.40	-0.32
Hang Seng Index	27,655.81	0.46
Nikkei 225	23,400.70	0.89
WTI Crude Oil (USD)	53.49	0.38
Brent Spot (USD)	59.12	2.37
Gold (USD)	1,611.98	0.02
CPO (RM)	2,547.00	-3.49
USD	4.1613	-0.19
GBP	5.4072	-0.30
EURO	4.4953	0.04
SGD	2.9917	-0.33
YEN	26.4790	-0.22

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fell 0.3% after succumbed to the selling pressure in the eleventh trading hour. ASEAN stockmarkets, meanwhile, closed on a mixed note on Wednesday.

- U.S. stockmarkets rebounded as the Dow (+0.4%) snapped a three-day losing streak after the U.S. Federal Reserve kept benchmark interest rates unchanged for the time being. On the broader market, both the S&P 500 (+0.4%) and Nasdaq (+0.9%) finished at fresh all-time high levels, buoyed by gains in technology shares.
- Earlier, major European equities also posted a recovery - the FTSE (+1.0%), CAC (+0.9%) and DAX (+0.8%), all advanced on solid performance in technology shares. The rebound was also led by a string of strong corporate earnings from Puma and Deutsche Telekom.

THE DAY AHEAD

- Selling activities across Bursa Malaysia stocks remain unabated as the FBM KLCI was in the red for the third straight session. Much of the recent weakness came in light of the renewed selling activities from foreign funds due to the recent downbeat economic data. This has weakened the Ringgit and could bring about further sell down, given the strong correlation between the equity market performance and the currency.
- With sentiments and confidence taking a hit, the downside pressure on Bursa Malaysia will continue to linger over the foreseeable future. On the downside, there are supports at the 1,515-1,520 levels. The resistances are at 1,550 and 1,560 respectively
- Meanwhile, the lower liners and broader market shares continue to see rotational

play as stability returns to the fore. The recovery, however, is expected to mild as investors were quick to lock in any profits in view of further market uncertainties.

COMPANY UPDATE

- **Kim Loong Resources Bhd** is buying four plots of oil palm plantation land in Sabah for RM92.5 mln to increase its land bank and long-term profitability growth. The parcels, with a combined size of 2,722.3-ha, are located near its estates in Sandakan, so the acquisitions are expected to bring about synergistic effects and benefits in terms of cost efficiency of managing the plots.

Comments

- We reckon that the abovementioned move is positive for the group's long term move to replenish their landbank in order to generate long-term recurring income.
- With no contribution from the aforementioned land for the time being, we made no changes to our earnings forecast.
- With the recent weakness on the share price, we upgraded KLR to **BUY** (from Hold) with an unchanged target price of RM1.40. Our target price is derived by ascribing a target PER of 20.0x to its FY21 EPS of 7.0 sen. The ascribed target PER is in line with the industry average that rose to around 18.5x-21.5x.

COMPANY BRIEF

- **Apex Healthcare Bhd's** 4Q2019 net profit lost 16.7% Y.o.Y to RM14.0 mln, from RM16.8 mln earlier, on higher administrative and tax expenses, although revenue improved to RM170.3 mln, from RM163.1 mln last year. The

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- group has declared a final single tier dividend of two sen per share.
- Full-year net profit also fell 10.0% Y.o.Y to RM52.8 mln, from RM58.6 mln previously, weighed down by higher operating and finance costs. Revenue, however, grew 5.5% Y.o.Y to RM688.8 mln, from RM652.7 mln in the same period last year. (The Edge Daily)
 - **Destini Bhd's** unit Destini Armada Pte Ltd (DAPL) is planning to acquire Indonesia-based PT Muara Badak Perkasa (PT MBP) for S\$4.0 mln (about RM12.0 mln); allowing Destini to diversify its business to include the provision of jetty and port-related services to mining companies.
 - The proposed acquisition will be satisfied with the issuance Destini Armada's shares, which will result in Destini's stake in DAPL being trimmed to 45.0%, while the seller of PT MBP will emerge as the largest shareholder in Destini Armada with a controlling stake of 55.0%. (The Edge Daily)
 - **ELK-Desa Resources Bhd's** 3QFY20 net profit jumped 22.3% Y.o.Y to RM9.4 mln vs RM7.7 mln in the previous year, on higher contribution from its hire purchase division. Revenue also grew 24.2% Y.o.Y to RM38.7 mln, from RM31.1 mln in the last corresponding year. (The Edge Daily)
 - **GHL Systems Bhd** is partnering Aspirasi, the digital financing platform and fintech provider of Axiata Group Bhd's unit Axiata Digital Services Sdn Bhd, to provide local SMEs and micro-entrepreneurs digital access to GHL's new financing business.
 - The collaboration will enable GHL to tap into Aspirasi's platform, which offers a fully digital and complete financing application journey that covers onboarding and merchant scoring. (The Edge Daily)
 - **IGB Bhd's** 4Q2019 net profit plunged nearly 35.0% Y.o.Y to RM59.9 mln compared to RM92.0 mln last year, after registering lower contribution from its commercial and retail property investments. Revenue, however, grew 18.4% Y.o.Y to RM427.5 mln, from RM361.1 mln earlier.
 - IGB's full-year net profit also dropped by 11.5% Y.o.Y to RM208.7 mln, from RM235.6 mln previously, although revenue was up by 10.8% Y.o.Y to RM1.44 bln, from RM1.3 bln in the last corresponding year. (The Edge Daily)
 - **Malakoff Corp Bhd's** 4Q2019 net profit gained 24.5% Y.o.Y to RM106.4 mln, from RM85.5 mln, driven by a one-off gain from the disposal of the group's investment in Australia. Revenue for the quarter, however, shrunk 7.7% Y.o.Y to RM1.74 bln, from RM1.89 bln previously.
 - Full-year net profit, meanwhile, rose 16.6% Y.o.Y to RM320.2 mln, from RM274.4 mln, while revenue strengthened to RM7.42 bln vs RM7.35 bln previously. (The Star Online)
 - **Widad Group Bhd** is planning to acquire the entire 100.0% stake in Serendah Heights Sdn Bhd (SHSB), the ultimate owner of a concession to develop and maintain the Universiti Teknologi Mara (UiTM) campus in Jasin, Melaka, for RM127.0 mln.
 - This follows an earlier Heads of Agreement (HoD) with SHSB's shareholders, Prihatin Ehsan Holdings Sdn Bhd and Training Camp Aabata Sdn Bhd, for the acquisition of 90.0% of SHSB last October. (The Star Online)

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