

MARKET NEWS

The FBMKLCI added 6.67pt yesterday to close at 1,774.95 amid bargain-hunting across the board in tandem with regional performance. Meanwhile, Asian stocks rebounded after last week's upheaval, as a rally in energy and commodity producers sent the regional benchmark back near the highest level in two years. The MSCI Asia Pacific Index advanced 0.8% to 151.93. The FBMKLCI's top gainers were Petronas Gas (+4.2%), Genting Malaysia (+3.3%) and IJM Corporation (+1.7%), while the top losers were British American Tobacco (-1.7%), Genting Bhd (-1.5%) and IHH Healthcare (-0.50%). In the broader market, gainers outpaced losers 542 to 420, with 374 counters unchanged. Turnover was 4.10b shares valued at RM2.95b.

From a technical viewpoint, the FBMKLCI has rebounded from last week's pullback to return to its bullish course. Despite yesterday's surge, the current consolidation has not yet ended, thus we are likely to see further ranging movement within 1,755-1,780 in the near term. However, a positive follow-through above 1,780 needs to be established to spur further buying interest which may translate into a further rise toward the previous high of 1,787. We maintain our support and resistance levels as follows:

Support: 1,755, 1,729

Resistance: 1,787, 1,800

US stocks closed higher on Monday, as investors shrugged off recent US political turmoil, shifting attention to President Donald Trump's first trip abroad since taking office, after he signed a nearly US\$110b weapons deal with Saudi Arabia. Gains in the technology, utilities and industrials sectors led shares higher. At the close in NYSE, the DJIA rose 0.43%, while the S&P 500 index gained 0.52%, and the NASDAQ Composite index added 0.82%. Rising stocks outnumbered declining ones on the NYSE by 2,158 to 1,057 and 49 ended unchanged. On the Nasdaq SE, 1,616 rose and 884 declined, while 110 ended unchanged.

WHAT'S IN THE PACK

Tune Protect Malaysia

(TIH MK/BUY/RM1.54/Target: RM1.70)

1Q17: Weaker than expectation. However, various collaborations with AirAsia are expected to underpin a strong recovery in 2018.

KLCC Property Holdings

(KLCCSS MK/HOLD/RM7.80/Target: RM7.50)

1Q17: Two of KLCCSS's anchor segments continue to experience temporary hiccups; expect better performance in 2H17. A 8.6 sen dividend was declared during the quarter, representing a 87.9% dividend payout ratio.

Kuala Lumpur Kepong

(KLK MK/HOLD/RM24.84/Target: RM23.80)

2QFY17: Core net profit of RM271m (-29.6% qoq, +39.8% yoy), above expectations due to stronger-than-expected production recovery.

Hiap Teck Venture (HTVB MK)

Technical BUY on breakout with 30.9% potential return

BUY on breakout with a target price of RM0.445 and stop-loss at RM0.29. Based on the daily chart, HTVB has been trading in a sideways mode.

Yoong Onn Corporation (YOOCB MK)

Technical BUY on breakout with +19.4% potential return

BUY on breakout with a target price of RM1.54 and stop-loss at RM1.19. Based on the daily chart, YOOCB formed a series of higher highs and higher lows toward the all-time high of RM1.39 and is making a strong ascent in the current up-leg.

Sarawak Cable (SRCB MK)

Technical BUY on breakout with 19.5% potential return

BUY on breakout with a target price of RM1.41 and stop-loss at RM1.06. Yesterday, the stock closed above the BBI line, indicating upward potential in the near term.

FBMKLCI CHART



Source: Bursa Station

KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	20,894.83	0.43	5.73
S&P 500	2,394.02	0.52	6.93
FTSE 100	7,496.34	0.34	4.95
CSI 300	3,411.24	0.22	3.06
FSSTI	3,213.57	(0.10)	11.55
HSCEI	10,374.32	1.04	10.43
HSI	25,391.34	0.86	15.41
JCI	5,749.45	(0.73)	8.55
KLCI	1,774.95	0.38	8.11
KOSPI	2,304.03	0.68	13.70
Nikkei 225	19,678.28	0.45	2.95
SET	1,557.73	0.52	0.96
TWSE	9,997.26	0.50	8.04
BDI	954.00	(0.21)	(0.73)
CPO (RM/mt)	2,662.00	1.02	(14.38)
Nymex Crude (US\$/bbl)	51.11	(0.04)	(9.95)

TOP VOLUME

Stock	Price (RM)	Chg (%)	Vol ('000)
Key Alliance Group	0.05	12.50	292,238
Airasia X Bhd	0.53	3.92	157,774
Netx Holdings Bhd	0.07	0.00	130,287
Dagang Nexchange	0.63	3.28	73,659
Borneo Oil Bhd	0.19	0.00	68,591

TOP GAINERS

Stock	Price (RM)	Chg (%)	Vol ('000)
Cabinet Holdings Bhd	0.71	26.7	24,575
Kumpulan Powernet	0.68	19.3	344
Choo Bee Metal	2.47	16.5	4,473
Compugates Holdings	0.04	14.2	1,507
Key Alliance Group	0.05	12.5	292,238

TOP LOSERS

Stock	Price (RM)	Chg (%)	Vol ('000)
Plastrade Technology	0.43	(21.82)	2,360
China Automobile	0.03	(16.67)	840
Dbe Gurney	0.04	(12.50)	879
Magnum Bhd	1.88	(10.48)	22,455
Malaysia Pacific Corp	0.14	(10.00)	113

Source: Bloomberg

TRADERS' CORNER



Hiap Teck Venture (HTVB MK)

Technical BUY on breakout with +30.9% potential return

Last price : RM0.325

Target price : RM0.41, RM0.445

Support : RM0.295

Stop-loss: RM0.29

BUY on breakout with a target price of RM0.445 and stop-loss at RM0.29. Based on the daily chart, HTVB has been trading in sideways mode. On yesterday's movement, it managed to form a higher high towards the breakout level of RM0.34. The uptick in the DMI and an increase in trading volumes suggest buying momentum is set to continue in the near term. We expect the stock to continue trending up once it penetrates above the breakout level of RM0.34.

Expected Timeframe: 2 weeks to 2 months



Yoong Onn Corporation (YOON MK)

Technical BUY on breakout with +19.4% potential return

Last price : RM1.27

Target price : RM1.38, RM1.54

Support : RM1.20

Stop-loss : RM1.19

BUY on breakout with a target price of RM1.54 and stop-loss at RM1.19. Based on the daily chart, YOON formed a series of higher highs and higher lows toward the all-time high of RM1.39 and is making a strong ascent in the current up-leg. The positive readings of the MACD and the DMI suggest buying momentum will remain robust in the near term. Our immediate target prices are RM1.38 and RM1.54 if the share price manages to penetrate the breakout level of RM1.29.

Expected Timeframe: 2 weeks to 2 months.

TRADERS' CORNER



Sarawak Cable (SRCB MK)

Technical BUY on breakout with +19.5% potential return

Last price: RM1.15

Target price: RM1.34, RM1.41

Support: RM1.07

Stop-loss: RM1.06

BUY on breakout with a target price of RM1.41 and stop-loss at RM1.06. Yesterday, the stock closed above the BBI line, indicating upward potential in the near term. This is consistent with the uptick in the RSI and a bullish crossover in the DMI, which suggest stronger buying momentum ahead. We expect SRCB will continue the bullish movement towards our targets once it breaks above the breakout level of RM1.18 in the near to medium term.

Expected Timeframe: 2 weeks to 2 months

CORPORATE NEWS

7-Eleven: first Malaysian retailer to accept Alipay. 7-Eleven Malaysia Bhd is the first retailer in Malaysia to accept the Alipay mobile wallet payment, and looks to attract more Chinese tourists to shop at the convenience store chain. Chief executive officer Gary Brown said 7-Eleven began accepting Alipay from May 12 and that 94% of the 2,100 stores nationwide had gone "live" with the system. "All our stores will be able to accept Alipay within the next two days. In China, this payment system is a way of life for shopping, and given the growing number of Chinese tourists here, we are hoping for a high uptake," he told reporters after the launch of Alipay mobile wallet at 7-Eleven Bukit Bintang, Kuala Lumpur, on Monday. (Source: *The Star*)

Fajarbaru: wins cargo terminal upgrade job from Pos Aviation. Fajarbaru Builder Group Bhd has secured a RM29.52mil contract from Pos Aviation Sdn Bhd to renovate and refurbish its tenancy area at the KL International Airport's (KLIA) cargo terminal. In a filing with Bursa Malaysia, the construction group said its wholly owned subsidiary, Fajarbaru Builder Sdn Bhd, had accepted the letter of acceptance for the job from Pos Aviation, a unit of Pos Malaysia Bhd that provides aviation ground-handling services. (Source: *The Star*)

Gabungan AQRS: finalising Dengkil land sale to PR1MA. Gabungan AQRS Bhd expects to finalise the planned sale of its land in Dengkil, Selangor to PR1MA Corp Malaysia within the next three weeks under a proposed joint venture (JV) to develop affordable housing there. CEO Datuk Azizan Jaafar and chief financial officer Bernard Lim said the company stood to gain from the land sale and the tract's development. (Source: *The Edge Financial Daily*)

IHH: coy about likely Fortis stake Buy. IHH Healthcare Bhd has sold its entire 10.85% stake in India's largest healthcare group, Apollo Hospitals Enterprise Ltd, but the group is not likely to exit India yet. Reports have emerged that IHH may be one of the front runners to take up equity in India's second-largest healthcare player Fortis Healthcare Ltd. With a war chest of approximately RM1.26b after the divestment, IHH could expand in India, or as managing director Dr Tan See Leng referred to it, "IHH's fourth growth market". (Source: *The Edge Financial Daily*)

MK Land: slapped with tax demand of RM80.77m. MK Land Holdings Bhd's wholly-owned subsidiary Saujana Triangle Sdn Bhd has been slapped with additional income taxes and penalty amounting to RM80.77m by the Inland Revenue Board (IRB). In a filing with Bursa Malaysia yesterday, MK Land said Saujana Triangle was served with notices of assessment seeking additional income taxes of RM55.7mn for the assessment years from 2009 to 2011, and a 45% penalty of RM25.07m for the year of assessment 2013. (Source: *The Edge Financial Daily*)

Perdana Petroleum: eyes re-listing by mid-August. Offshore marine support services provider Perdana Petroleum Bhd (PPB) is looking forward to be re-listed on Bursa Malaysia by mid-August this year as well as expecting better offshore support vessel (OSV) utilisation rate this year, said executive director Bailey Kho Chung Siang. Kho said that the company had also submitted a request for lower public shareholding spread through a letter to the local bourse and the latter was considering the request. (Source: *The Star*)

Stone Master: Expose? Stone Master Corp Bhd's extraordinary general meeting (EGM) next Tuesday to remove two directors may expose the company's corporate governance issues. EGM is convened by Stone Master executive director and vice-president Datuk Karen Lee Fong Yin — who would like to remove group managing director Datuk Koh Mui Tee and executive director Datuk Lee Hwa Cheng, with immediate effect. Lee is the single largest shareholder holding a 22.29% stake in Stone Master. Koh revealed that Stone Master had early this month received letters from minority shareholders, claiming that they were told by anonymous sources that there have been unlawful activities and wrongdoings in the company. (Source: *The Edge Financial Daily*)

Taliworks: Amount owed by Splash has risen to RM530m. Taliworks Corp Bhd said the total amount due to the group from water concessionaire Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (Splash) has risen to RM530m. Taliworks executive director Datuk Ronnie Lim Yew Boon said the group is not able to say much on the recoverability of the amount, as negotiations for the takeover of Splash by the Selangor government has been postponed. The RM530 million owed represents 21.6% of Taliwork's total assets of RM2.46 billion as at the end of the last financial year ended Dec 31, 2016. The amount has been escalating because Splash has not been receiving payments in full from Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), which is the concessionaire for the distribution of treated water in Selangor, Kuala Lumpur and Putrajaya. (Source: *The Edge Financial Daily*)

SECTOR

O&G: Sarawak state govt seeks 10% stake in LNG train. The Sarawak state government said it is negotiating with Petroliam Nasional Bhd (Petronas) to acquire a 10% equity stake in a liquefied natural gas (LNG) production facility at Petronas' LNG complex in Bintulu, Sarawak. The government is looking to buy a stake in the LNG Train 9 facility, the site's ninth liquefaction unit, which can produce 3.6 million tonnes of LNG per year. It began its commercial operations in January, boosting production capacity at the Petronas LNG complex to 30 million tonnes per year. The Sarawak government is actively negotiating with Petronas on the details of the shareholders agreement on the 10% equity in the Malaysia Liquefied Natural Gas (MLNG) Plant Train 9," Datuk Abang Johari, the chief minister of Sarawak, said in a speech on Monday (Source: *The Edge Financial Daily*)

FROM THE REGIONAL MORNING NOTES...

Tune Protect Malaysia: 1Q17: Impacted By Higher Claims And Expenses**(TIH MK/BUY/RM1.54/Target: RM1.70)**

Tune reported 1Q17 results that came in weaker than our expectation. Earnings were impacted by higher claims ratio, management expense and impact of MAVCOM's "opt-in" policy. On a more positive note, travel insurance take-up rate has stabilised. In addition, the various collaborations with AirAsia are expected to drive a strong recovery in 2018. Maintain BUY with a lower target price of RM1.70 to factor in more conservative management expense ratio assumptions.

KLCC Property Holdings: 1Q17: Results In Line**(KLCCSS MK/HOLD/RM7.80/Target: RM7.50)**

Despite a 0.6% yoy improvement in top-line, core net profit dropped by 3.3% yoy, largely due to temporary hiccups in both of KLCCSS' anchor segments (office and retail). We were assured that the remaining 40% vacant space at Menara ExxonMobil will be filled up by 3Q17 while the major reconfiguration exercise at Suria KLCC will be fully completed by 4Q17. Maintain HOLD. Target price: RM7.50. Entry price: RM6.80.

Kuala Lumpur Kepong: 2QFY17: Another Strong Set Of Results**(KLK MK/HOLD/RM24.84/Target: RM23.80)**

KLK's 2QFY17 results were above our expectations as production recovery was stronger than our expectations. We are revising our FY17 FFB production growth estimate upwards to +10.5% yoy (from +4.3% yoy previously) to factor in the strong production recovery. Thus, our FY17 earnings estimate is adjusted upwards by 10%. KLK declared an interim single-tier dividend of 15 sen/share or yield of 0.6%. Maintain HOLD. Target price: RM23.80. Entry price: RM22.30.

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