

Market Pulse

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FBM KLCI – Daily



Market Scorecard

	Close 2-Jul-18	Change %
FBM KLCI	1,685.05	-0.38
52-W High	1,896.03	
52-W Low	1,657.78	
FBM EMAS	11,919.01	-0.35
FBM 100	11,716.65	-0.35
FBM Fledgling	15,952.97	-0.45
FBM Small Cap	13,964.96	-0.34
FBM ACE	5,135.64	0.16
FBM Shariah	12,093.21	0.01
Volume (mln)	1,698.99	-23.66
Value (RM mln)	1,619.82	-45.62

Market Participation	%	Net (RM mln)
Institution	50.3	93.5
Retail	23.2	3.4
Foreign	26.5	-96.9

Searching For New Impetuses

- The FBM KLCI started off the second half of 2018 on a weak manner after erasing all its intraday gains before closing 0.4% lower on Monday, in line with the general weakness across Asian stockmarkets amid the escalation of trade tensions. The lower liners also ended mostly lower as the FBM Small Cap and FBM Fledgling fell 0.3% and 0.5% respectively; broader market also closed mostly negative.
- Market breadth turned negative as advancers overcame decliners on a ratio of 505-to-341 stocks. Traded volumes fell 23.7% to 1.70 bln shares, normalising from the previous session's window dressing.
- More than half of the key index constituents fell, dragged down by KLCC (-40.0 sen), Public Bank (-38.0 sen), Hong Leong Financial Group (-36.0 sen), Hong Leong Bank (-28.0 sen) and Press Metal (-16.0 sen). Notable losers on the broader

market include BAT (-60.0 sen), Pavilion REIT (-22.0 sen), KESM Industries (-20.0 sen), Enra Group (-17.0 sen) and Hong Leong Industries (-16.0 sen).

- Supermax (+32.0 sen) closed at a fresh record high level, while other notable advancers on the broader market include Aeon Credit (+24.0 sen), Shangri-La (+16.0 sen), Air Asia (+15.0 sen) and UMS Holdings (+15.0 sen). Key winners on the local bourse were Axiata (+25.0 sen) Nestle (+20.0 sen), PPB Group (+8.0 sen), Hartalega (+6.0 sen) and Digi (+5.0 sen).
- Asian benchmark indices took a beating as U.S. tariffs on US\$34.0 bln of Chinese products are expected to take effect on 6th July 2018. The Nikkei sank 2.2% to close below the 22,000 psychological level, while the Shanghai Composite tumbled 2.5% to close below the 2,800 psychological level. The Hang Seng Index was closed for the Establishment Day

Futures		
FKLI Spot	1,671.00	-1.50
FKLI Forward	1,670.50	-1.53

Foreign		
Dow Jones	24,307.18	0.15
S&P 500	2,726.71	0.31
NASDAQ	7,567.69	0.76
FTSE 100	7,547.85	-1.17
DAX	12,238.17	-0.55
CAC 40	5,276.76	-0.88
FTSE STI	3,238.94	-0.91
Shanghai Composite	2,775.56	-2.52
Hang Seng Index	28,955.11	1.61
Nikkei 225	21,811.93	-2.21

Commodities		
WTI Crude Oil (USD)	73.98	0.05
Brent Spot (USD)	77.30	-2.44
Gold (USD)	1,242.53	0.04
CPO (RM)	2,329.00	0.13

Currency		
USD	4.0392	-0.02
GBP	5.3229	-0.16
EURO	4.7039	-0.01
SGD	2.9560	0.22
YEN	27.4220	0.01

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public holiday. ASEAN stockmarkets, meanwhile, ended lower at the start of 2H2018.

- U.S. stockmarkets recovered all their intraday losses to close higher for the third straight session as the Dow added 0.2% on gains in technology and utilities shares to offset the jitters from global trade tension. On the broader market, the S&P 500 rose 0.3%, lifted by the energy sector (+0.7%), while the Nasdaq closed 0.8% higher.
- Earlier, European benchmark indices – the FTSE (-1.2%), CAC (-0.9%) and DAX (-0.6%), all closed in the red after the European Union has threatened tariffs on US\$300.0 bln worth of U.S. products should Trump follows through on levies targeting auto manufacturers. The weakness was also impacted by IHS Markit Eurozone manufacturing activity that hit 18-month low in June 2018 at 54.9.

THE DAY AHEAD

- The lingering concerns over the trade spat between the U.S. and China continues to dampen market sentiments region-wide that also resulted in stocks on Bursa Malaysia taking a fresh hit after strong window dressing activities last Friday.
- As it is, market conditions are staying on the frail side amid the tariff concerns that looks set to be implemented by the end of this week - with both sides targeting US\$34 bln worth of goods to be affected by a tariff rate of 25% with another US\$16 bln worth of products under review. As the wariness continues, stockmarkets will also remain cautious and any gains will be difficult to come by.
- Therefore, we see stocks on the FBM

KLCI remaining on the wayside for longer and while the near term selling appears to be subsiding, fresh buying is still elusive due to the cautious market environment.

- We think the key index could be looking to consolidate its position between the 1,680 and 1,690 levels for now, pending fresh developments on the tariff issue. Beyond the above levels, the other support and resistance levels are at the 1,670 and 1,700 points respectively.
- Meanwhile, there are also few available leads for the broader market shares as more retail players are staying away from the stockmarket that is also causing a steep drop to the market's breadth and depth.

COMPANY BRIEF

- **Malayan Banking Bhd** has aborted the implementation of the 16th Dividend Reinvestment Plan, in-view of the current weak equity market that has affected its share price. Subsequently, shareholders will now receive an all-cash final single-tier dividend of 32.0 sen per share, payable on 6th July 2018. (The Star Online)
- The unconditional voluntary takeover offer for **Petaling Tin Bhd** shares by largest shareholder, Tan Sri Dr Chen Lip Keong is not fair but reasonable to minority shareholders, says Inter-Pacific Securities Sdn Bhd (InterPac). The stock broker also recommends the shareholders accept the offer.
- To recap, gaming tycoon Tan Sri Dr Chen Lip Keong is offering to buy the 34.6 mln shares (or 10.0% stake) in Petaling Tin at 40.0 sen per share (or RM13.8 mln in total). Meanwhile, Petaling Tin's Independent Directors have also

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concurred with InterPac's assessment on the takeover price and equally recommend that the minority shareholders accept Tan Sri Chen's offer. (The Edge Daily)

- **Kumpulan Perangsang Selangor Bhd** (KPS) was awarded a contract worth RM20.0 mln from Pengurusan Air Selangor Sdn Bhd to replace existing pipes in Hulu Langat and Kuala Lumpur. (The Star Online)
- **UMW Holdings Bhd**, has agreed to form a joint-venture (JV) with Japan's Komatsu Ltd under its heavy equipment business. Under the proposed 74:26 JV, the parties expect to further strengthen and expand market penetration of Komatsu's products in Malaysia, Brunei, Singapore, Myanmar and Papua New Guinea. (The Star Online)
- **Computer Forms Malaysia Bhd** (CFM) will stop printing and producing exercise books as it seeks to reduce the losses in its printing and production division. The aforementioned segment posted consecutive losses in the past few years and is expected to remain unprofitable if it continues its business due to low existing market demand. (The Edge Daily)
- **Parlo Bhd**, formerly known as Cybertowers Bhd, said its unit, Parlo Tours Sdn Bhd's profit guarantee for 2017 fell short of RM1.3 mln due to increased expenses. To recap, a profit guarantee of RM4.8 mln was provided by Yap Fu Fah, the co-beneficiary owner of Thirty Keystone Sdn Bhd, a major shareholder of Parlo for FY17, according to the group's regularisation plan and as set out in its circular to shareholders dated 3th August 2017.
- The shortfall was mainly due higher staff cost, advertisement programmes and marketing as well as trade fair

expenses incurred specifically as part of Parlo Tours' efforts to promote new travel destinations in China and Europe. (The Edge Daily)

- **Selangor Dredging Bhd's** (SDB) associate company, Tiara Land Pte Ltd is planning to buy 17 parcels of adjacent properties in the prime District 13 in Singapore for S\$60.3 mln (RM180.1 mln), which will be developed into exclusive mid-rise apartments. Tiara Land has accepted options to acquire the properties, which are close to Potong Pasir MRT, Woodleigh MRT and Boon Keng MRT. (The Star Online)
- **Pasdec Holdings Bhd** announced that trading in its shares will be halted on 3rd July 2018, pending the release of a material announcement. (The Edge Daily)
- **Tropicana Corp Bhd** has announced the resignation of its Executive director Dillon Tan Yong Chin with immediate effect, due to personal reasons. Mr. Tan is the son of tycoon Tan Sri Danny Tan Chee Sing, the founder and major shareholder of Tropicana. His brothers, Datuk Dickson Tan Yong Loong and Dion Tan Yong Chien are the Deputy Group Chief Executive Officer and group Managing director of Tropicana, respectively. (The Edge Daily)
- **My EG Services Bhd** (MyEG) is targeting to market CIMB Bank Philippines Inc's (CIMBPH) financial products on its associate I-Pay MYEG Philippines Inc's (IPMPI) digital services and platforms to eligible individuals in the Philippines soon. Consequently, IPMPI has inked a three-year Memorandum of Agreement (MoA) with CIMBPH to facilitate the partnership and the MoA will be effective from the date CIMBPH commences its banking operations, which is expected to be in the near future. (The Edge Daily)

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