

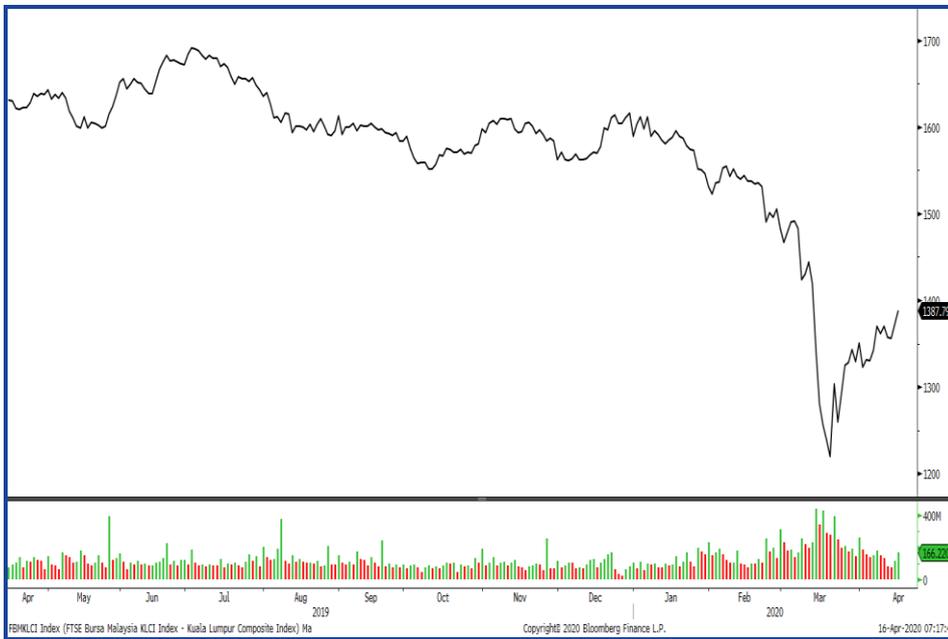
Market Pulse

Thursday, 16 Apr, 2020

M+Online
Equipping Traders For The Win

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FBM KLCI – Daily



Market Scorecard

	Close 15-Apr-20	Change %
FBM KLCI	1,387.79	1.18
52-W High	1,694.55	
52-W Low	1,207.80	
FBM EMAS	9,609.50	1.27
FBM 100	9,505.41	1.30
FBM Small Cap	10,249.98	0.67
FBM Fledgling	11,534.47	0.22
FBM ACE	4,307.79	0.83
FBM Shariah	10,646.40	1.68
FBM MidS Cap	11,254.47	0.90
FBM MidS (Shariah)	10,764.54	1.08
Market Participation		
Trading Volume (mln)	5,540.15	15.70
Trading Value (RM mln)	2,731.67	31.59
FKLI Spot Futures	1,380.00	0.58
FKLI Forward Futures	1,372.50	0.59

Toppish Conditions

- Tracking the positive sentiment on Wall Street overnight, the FBM KLCI (+1.2%) extended its gains to close at one-month high after floating in the positive territory for the entire trading session on Wednesday. The lower liners - the FBM Small Cap (+0.7%), FBM Fledgling (+0.2%) and FBM ACE (+0.8%), all extended their gains, while the broader market also ended on a positive note, led by the industrial products & services sector (+2.2%) taking the lead.
- Market breadth stayed positive as gainers outstripped the losers on a ratio of 544-to-352 stocks. Traded volumes rose 15.7% to 5.54 bln shares as investors continue their quest to bargain hunt.
- More than two-third of the key index components advanced, led by Nestle (+RM1.40), followed by Malaysia Airport Holdings (+27.0 sen), Petronas Chemicals (+25.0 sen), Petronas Dagangan (+22.0 sen) and KLK (+20.0 sen). Notable gainers on the broader market include Panasonic (+RM1.80), Heineken (+80.0 sen), TimedotCom (+52.0 sen) and Dutch Lady (+50.0 sen). Serba Dinamik jumped 14.0 sen after bagging a construction contract at Abu Dhabi.
- In contrast, amongst the biggest decliners on the broader market were DKLS Industries (-14.0 sen), KESM Industries (-12.0 sen), Syarikat Takaful (-12.0 sen), Pentamaster (-11.0 sen) and Kluang Rubber (-10.0 sen). There were only two decliners on the local bourse, namely Hap Seng Consolidated, (-8.0 sen) and CIMB (-1.0 sen).
- Asia benchmark indices retreated as the Nikkei (-0.5%) erased all its intraday

Dow Jones	23,504.35	-1.86
S&P 500	2,783.36	-2.20
NASDAQ	8,393.18	-1.44
FTSE 100	5,597.65	-3.34
DAX	10,279.76	-3.90
CAC 40	4,353.72	-3.76
FTSE STI	2,605.56	-1.10
Shanghai Composite	2,811.17	-0.57
Hang Seng Index	24,145.34	-1.19
Nikkei 225	19,550.09	-0.45
WTI Crude Oil (USD)	20.18	1.61
Brent Spot (USD)	27.69	-6.45
Gold (USD)	1,716.92	0.00
CPO (RM)	2,239.00	0.31

USD	4.3392	-0.12
GBP	5.4295	0.29
EURO	4.7430	-0.18
SGD	3.0468	0.45
YEN	24.7670	0.17

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gains after the Japanese government announced the biggest annual population drop to 126.2 mln people in October 2019, which also saw the rapidly aging population of 35.9 mln people aged 65 and older. The Hang Seng Index slipped 1.2%, while the Shanghai Composite declined 0.6%. Asia stockmarkets, meanwhile, ended mostly lower yesterday.

- U.S. stockmarkets staged a pullback overnight as the Dow fell 1.9% amid a slew of sluggish corporate earnings, whilst banks takes charges of expected credit write-offs. Likewise, the broader market saw the S&P 500 fell 2.2%, while the Nasdaq ended 1.4% lower.
- European stockmarkets halted their five-day winning streak - the FTSE (-3.3%), CAC (-3.8%) and DAX (-3.9%), all tumbled International Monetary Fund warned off a deeper looming recession. The slump in crude oil prices also sent oil & gas companies like Total (-4.8%), Royal Dutch Shell (-7.2%) and BP (-6.7%) sharply lower.

THE DAY AHEAD

- After making decent headway over the past two sessions, the key index is again near the toppish zone which could limit further gains over the near term, in our view. As it is, the slower growth on the Malaysian economy is still unfolding which may trigger quick profit taking as investors turned their attention to the upcoming slew of economic data.
- We see Wall Street's overnight negative performance to also permeate to the local market see a pullback as volatility returns to the fore. Nevertheless, we reckon that the 1,340 level plays a key support over the near term, while any surprise upsides may see gains capping

at the 1,400 psychological level.

- Although the lower liners and broader market shares continue to make headway yesterday, the near term outlook is still largely indifferent with the lack of catalysts. Consequently, we think that further near term upsides could be tempered by bouts of selling activities as retail players would be quick to lock-in their profits.

COMPANY UPDATE

- **Serba Dinamik Holdings Bhd** has secured a RM7.71 bln (US\$1.78 bln) contract to construct an innovation hub, academic campus, related facilities and IT infrastructure in Abu Dhabi. Serba Dinamik International Ltd had accepted a letter of award from Block 7 Investments L.L.C (Block 7) to undertake the project which will be on and engineering, procurement and construction basis.
- The project shall cover the innovation hub which includes the development of offices, restaurants, exhibition centres and IT centres; academic campus; and accommodation which includes apartments and hotels, over a total build-up area of 455,000 sqm. Serba Dinamik would have to complete the project within 1,460 days from the commencement date. (The Star)

Comments

- We are sanguine on the abovementioned contract secured by Serba. With the aforementioned contract came above our orderbook replenishment for the year, we raised our earnings forecast by 8.4% and 7.8% to RM587.1 mln and RM675.9 mln for 2020 and 2021 respectively.

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- Consequently, we maintained our **BUY** recommendation with a higher target price of RM2.47 (from RM2.28). We derived our target price by ascribing a target PER of 13.0x to 2020 EPS of 19.0 sen. Despite the recent downturn in crude oil prices, we continue to like Serba Dinamik as one of the key oil & gas services provider, backed by a relatively solid unbilled orderbook of approximately RM18.0 bln to sustain earnings visibility over the next 3-4 years.

COMPANY BRIEF

- **Bumi Armada Bhd**'s unit in India was notified by client Oil and Natural Gas Corp Ltd (ONGC) about its intention to extend the charter hire of a floating, production, storage and offloading (FPSO) vessel. The current contract of Armada Sterling FPSO, which is 49.0% owned by Bumi Armada, is expiring on 19th April 2020.
- Armada Sterling FPSO was chartered by ONGC in 2011 to operate in the ONGC D1 field located 200km off the west coast of Mumbai, India. The seven-year firm time charter came with six annual extension options. (The Star)
- **Yinson Holdings Bhd** has completed a US\$800.0 mln (RM3.47 bln) refinancing exercise for its floating, production, storage and offloading (FPSO) unit, John Agyekum Kufuor (JAK). The loan, with tenure of 12 years, was successfully drawn down on 14th April 2020. (The Edge)
- **Xidelang Holdings Ltd** is going to venture into the manufacturing of washable and reusable face masks in collaboration with Fujian BiTiChong Baby Products Co Ltd (FBBP). Both parties inked a collaboration agreement on 13th April 2020. Xidelang will use its existing shoes (if so required) and garments production lines for the new venture. (The Edge)
- **Tiger Synergy Bhd** has proposed a rights issue with warrants, as well as a private placement, to raise up to RM102.1 mln for working capital needs and to repay bank borrowings. This comes after the group last month aborted similar cash calls announced on 12th February 2020 to raise up to RM80.0 mln. It now plans to raise up to RM68.1 mln via a rights issue with free warrants and up to RM34.1 mln in a private placement. (The Edge)
- Suhaimi Badrul Jamil is resigning from his chief executive officer (CEO) position at **TH Heavy Engineering Bhd**, to pursue other interests and opportunities. The resignation will take effect on 1st July 2020. (The Edge)
- **AMMB Holdings Bhd** and Insurance Australia Group Ltd, owners of AmGeneral Insurance Bhd, have restarted a sale process and are seeking as much as US\$1.00 bln for AmGeneral Insurance. They have invited potential suitors to submit non-binding bids for the auto insurer - the second biggest in Malaysia by the end of April 2020. AMMB controls 51.0% of AmGeneral, while IAG owns the rest. (The Edge)

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