

Market Pulse

Thursday, 09 Aug, 2018



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FBM KLCI – Daily



Market Overbought, Consolidation Due

- The FBM KLCI rose 0.8% for the second consecutive day, lifted by extended buying-support in selected heavyweights despite the weak closing in key regional bourses. The lower liners also sustained its upward momentum – led by gains in the FBM Small Cap (+0.8%), while all of the ten sub-sectors on Bursa Malaysia closed on an upbeat tone.
- Market breadth was positive as winners beat the losers on a ratio of 590-to-322 stocks. Traded volumes also rose 9.6% to 2.77 bln shares amid renewed buying-interest from foreign investors.
- Significant key-index advancers include telco giant Axiata (+21.0 sen), Nestle (+20.0 sen), Petronas Gas (+20.0 sen), Hong Leong Bank (+18.0 sen) and Genting Malaysia (+17.0 sen). Other broader market frontrunners, meanwhile, include Far Eat Holdings (+RM1.00), United Plantations (+38.0 sen), Hengyuan Refining (+35.0 sen), Hong Leong Industries (+32.0 sen) and Vitrox (+31.0 sen).
- On the other hand, BAT (-18.0 sen), Ibraco (-17.0 sen), Kluang Rubber (-15.0 sen), Apollo Food (-14.0 sen) and Ajinomoto (-10.0 sen) underperformed its broader market peers. Meanwhile, RHB Bank, Sime Darby Plantation and Telekom Malaysia closed 3.0 sen lower each, followed other blue-chip counters like IOI Corporation (-1.0 sen) and KLCC (-1.0 sen).
- Asian stockmarkets were splashed in red after the U.S. finalised the additional tariffs which will hit another US\$16.0 bln worth of Chinese imports, starting from end-August amid the ongoing tit-for-tat trade war. The Shanghai Composite (-1.3%) pared some of its previous gains,

Market Scorecard

	Close 8-Aug-18	Change %
FBM KLCI	1,804.73	0.76
52-W High	1,896.03	
52-W Low	1,657.78	
FBM EMAS	12,769.47	0.82
FBM 100	12,550.24	0.83
FBM Fledgling	16,541.56	0.58
FBM Small Cap	15,009.29	0.75
FBM ACE	5,460.74	0.71
FBM Shariah	12,951.41	1.00
Volume (mln)	2,774.14	9.61
Value (RM mln)	2,709.26	16.41
Market Participation		
Institution	51.4	-177.0
Retail	25.4	-52.6
Foreign	23.2	229.6
Futures		
FKLI Spot	1,804.00	0.73
FKLI Forward	1,799.50	0.64
Foreign		
Dow Jones	25,583.75	-0.18
S&P 500	2,857.70	-0.03
NASDAQ	7,888.33	0.06
FTSE 100	7,776.65	0.75
DAX	12,633.54	-0.12
CAC 40	5,501.90	-0.35
FTSE STI	3,326.74	-0.40
Shanghai Composite	2,744.07	-1.27
Hang Seng Index	28,359.14	0.39
Nikkei 225	22,644.31	-0.08
Commodities		
WTI Crude Oil (USD)	66.83	-0.16
Brent Spot (USD)	72.29	0.01
Gold (USD)	1,214.51	0.05
CPO (RM)	2,258.00	1.03
Currency		
USD	4.0770	-0.06
GBP	5.2493	0.18
EURO	4.7328	-0.23
SGD	2.9906	-0.11
YEN	27.1730	0.22

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even after China's exports data topped analysts' expectations, while its trade surplus with the U.S. remained near all-time high fueling fears of even fiercer trade disputes to come. The Nikkei also closed in the red on last-minute selling-pressure, but the Hang Seng Index (+0.4%) opposed the general downtrend and finished with meager gains. ASEAN stockmarkets, meanwhile, closed on a mixed tone.

- Wall Street was lackluster as investors digested fresh political news and lower crude oil prices on concerns of weaker demand from China amid the latter's ongoing trade dispute with Washington. The Dow lost 0.2% as trade-sensitive industrial blue-chips like Boeing dragged the U.S. bourse lower, while the S&P500 (-0.03%) pullback on minor profit-taking activities. The Nasdaq (+0.1%), however, rallied for the seventh straight session in a row – led by buying-support in tech giants.
- Earlier, European equities ended mostly lower, owing to losses in the healthcare and retail segment, in-tandem with soft corporate earnings and weaker growth outlook expectations. The FTSE (+0.8%) shrugged off the negative sentiments and closed higher for the day after the Pound fell to its one-year low, boosting exporters. The DAX and the CAC, however, retreated and lost 0.1% and 0.4% respectively.

THE DAY AHEAD

- Once again, Malaysian stocks defied the regional stockmarket weakness to make substantive gains yesterday and to pass the 1,800 points level. At the same time, the gains are leaving Malaysian stocks increasingly toppish that is likely to prompt a consolidation soon to adjust from overbought, in our view.
- As it is, much of the recent gains were superficial and were largely concentrated on selective index heavyweights that also resulted in the key index's valuations tipping above the the 15x-17x range, which are above its longer-term averages. Hence, we think the gains are unsustainable and pullback is in the offing with the key index falling back below the 1,800 points support. The other support is at 1,790. The resistances, meanwhile, are at 1,810 and 1,820.
- The lower liners and broader market shares also benefited from the market's ascend, but are also looking toppish as a result. Therefore, we think a pullback is also on the cards.

COMPANY BRIEF

- **Kelington Group Bhd** has secured RM55.0 mln worth on new contracts, lifting its year-to-date contract win total to RM236.0 mln. The new contract wins include a RM21.0 mln job in Singapore and work related to the expansion of a bulk liquid storage terminal project in Malaysia. Inclusive of the projects carried forward from the previous year, the group's outstanding orderbook stands at RM341.0 mln. (The Star Online)
- **Gas Malaysia Bhd**'s 2Q2018 net profit rose 42.4% Y.o.Y to RM48.1 mln, thanks to a higher volume of natural gas sold and higher natural gas tariff. Revenue for the quarter added 17.2% Y.o.Y to RM1.50 bln.
- For 1H2018, cumulative net profit climbed 33.4% Y.o.Y to RM88.3 mln. Revenue for the period increased 19.0% Y.o.Y to RM2.94 bln. (The Edge Daily)
- **Axis REIT** has paid RM18.5 mln cash for an industrial facility in Senawang, Negeri

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Sembilan, which yields some 7.7% before financing costs. The freehold property, located within the Senawang Industrial Park, has a land area of 183,342 sq.ft. comprising a three-storey office annexed with a 1.5-storey warehouse factory and other ancillary buildings.

- It is currently tenanted to Nippon Wiper Blade (M) Sdn Bhd for a fixed 10-year lease which had commenced on 1st July 2016. The acquisition, to be funded via debt facility from Axis REIT's existing credit lines, is expected to be completed by the end of 2018. (The Edge Daily)
- **Perak Corp Bhd**'s indirect 51.0%-owned subsidiary, Animation Theme Park Sdn Bhd (ATP) has dropped plans to include DreamWorks' attractions at its Movie Animation Park Studio (MAPS) in Ipoh, Perak, after both parties failed to reach agreement to open the DreamWorks' attractions to the public by 1st August 2018. Some RM33.2 mln for the inventories and development in progress costs, will be written off in ATP's current financial year. (The Edge Daily)
- **Zecon Bhd** has received a notice of termination from the Public Works Department (JKR) for the construction of Hospital Petra Jaya in Kuching Sarawak. The contract, worth RM495.0 mln, was first awarded by JKR to Zecon in April 2013. Zecon, however, announced that the purported termination is wrongful and has sought legal advice on the termination. (The Edge Daily)
- **IJM Corp Bhd**'s plan for a RM1.02 bln development project in Penang's Seberang Perai Tengah has fallen through following the termination of a conditional share sale agreement to acquire Giant Hectares Sdn Bhd. IJM Land Bhd and Aseania Development Sdn Bhd have mutually agreed to terminate the agreement signed in July 2017, due to the non-fulfilment of the condition precedent to the share sale agreement. Giant Hectares had acquired the land to pave the way for a mixed development project with an estimated gross development value of RM1.20 bln. (The Edge Daily)
- **ECS ICT Bhd**'s 2Q2018 net profit declined 14.8% Y.o.Y to RM4.3 mln, on lower sales and cautious consumer spending prior to the 14th general election. Revenue for the quarter fell 19.2% Y.o.Y to RM358.2 mln.
- For 1H2018, cumulative net profit retreated 11.9% Y.o.Y to RM8.7 mln. Revenue for the period slipped 16.7% Y.o.Y to RM750.0 mln. (The Edge Daily)
- **DKSH Holdings (Malaysia) Bhd**'s 2Q2018 net profit decreased 14.1% Y.o.Y to RM14.1 mln, dragged down by rising operating expenditure that offset higher sales. Revenue for the quarter, however, grew 3.5% Y.o.Y to RM1.44 bln.
- For 1H2018, cumulative net profit dipped 5.8% Y.o.Y to RM24.9 mln. Revenue for the period, however, gained 4.9% Y.o.Y to RM2.90 bln. (The Edge Daily)
- **AirAsia Group Bhd** has completed the transfer of nine more aircraft which gave rise to gross proceeds of US\$146.6 mln (RM597.0 mln) as part of its divestment plan for the aircraft-leasing unit that is currently managed by wholly-owned subsidiary, Asia Aviation Capital Ltd (AACL). To date, it has transferred 39 aircraft for which the group has received gross proceeds of US\$501.6 mln (RM2.04 bln). (The Edge Daily)

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