

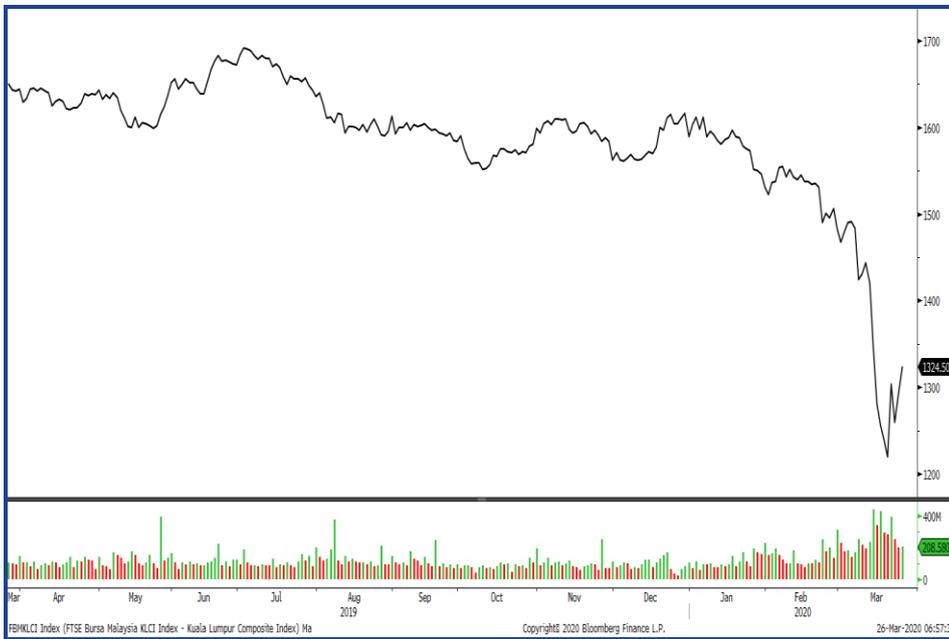
# Market Pulse

Thursday, 26 Mar, 2020

**M+Online**  
Equipping Traders For The Win

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## FBM KLCI – Daily



## Market Scorecard

	Close 25-Mar-20	Change %
FBM KLCI	1,324.50	2.58
52-W High	1,694.55	
52-W Low	1,207.80	
FBM EMAS	8,988.07	2.81
FBM 100	8,929.23	2.76
FBM Small Cap	8,656.81	3.93
FBM Fledgling	10,162.73	0.66
FBM ACE	3,658.27	2.99
FBM Shariah	9,770.86	3.16
FBM MidS Cap	9,386.91	4.21
FBM MidS (Shariah)	8,907.71	4.48
Market Participation		
Trading Volume (mln)	4,329.17	36.60
Trading Value (RM mln)	2,833.86	29.86
FKLI Spot Futures	1,329.50	3.66
FKLI Forward Futures	1,327.00	4.00

## Upsides Remain Cautious

- The sharp uptick in Wall Street overnight boosted sentiment on Bursa Malaysia as the FBM KLCI (+2.6%) extended its' gains to close above the 1,300 psychological level after lingering in the positive territory for the entire trading session again. The lower liners - the FBM Small Cap (+3.9%), FBM Fledgling (+0.6%) and FBM ACE (+3.0%), all march higher, while the broader market closed in the green with the energy sector (+5.4%) outperformed.
- Market breadth stayed positive as gainers outnumbered the losers on a ratio of 641-to-267 stocks. Traded volumes added 36.6% to 4.33 bln shares as investors returned to bargain hunt on beaten down stocks.
- More than two-third of the local constituents advanced, led by KLK (+RM1.96), followed by Nestle (+RM1.00), PPB Group (+98.0 sen), Petronas Dagangan (+60.0 sen) and Public Bank (+48.0 sen). Amongst the biggest gainers on the broader market include Carlsberg (+RM2.00), Heineken (+RM1.04), Dutch Lady (+84.0 sen), LPI Capital (+52.0 sen) and Panasonic (+50.0 sen).
- In contrast, Fraser & Neave (-30.0 sen), Negri Sembilan Oil Palms (-20.0 sen), Dominant Enterprise (-17.0 sen), MPI (-15.0 sen) and Rapid Synergy (-15.0 sen) fell on the broader market. There were only two decliners on the local bourse, namely RHB Bank (-10.0 sen) and MISC (-5.0 sen).
- Asia benchmark indices continue to build onto their rebound as the Nikkei surged 8.0% on the back of the record Wall Street rally overnight. The Hang Seng Index jumped 3.8%, while the

Dow Jones	21,200.55	2.39
S&P 500	2,475.56	1.15
NASDAQ	7,384.30	-0.45
FTSE 100	5,688.20	4.45
DAX	9,874.26	1.79
CAC 40	4,432.30	4.47
FTSE STI	2,505.47	6.07
Shanghai Composite	2,781.59	2.17
Hang Seng Index	23,527.19	3.81
Nikkei 225	19,546.63	8.04
WTI Crude Oil (USD)	24.39	-0.41
Brent Spot (USD)	27.39	0.88
Gold (USD)	1,612.60	-0.27
CPO (RM)	2,383.00	1.27
USD	4.3845	1.12
GBP	5.2410	-1.38
EURO	4.7614	0.74
SGD	3.0403	0.51
YEN	25.3270	-1.38

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Shanghai Composite closed 2.2% higher. Asia stockmarkets, meanwhile, finished mostly higher yesterday.

- Wall Street marched mostly higher for the second session as the Dow rose 2.4% after the Congress agreed to a deal on the economic relief bill valued at US\$2.0 trn. On the broader market, the S&P 500 gained 1.2%, but the Nasdaq fell 0.5% after succumbing to quick profit taking in the final trading hour.
- Earlier, European stockmarkets – the FTSE (+4.5%), CAC (+4.5%) and DAX (+1.8%), all extended their gains, mirroring the positive sentiment across global markets. In the meantime, Spain reporting its worst day since the outbreak began, with more than 700 deaths.

## THE DAY AHEAD

- Optimism stemmed from the tentative rollout of U.S. massive stimulus program provided a fresh leg for the global equities to spring higher yesterday included those on Bursa Malaysia. The gains look to sustain moving into the final trading days of the week as there is now some measure of calmness over the slowing economic growth, albeit it is still too early to assess the direction of the market with the Covid-19 cases continue to grow exponentially.
- Nevertheless, we view the above gesture positively as it could provide some cushion to the volatility that has besieged the global markets over the past month. With the 1,300 psychological level taken out, we see the FBM KLCI headed to the next hurdles around the 1,350-1,360 levels. On the downside, the supports are now pegged at 1,300 and 1,250 levels respectively.
- We also see the near term positivity

giving an impetus for the lower liners and broader market shares to head higher over the near term. More importantly, the general market undertone is improving and this will allow many of the FBM Small Cap stocks to make a decent recovery in majority of the stocks that veered into the oversold region.

## COMPANY UPDATE

- **Hartalega Holdings Bhd** is making room to expand its glove manufacturing facilities in Sepang, as the global pandemic boosted demand. The company has agreed to purchase 38.5-ha land located near its complex in Sepang for RM263.1 mln. The acquisition is in line with the medium and long term growth of the company to continue create greater value and earning potentials for the company. (The Star)

## Comments

- We view the aforementioned acquisition on a positive manner, allowing the group to expand their production capacity to meet the rising demand. At a price tag of RM263.1 mln, this translates to RM0.64 psf which is fair in our view, given the relatively large scale land size.
- For now, we maintain no changes to our earnings forecast in the view that the acquisition will not contribute any earnings over the foreseeable future. We maintained our **HOLD** recommendation on Hartalega with an unchanged target price of RM6.85 by ascribing to an unchanged target PER of 43.0x to Hartalega's FY21 EPS of 15.9 sen as we look forward to strengthening demand, higher capacity and improving cost

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efficiencies.

## **COMPANY BRIEF**

- **Glomac Bhd's** 3QFY20 net profit surged 749.0% Y.o.Y to RM12.1 mln, due to higher margin projects, better performance by the property investment segment and overall administrative cost savings during the period under review. Revenue for the quarter, however, eased 6.3% Y.o.Y to RM74.0 mln.
- For 9MFY20, cumulative net profit jumped 505.4% Y.o.Y to RM21.2 mln. Revenue for the period, however, decreased 2.6% Y.o.Y to RM187.4 mln. (New Straits Times)
- **LKL International Bhd** is supplying personal protective equipment (PPE) to public hospitals in Sarawak for RM6.6 mln. The group's subsidiary, LKL Advance Metaltech Sdn Bhd, was awarded the contract by the Sarawak State Government via a letter dated 24th March 2020. (The Edge)
- **Kejuruteraan Asastera Bhd's** (KAB) 90%-owned KAB Energy Power Sdn Bhd (KABEP) is taking up an 80.0% stake each in two companies, namely Konpro Industries Sdn Bhd (Konpro) and Meru One Sdn Bhd (Meru) that involved in the renewable energy and energy efficiency-related business for RM7.3 mln cash in a deal that will see it assume liabilities worth some RM4.2 mln, which values the entire transaction at RM11.5 mln.
- **Yinson Holdings Bhd's** 4QFY20 net profit gained 7.0% Y.o.Y to RM65.0 mln, thanks to higher operating profit and lower tax incurred. Revenue for the quarter jumped 546.7% Y.o.Y to RM1.86 bln, mainly due to the commencement of lease for floating production storage offloading (FPSO) vessel Helang that gave rise to outright sale recognition under classification of a finance lease.
- For FY20, cumulative net profit fell 10.6% Y.o.Y to RM209.9 mln. Revenue for the year jumped 144.7% Y.o.Y to RM2.52 bln. A final dividend of two sen per share was proposed. (The Edge)
- **Gamuda Bhd's** 2QFY20 net profit inched up 1.2% Y.o.Y to RM175.2 mln, on the back of contribution from the construction of the Mass Rapid Transport 2 (MRT2) line. Revenue for the quarter, however, declined 3.1% Y.o.Y to RM1.09 bln.
- For 1HFY20, cumulative net profit rose 1.1% Y.o.Y to RM348.8 mln. Revenue for the period grew 7.8% Y.o.Y to RM2.19 bln. (The Edge)
- **Astro Malaysia Holdings Bhd's** 4QFY20 net profit rose 17.3% Y.o.Y to RM138.9 mln, helped by lower staff-related costs arising from the separation scheme payments. Revenue for the quarter, however, fell 10.3% Y.o.Y to RM1.23 bln.
- For FY20, cumulative net profit increased 41.6% Y.o.Y to RM655.3 mln. Revenue for the year, however, declined 10.4% Y.o.Y to RM4.91 bln. (The Edge)
- **7-Eleven Malaysia Holdings Bhd** has reported that their convenience stores and logistics centre will now operate from 7am to 11pm daily, in support of the Government's call to restrict movement during the Movement Control Order (MCO) that is now extended until 14th April 2020. (The Edge)

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