

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,679.17	9.39	0.6
DOW	23,531.35	98.19	0.4
S&P 500	2,549.69	17.75	0.7
NASDAQ	6,823.47	84.61	1.3
FTSE-100	6,810.88	-26.54	-0.4
SHANGHAI	2,533.09	18.22	0.7
HANG SENG	25,835.70	209.67	0.8
STI	3,102.80	43.57	1.4
NIKKEI 225	20,038.97	477.01	2.4
JCI	6,287.22	12.68	0.2

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	2,502.63	1,919.00

BURSA'S MARKET SHARE (%)

Retail	25.1%
Institutional	48.3%
Foreign	26.6%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Dec)	1,683.50	9.50	0.6
OIL - BRENT (USD/b)	57.33	0.27	0.5
CPO FUTURE (RM/ton)	2,160.00	-12.00	-0.6
RUBBER (RM/kg)	391.00	-5.00	-1.3
GOLD (USD/Ounce)	1,289.20	4.05	0.3

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.11	-0.5
MYR/SGD	3.03	-0.2
YUAN/MYR	1.67	0.3
YEN/MYR	26.29	0.7
MYR/EURO	4.71	-0.4
MYR/GBP	5.24	-0.1

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
DPI HOLDINGS BHD	0.27	128.49
AIRASIA X BHD	0.31	84.61
BUMI ARMADA BHD	0.15	71.89
VS INDUSTRY BHD	0.73	56.49
HUBLINE BHD	0.05	48.25

TOP 5 GAINERS	LAST CLOSE	RM (+)
KESM INDUS BHD	8.25	0.80
TENAGA NASIONAL	13.94	0.48
PENTAMASTER CORP	2.64	0.32
PETRON MALAYSIA	6.70	0.30
AMBANK HLDG BHD	4.58	0.24

TOP 5 LOSERS	LAST CLOSE	RM (-)
FRASER & NEAVE	32.84	-0.48
BLD PLANTATION	7.10	-0.43
PETRONAS GAS BHD	18.00	-0.42
HARTALEGA HLDGS	5.75	-0.38
PCHEM	8.93	-0.33

Gainers – 604 Losers – 294 Unchanged – 336

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HIGHLIGHTS
Sapura Energy: Five More Contracts (SAPE MK, Outperform, TP: RM0.46)

Sapura Energy reported that it has secured five contracts including two extensions for its drilling and Engineering and Construction (E&C) segment in Malaysia and Angola with a combined value of RM760m. These contract wins are certainly positive to the Group as it helps to increase the groups' rig and fabrication yard utilization, ensuring earnings visibility for the next two years. Inclusive of these contracts, we estimate that the Group has secured a total of RM9.3bn worth of new contracts in this financial year, pushing its balance orderbook in hand to c. RM19.4bn, which will keep them busy over the next three years. We make no adjustment to our estimates as we see this as part of FY20 orderbook replenishment. Our **Outperform** call with an unchanged sum-of-parts TP of RM0.46 is retained as we believe that the Group is currently on track towards improving its financial health, putting it in a position of growth.

Technical: Gamuda – Possible For Bottom Fishing (5398, Technical Buy)

GAMUDA is showing signs of recovery from its consolidation phase. Bullish RSI and improving MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term to lift price higher to subsequent resistance level of RM2.80. However, failure to hold on to support level of RM2.30 may indicate weakness in the share price and hence, a cut-loss signal.

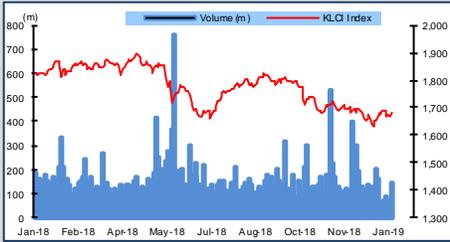
HEADLINES
Economy

§ **US: Services sector growth hits five-month low.** US services sector activity slowed to a five-month low in Dec, but remained above a level consistent with solid economic growth in the 4Q. The Institute for Supply Management said its non-manufacturing activity index fell to 57.6 last month, the lowest reading since July, from 60.7 in Nov. Still the index stayed well above the 50 mark, suggesting expansion of the vast services sector. Analysts polled by Reuters had forecast a reading of 59.0. (Reuters)

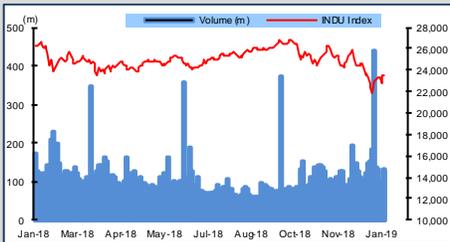
§ **US: Fed's Bostic sees one interest rate hike this year.** The Federal Reserve may only need to raise interest rates once in 2019, Atlanta Fed President Raphael Bostic said, focusing on business executives' nervousness about the economy and a global slowdown as factors that may hold the US central bank back. "I am at one move for 2019," Bostic said. Though US economic growth was faster than expected in 2018 and prompted the Fed to raise rates four times, Bostic said his business contacts appear less confident about the coming months, while "clouds" have developed overseas. (Reuters)

§ **US, China: Can reach trade deal 'we can live with', says US Commerce secretary.** US Commerce Secretary Wilbur Ross predicted on Monday that Beijing and Washington could reach a trade deal that "we can live with" as dozens of officials from the world's two largest economies resumed talks in a bid to end their trade dispute. Ross told CNBC the immediate trade issues would be easiest to tackle while

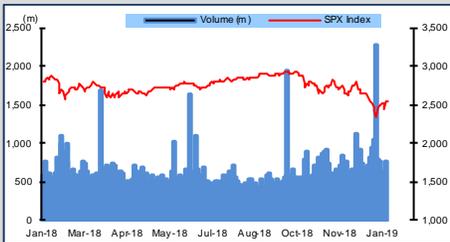
FBM KLCI



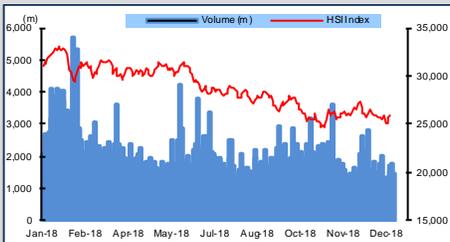
DOW JONES



S&P 500



HANG SENG



STRAITS TIMES



Source: Bloomberg, PublicInvest Research

enforcement issues and structural reforms, such as intellectual property rights and market access, would be more challenging to resolve. (CNBC)

§ **EU, UK: UK and European officials discussing delay to Brexit.** British and European officials are discussing the possibility of extending Article 50 amid fears a Brexit deal will not be approved by March 29, The Daily Telegraph reported, citing unidentified sources. The Telegraph cited three unidentified EU sources as saying British officials had been "putting out feelers" and "testing the waters" on an extension of Article 50, Britain's formal notice to withdraw from the EU. The EU is considering ways to help Prime Minister Theresa May convince the British parliament to back the Brexit treaty she agreed with EU leaders last month but ruled out on Monday any change to the deal. (StarBiz)

§ **EU, UK: Assets worth USD1trn to shift from UK to EU due to Brexit, says EY.** Assets worth nearly GBP800bn (USD1trn) are being moved from Britain to new financial hubs in the European Union ahead of Brexit, consultancy EY said. Britain, which is due to leave the bloc in March, has yet to approve a deal to avoid an abrupt severing of ties with the EU. Although the British parliament is due to vote on a proposed settlement next week, it is unclear if it will be approved. "The closer we get to March 29 without a deal, the more assets will be transferred and headcount hired locally or relocated," Omar Ali, UK financial services leader at EY, said. (Reuters)

§ **Japan: Services PMI dips in Dec.** Growth in Japan's services sector slowed at the end of 2018 as poor weather and weaker demand growth provided a drag, according to an industry gauge. The Nikkei-Markit services purchasing managers' index dipped to a three-month low of 51 in Dec, down from 52.3 in Nov and bringing the reading closer to the 50-point level separating expansion from contraction. Companies surveyed reported a modest improvement in demand and a weaker increase in new export orders. Slowing growth in the services sector came in contrast to the improvement seen in the manufacturing sector in Dec. (Financial Times)

§ **Malaysia: Business confidence in 1H falls, says RAM survey.** Greater concerns over the weak economic landscape has dragged down optimism among corporate and Small and Medium Enterprises (SMEs) to the lowest level since the inception of the RAM Business Confidence Index (RAM BCI) survey two years ago. The latest survey conducted by RAM Holdings and RAM Credit Information SB among 3,500 firms in the country showed that Corporate and SME Indices for the 1Q - 2Q 2019 have dropped to 55.1 and 51.0 from 55.7 and 53.5 in 4Q 2018 —1Q 2019, respectively. It said although the index value of above 50.0 still denotes positive sentiment, the current downtrend has suggested that businesses have a less upbeat outlook for 2019. (Bernama)

§ **Malaysia: International reserves hold steady at USD101.4bn.** Bank Negara's international reserves remained unchanged at USD101.4bn as at Dec 31, 2018 compared with two weeks earlier. According to a statement by the central bank, the reserves were sufficient to finance 7.4 months of retained imports and were one time the short-term external debt. The main components of the international reserves were foreign currency reserves (USD95.7bn), International Monetary Fund reserves position (USD900m), Special Drawing Rights (SDRs) (USD1.1bn), gold (USD1.6bn) and other reserve assets (USD2.1bn). The ringgit had strengthened slightly against the US dollar during the two-week period to 4.1426 on Dec 31 from 4.1822 on Dec 14. (StarBiz)

Markets

§ **KKB (Neutral, TP: RM0.95): Unit signs frame deal with Petronas.** KKB Engineering's subsidiary OceanMight SB has qualified as one of Petroliaam Nasional's (Petronas) contractors for the provision of engineering, procurement and construction of fixed offshore structure works. (StarBiz)

Comments: KKB Engineering Bhd's 60.81%-owned unit OceanMight Sdn Bhd has signed a letter of award (LoA) by Petroliaam Nasional Bhd, which will qualify it to bid for contract work involving the provision of engineering, procurement and construction of fixed offshore structure works. We understand that a formal contract shall be executed within three months from acceptance of the said LoA while the contract is said to be effective from Dec 12, 2018 and will continue for a period of six years, unless terminated earlier. No contract value was disclosed. In FY18, the group secured c.RM300m worth of oil and gas-related jobs and was reported to have tender book worth RM350m for a combination of oil and gas, steel pipe supplies and other projects in FY4Q08. It has since announced the award of c.RM47m worth of steel pipes supplies contract back in December 2018. Pending more clarifications, our earnings estimates are kept unchanged for now. All told, we maintain our Neutral call and target price (TP) pegged at c.0.9x to book value, suggesting fair value of RM0.95.

§ **JAKS (Neutral, TP: RM0.65): Fails again to get leave to appeal against release of RM50m payout to Star.** JAKS Resources has failed again in its bid to get the court's permission to appeal against the release of a RM50m bank guarantee to Star Media Group. JAKS, in a separate filing, said its unit is seeking legal advice on the next course of action. (The Edge)

§ **Lion Industries: Sells non-core asset to fund flat steel venture.** Lion Industries Corp is divesting its entire 50% stake in Singapore-based Angkasa Amsteel Pte Ltd to a South Korean steel manufacturer for SGD26.6m (RM80.9m) to raise funds for its flat steel business venture. The proceeds of the disposal will be used for its expansion into the flat steel business, which will require approximately RM636m. (The Edge)

§ **Gagasan Nadi: Wins RM110m apartment contract in Putrajaya.** Gagasan Nadi Cergas announced that it has secured an RM109.99m contract to build two blocks of apartments in Putrajaya. The contract is for a duration of 34 months and is expected to be completed by Nov 2021. (The Edge)

§ **Microlink: Bags RM27m contract for Rentas platform replacement implementation.** Microlink Solutions has accepted a letter of award from Payments Network Malaysia SB (PayNet) for the supply and implementation of a Real-Time Electronic Transfer of Funds and Securities System (Rentas) platform replacement worth RM27.4m. (The Edge)

§ **Destini: Gets work extension to maintain police equipment from Home Ministry.** Destini's unit has received a further three-year extension from the Home Affairs Ministry to maintain, repair and overhaul safety and survival equipment for the Royal Malaysian Police's Pasukan Gerakan Udara. Its unit Destini Prima SB received the letter of extension on Jan 4, with the contract's ceiling value kept at RM10m, Destini said. The extension will expire on Nov 29, 2021. (The Edge)

MARKET UPDATE

§ The FBM KLCI might open higher today as optimism about the outcome of trade talks between Washington and Beijing helped US stocks start the week on the front foot, with underlying support still coming from Friday's soothing policy comments from Jay Powell, chairman of the Federal Reserve. Mr Powell's remarks that the US central bank would be "patient" with regard to further interest rate rises helped calm worries about a possible Fed policy error, and helped put the dollar under pressure, even as Treasury yields moved higher. Oil prices extended their recent run of gains to a sixth session, as the markets focused on Opec production cuts due to come into force this month. The mood was also helped by hopes that an easing of US-China trade tensions could support global growth. Meanwhile, Wall Street appeared unfazed by the latest sign that US economic growth was cooling. The Institute for Supply Management's headline non-manufacturing index fell to a five-month low in December. At the closing bell, the S&P 500 ended 0.7% higher at 2,549, having touched 2,566, for a two-day gain of 4.1%. The Dow Jones Industrial Average rose 0.4% while the Nasdaq Composite climbed 1.2%. Across the Atlantic, Frankfurt's Xetra Dax ended 0.2% softer, having earlier been down as much as 0.8%. The FTSE 100 in London slipped 0.4% while the region-wide Stoxx 600 shed 0.2%.

Back home, the FBM KLCI index gained 9.39 points or 0.56% to 1,679.17 points on Monday. Trading volume increased to 2.50bn worth RM1.92bn. Market breadth was positive with 604 gainers as compared to 294 losers. Japanese stocks outperformed in region, with the Topix gaining 2.8% as all its sectors gained ground. Hong Kong's Hang Seng index rose 0.8% while in China the CSI 300 index of Shanghai and Shenzhen-listed stocks rose 0.6%.

TECHNICAL OUTLOOK

FBM KLCI: 1679.17 (+9.39; +0.56%)

Resistance: 1680, 1700, 1720

Support: 1664, 1645, 1622

FBM KLCI Daily Chart



The local bourse gapped up yesterday, but the gain was bound by immediate resistance. At the close, the FBM KLCI was up 9.39 points to end at 1679.17. Market breadth remained positive as gainers outpaced losers 604 to 294. As revival in upward momentum was accompanied by relatively strong resistance between 1680 and 1700 marks, immediate strong technical rebound is less probable in the near term. FBM KLCI is hence anticipated to trade range bound between the 1664 and 1680 marks for the rest of the week. Support levels for the index are at 1622, 1645 and 1664, while the resistance levels are at 1680, 1700 and 1720.

ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
08 - 12 Jan	US New Home Sales	Nov	568K	544K
08-Jan-19	Euro-Zone Consumer Confidence	Dec	-6.2	-6.2
09-Jan-19	Euro-Zone Unemployment Rate	Nov	8.1%	8.1%
09-Jan-19	US Consumer Credit	Nov	USD16.000bn	USD25.384bn
10-Jan-19	US Initial Jobless Claims	5-Jan	225K	231K
10-Jan-19	China PPI YoY	Dec	1.6%	2.7%
10-Jan-19	China CPI YoY	Dec	2.1%	2.2%
10 - 15 Jan	China Money Supply - M2 YoY	Dec	8.1%	8.0%
10 - 15 Jan	China New Yuan Loans	Dec	CNY825.0bn	CNY1250.0bn
11 - 18 Jan	China FDI YoY	Dec	--	-26.3%
11-Jan-19	US CPI YoY	Dec	1.9%	2.2%
11-Jan-19	Malaysia Industrial Production YoY	Nov	2.3%	4.2%
14-Jan-19	China Exports YoY	Dec	2.0%	5.4%
14-Jan-19	China Imports YoY	Dec	3.0%	3.0%

CORPORATE MONITOR

COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
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RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
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IPO LISTING

<u>Company</u>	<u>Listing Sought</u>	<u>Issue Price (RM/Share)</u>	<u>No. Of Shares</u>		<u>Closing Application Date</u>		<u>Listing Date</u>
			<u>Public Issue</u>	<u>Offer For Sale</u>	<u>Retail</u>	<u>Institutional</u>	
Gagasan Nadi Cergas	ACE Market	RM0.30	140,000,000	60,000,000	24-Dec	24-Dec	8-Jan-19

CORPORATE MONITOR

OFF-MARKET TRANSACTIONS (>1,000,000)

7-Jan-2019

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Axis REIT	10,000,000	16,000,000	1.60
AMMB Holdings	2,500,000	11,200,000	4.48
Eversendai Corp	2,500,000	1,680,000	0.67
Meda Inc	5,000,000	1,400,000	0.28
Tatt Giap Group	5,474,400	2,000,000	0.37

ENTITLEMENTS

<u>Company</u>	<u>Particulars</u>	<u>Gross DPS (RM)</u>	<u>Announcement Date</u>	<u>Ex-Date</u>	<u>Lodgement Date</u>	<u>Payment Date</u>
Berjaya Food	Second interim single-tier dividend of 1.0 sen	0.010	5-Dec	7-Jan	9-Jan	25-Jan
SYF Resources	First interim dividend of 1.25 sen	0.013	24-Dec	7-Jan	9-Jan	24-Jan
Carlsberg Brewery Malaysia	Third interim single-tier dividend of 16.0 sen	0.160	30-Nov	8-Jan	10-Jan	30-Jan
Pacific & Orient	First Interim Single Tier Dividend RM0.01	0.010	20-Dec	8-Jan	10-Jan	24-Jan
Wegmans Holdings	Bonus Warrants		24-Dec	8-Jan	10-Jan	
Wong Engineering Corp	Bonus Issue of 1 Bonus Share for every 4 existing WECEB Shares		19-Dec	8-Jan	10-Jan	
Top Glove	Single-tier final dividend of 5.0 sen	0.050	12-Nov	9-Jan	11-Jan	25-Jan
Jerasia Capital	Single-tier final dividend of 0.5 sen	0.005	21-Nov	10-Jan	14-Jan	13-Feb
See Hup Consolidated	Single-Tier Interim Dividend 1.8 Sen	0.018	26-Dec	10-Jan	14-Jan	28-Jan
PWF Consolidated	Second Single-tier Interim Dividend 1.50 Sen	0.015	26-Dec	11-Jan	15-Jan	31-Jan

TE- Tax Exempt

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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