

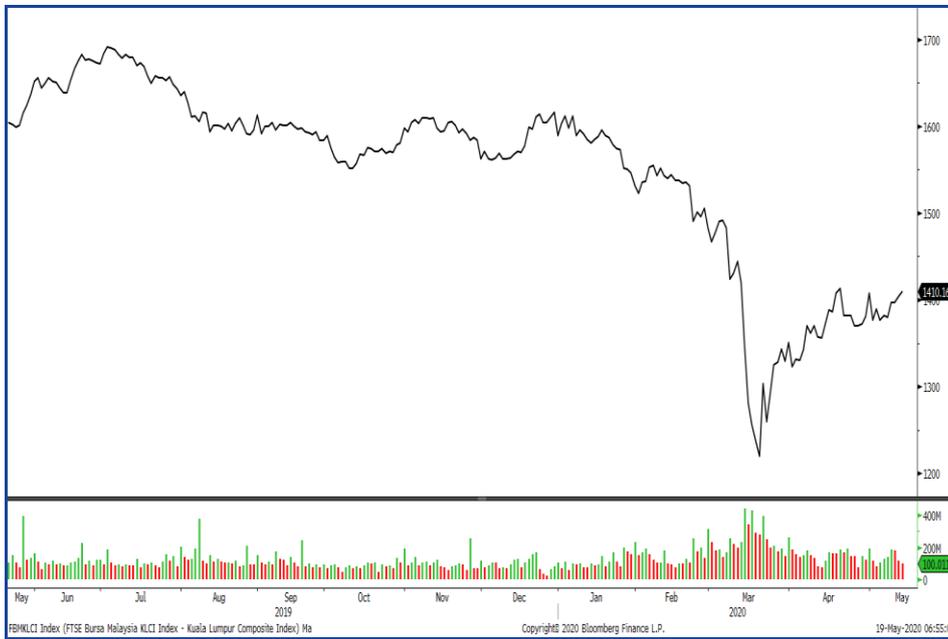
Market Pulse

Tuesday, 19 May, 2020

M⁺Online
Equipping Traders For The Win

Malacca Securities Sdn Bhd
(A Participating Organisation of Bursa Malaysia Securities Berhad)
Hotline: 1300 22 1233
Email: support@mplusonline.com.my
Website: www.mplusonline.com.my

FBM KLCI – Daily



More Gains Ahead

- The FBM KLCI (+0.5%) started off the week on a lively note as the key index cleared its position above the 1,400 psychological level amid higher commodity prices. The lower liners - the FBM Small Cap (+3.3%), FBM Fledgling (+1.3%) and FBM ACE (+0.3%), all extended their gains, while the energy sector (+11.4%) rallied as crude oil prices rose their highest level in two months.
- Market breadth stayed positive as advancers led the decliners by a ratio of 2-to-1. Traded volumes climbed 21.5% to record high of 11.21 bln shares as investors remain upbeat on the recent market recovery.
- Japanese equities extended their gains as the Nikkei added 0.5% after 1Q2020 GDP contracted -3.4% Y.o.Y, but outperformed median forecast of -4.6%

Y.o.Y decline. Both the Hang Seng Index and Shanghai Composite rebounded, rising 0.6% and 0.2% respectively but the latter gains were capped by the renewed trade tension with U.S. Asia stockmarkets, meanwhile, closed mostly higher yesterday.

- U.S. stockmarkets rallied overnight as the Dow surged 3.9% on the encouraging progress over the potential Covid-19 vaccine, coupled with the sharp uptick in crude oil prices. On the broader market, the S&P 500 (+3.2%) saw all major sectors in the green, while the Nasdaq jumped 2.4% higher.
- Earlier, European stockmarkets - the FTSE (+4.3%), CAC (+5.2%) and DAX (+5.7%), all soared as the number of new Covid-19 grew at the slowest pace since 24th February 2020. Meanwhile, several European countries' securities

Market Scorecard

| | Close 18-May-20 | Change % |
|------------------------|--------------------|-------------|
| FBM KLCI | 1,410.16 | 0.48 |
| 52-W High | 1,694.55 | |
| 52-W Low | 1,207.80 | |
| FBM EMAS | 9,979.33 | 1.13 |
| FBM 100 | 9,815.44 | 1.02 |
| FBM Small Cap | 11,991.71 | 3.26 |
| FBM Fledgling | 13,149.62 | 1.26 |
| FBM ACE | 5,403.31 | 0.25 |
| FBM Shariah | 11,299.91 | 1.49 |
| FBM MidS Cap | 13,842.80 | 4.01 |
| FBM MidS (Shariah) | 13,258.18 | 3.82 |
| Market Participation | | |
| Trading Volume (mln) | 11,210.91 | 21.48 |
| Trading Value (RM mln) | 4,407.30 | 13.94 |
| FKLI Spot Futures | 1,410.00 | 0.71 |
| FKLI Forward Futures | 1,406.00 | 0.86 |
| Dow Jones | 24,597.37 | 3.85 |
| S&P 500 | 2,953.91 | 3.15 |
| NASDAQ | 9,234.83 | 2.44 |
| FTSE 100 | 6,048.59 | 4.29 |
| DAX | 11,058.87 | 5.67 |
| CAC 40 | 4,498.34 | 5.16 |
| FTSE STI | 2,539.28 | 0.62 |
| Shanghai Composite | 2,875.42 | 0.24 |
| Hang Seng Index | 23,934.77 | 0.58 |
| Nikkei 225 | 20,133.73 | 0.48 |
| WTI Crude Oil (USD) | 33.24 | 4.46 |
| Brent Spot (USD) | 34.81 | 7.11 |
| Gold (USD) | 1,732.45 | -0.01 |
| CPO (RM) | 2,142.00 | 2.54 |
| USD | 4.3720 | -0.48 |
| GBP | 5.2917 | 0.33 |
| EURO | 4.7254 | -0.50 |
| SGD | 3.0640 | -0.26 |
| YEN | 24.5420 | 0.31 |

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regulators have jointly decided to end their short-selling bans that had been in place since the mid-March 2020.

THE DAY AHEAD

- Gains stemming from the higher crude oil prices will continue to boost the FBM KLCI alongside with the positive sentiment across global equities, particularly from Wall Street overnight. We also see investors continue to search for higher yields play following Bank Negara's move to trim the benchmark interest rate and may continue to do so over the foreseeable future to cushion the weakness of economic growth.
- With the FBM KLCI ability to maintain its position above the 1,400 psychological level, the continuous buying support may power the local bourse to re-test the 1,430 resistance level. On the flipside, the immediate support is pegged at the 1,380 level.
- Much of the gains continue to be centered towards the lower liners as demonstrated by the record high trading activities which we see the momentum to remain upbeat over the foreseeable future. At the same time, talks over the resumption of High Speed Rail (HSR), coupled with the approval of East Coast Rail Link (ECRL) realignment could also provide some fresh impetus to the market, particularly in construction-related companies, whilst the energy sector will also share the spotlight amid the higher crude oil prices.

COMPANY BRIEF

- **Thong Guan Industries Bhd**'s 1Q2020 net profit jumped 36.2% Y.o.Y to RM17.5 mln, boosted by higher sales of stretch film,

industrial bags & films and courier bags, coupled with the weaker Ringgit and the lower price of raw material. Revenue for the quarter increased 12.4% Y.o.Y to RM244.0 mln. (The Star)

- Petrol station operator **Petronas Dagangan Bhd**'s 1Q2020 net loss stood at RM29.4 mln vs. a net profit of RM291.2 mln recorded in the previous corresponding quarter due to the lower selling prices of petrol and diesel. Revenue for the quarter declined 16.0% Y.o.Y to RM6.55 bln. An interim dividend payout of 5 sen a share was declared. (The Star)
- **FGV Holdings Bhd** has reported that power generation is among immediate projects that could be carried out as part of the oil palm plantation group's plan to boost returns from renewable energy projects, which constitute a part of the company's recovery strategy from the impact of the Covid-19 pandemic. The power generation business could be carried out through its biogas capture at its oil palm mills. (The Edge)
- **Mi Technovation Bhd**'s 1Q2020 net profit grew 49.9% Y.o.Y to RM10.3 mln on higher sales revenue, lower commission payable to external sales agent as well as foreign exchange (forex) gain from the stronger U.S. Dollar against the ringgit. Revenue for the quarter increased 19.5% Y.o.Y to RM35.2 mln. (The Edge)
- **LYC Healthcare Bhd**, via its wholly-owned subsidiary LYC Medicare Sdn Bhd, is partnering with Biofresh Hygiene Services Sdn Bhd to market cleanliness, hygiene and sanitation services in Malaysia. Under the three-year partnership, LYC Medicare will be granted the rights to use all marketing

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materials developed by Biofresh to generate sales for Biofresh hygiene services. (The Edge)

- Three Malaysian listed firms **Sanichi Technology Bhd**, **AT Systematization Bhd** and **PNE PCB Bhd** have joined forces with US-based company Arzon Solar LLC (ARZ) to produce medical-grade mechanical air ventilators to take advantage of the worldwide shortage of the product.
- The companies have inked a memorandum of understanding (MoU) to form a joint-venture company (JVco) for the purpose. The three Malaysian companies will each hold a 30% stake in the JVco, while the remaining 10% will be held by ARZ. (The Edge)
- **ARB Bhd** has entered into a partnership deal with Beijing Kuangshi Technology Cl Ltd (MegVii) to explore business opportunities in artificial intelligence (AI) facial recognition application and relevant algorithm technology in the Internet of things (IoT) field in Malaysia. (The Edge)
- **Tan Chong Motor Holdings Bhd** said its subsidiary TC Services Vietnam Co Ltd has been appointed China's largest automobile group SAIC Motor Corp Ltd as the exclusive importer and distributor of completely-built-up (CBU) MG brand. (The Edge)
- **CSC Steel Holdings Bhd**'s 1Q2020 net profit rose 8.7% Y.o.Y to RM5.0 mln, helped by better product mix and cost management. Revenue for the quarter, however, fell 14.2% Y.o.Y to RM284.3 mln.
- **Southern Steel Bhd**'s 3QFY20 net loss narrowed to RM37.6 mln, from a net loss of RM41.6 mln reported in the previous corresponding quarter as margin improved from lower inventory cost.

Revenue for the quarter, however, fell 32.8% Y.o.Y to RM470.4 mln.

- For 9MFY20, cumulative net loss widened to RM418.1 mln vs. a net loss of RM84.2 mln recorded in the previous corresponding period. Revenue for the period fell 29.7% Y.o.Y to RM1.71 bln. (The Edge)
- **GuocoLand (Malaysia) Bhd**'s 3QFY20 net loss widened to RM10.1 mln, from net loss of RM7.0 mln in the previous corresponding quarter on higher selling and marketing expenses, administration expenses, as well as finance costs. Revenue for the quarter, however, rose 3.1% Y.o.Y to RM98.1 mln.
- For 9MFY20, cumulative net loss widened to RM35.0 mln, from net loss of RM20.8 mln in the previous corresponding period. Revenue for the period slipped 16.5% Y.o.Y to RM236.6 mln. (The Edge)
- **Hume Industries Bhd**'s 3QFY20 net profit stood at RM1.8 mln vs. a net loss of RM24.2 mln as it records higher revenue from lower rebates on cement selling prices. Revenue for the quarter grew 16.6% Y.o.Y to RM177.4 mln.
- For 9MFY20, cumulative net loss narrowed to RM29.5 mln, from net loss of RM70.3 mln reported in the previous corresponding period. Revenue for the period climbed 6.4% Y.o.Y to RM505.8 mln. (The Edge)

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