

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,702.12	9.90	0.6
DOW	24,404.48	-301.87	-1.2
S&P 500	2,632.90	-37.81	-1.4
NASDAQ	7,020.36	-136.87	-1.9
FTSE-100	6,901.39	-69.20	-1.0
SHANGHAI	2,579.70	-30.81	-1.2
HANG SENG	27,005.45	-191.09	-0.7
STI	3,192.71	-27.85	-0.9
NIKKEI 225	20,622.91	-96.42	-0.5
JCI	6,468.56	17.73	0.3

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	3,323.01	2,121.20

BURSA'S MARKET SHARE (%)

Retail	23.0%
Institutional	45.0%
Foreign	32.0%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Jan)	1,699.00	8.50	0.5
OIL - BRENT (USD/b)	61.50	-1.24	-2.0
CPO FUTURE (RM/ton)	2,263.00	37.00	1.7
RUBBER (RM/kg)	396.50	5.00	1.3
GOLD (USD/Ounce)	1,285.27	9.37	0.7

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.13	0.5
MYR/SGD	3.04	0.4
YUAN/MYR	1.65	-0.3
YEN/MYR	26.48	-0.7
MYR/EURO	4.69	0.3
MYR/GBP	5.32	0.8

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
BUMI ARMADA BHD	0.22	567.10
SUMATEC RESOURCE	0.01	312.13
SAPURA ENERGY BH	0.28	254.29
VS INDUSTRY BHD	0.79	147.24
IRIS CORP BHD	0.15	67.75

TOP 5 GAINERS	LAST CLOSE	RM (+)
PETRONAS DAGANGA	26.00	1.00
FRASER & NEAVE	34.16	0.52
NESTLE (MALAY)	147.90	0.50
PUBLIC BANK BHD	25.18	0.38
MESINIAGA BHD	1.50	0.34

TOP 5 LOSERS	LAST CLOSE	RM (-)
BRIT AMER TOBACC	37.50	-0.44
KESM INDUS BHD	8.96	-0.19
CARLSBERG BREWER	20.20	-0.18
PETRONAS GAS BHD	17.62	-0.16
POS MALAYSIA BER	1.91	-0.10

Gainers – 332 Losers – 556 Unchanged – 330

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HIGHLIGHTS
Economics: IMF Cuts 2019 Growth Expectation

The International Monetary Fund (IMF) has reduced its global growth expectation this year, its announcement made during the annual economic conference in Davos (Switzerland), on account of lower growth prospects in Germany and Turkey. This could get worse if trade squabbles between the US and China continues, potentially putting a dent on major growth drivers like China and ASEAN-5, and not to mention the rising risk aversion from the possibility of Britain exiting the European Union (EU) without a deal. The slew of IMF downgrades could result in negative ramifications not only to global financial markets but also commodities. Risk aversion could heighten, pushing investors to take less risks which may be precursor to elevating demand for safe haven assets particularly bonds.

Technical: LBS Bina Group – Possible For Bottom Fishing (5789, Technical Buy)

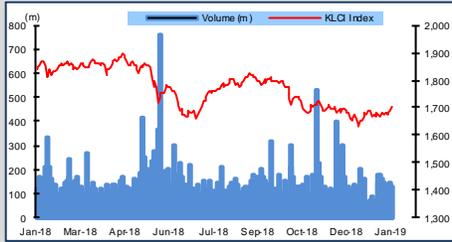
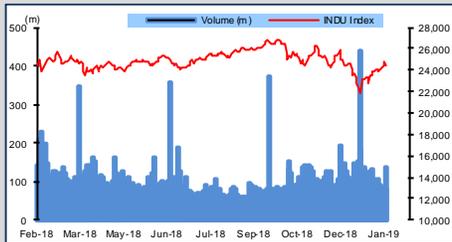
LBS's share price stayed strong amid the broader market's profit taking activities yesterday. Improving RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM0.710 be broken, it may continue to lift price higher to subsequent resistance levels of RM0.735 and RM0.770. However, failure to hold on to support level of RM0.685 may indicate weakness in the share price and hence, a cut-loss signal.

Technical: HeiTech Padu – Upside May Be Capped (5028, Technical Sell)

HTPADU's share price formed a shooting star bearish candlestick with high trading volume, signifying possible halt in prior surging rally. Peaking RSI and fast-paced MACD indicators currently signal an exit to sell into strength, anticipating performance in momentum and trend to normalize in near term. Should support level of RM0.910 be broken, it may continue to drive price lower to subsequent support level of RM0.800. Note that the potential halt in uptrend presents an opportunity for profit taking instead of intraday short selling.

HEADLINES
Economy

§ **US: Home sales hit three-year low, prices rise slowly.** US home sales tumbled to their lowest level in three years in Dec and house price increases slowed sharply, suggesting a further loss of momentum in the housing market. The weak report from the National Association of Realtors (NAR) on Tuesday was the latest indication of slowing economic growth. A survey last Friday showed consumer sentiment dropped in Jan to its lowest level since President Donald Trump was elected more than two years ago. Existing home sales were now the weakest since Trump was elected, said MUFU Chief Economist Chris Rupkey, "signaling the initial confidence boost from the new ideas and new legislation is falling flat." The NAR said existing home sales declined 6.4% to a seasonally adjusted annual rate of 4.99m units last month. That was the lowest level since Nov 2015. (Reuters)

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

§ **UK: Dec budget deficit larger than expected.** UK budget deficit for Dec exceeded economists' expectations and was the second lowest figure for the month in 18 years, figures from the Office for National Statistics showed Tuesday. The public sector net borrowing, or PSNB, was GBP3bn in Dec, which was GBP0.3bn more than a year ago. Economists had forecast borrowing of GBP1.9bn. That was the lowest Dec borrowing for 18 years, save for a GBP2.7bn borrowing in Dec 2017. The PSNB was GBP35.9bn in the YTD period, which was GBP13.1bn less than the same period in 2017. That was also the lowest YTD figure for 16 years. (RTT)

§ **UK: Employment hits record high, pay growth biggest in decade.** The UK employment hit a record high in Dec and the workers' pay grew at the fastest pace in a decade amid steady unemployment, despite the Brexit chaos. The employment level grew by 141,000 sequentially to a record high 32.54m in the three months to Nov, figures from the Office for National Statistics showed on Tuesday. Economists were looking for an increase of 87,000. The rate of employment rose to 75.8%, which was the highest since comparable records began in 1971. The number of unemployed was 1.37m in the three months to Nov, broadly unchanged from the previous three months ended Aug. The figure dropped by 68,000 from a year earlier. The ILO jobless rate was 4% in the three months to Nov, which was the lowest since Dec 1974 to Feb 1975 period, and unchanged from the three months ended Aug. (RTT)

§ **UK: Parliament moves closer to stopping a no-deal Brexit.** The UK Parliament is edging closer to a plan to delay Brexit in order to stop the country dropping out of the European Union with no deal. The main opposition Labour Party is now increasingly likely to support a move to extend the March 29 exit day deadline, if Prime Minister Theresa May fails to negotiate a divorce agreement, said John McDonnell, the party's chief finance spokesman. McDonnell described the proposal as a "sensible" way to avoid an economically disastrous no-deal Brexit. If Labour does support the proposal, put forward by lawmakers including Yvette Cooper, a former minister, it is far more likely to win enough backing to be passed. That would force May's hand and ensure she cannot take Britain out of the EU without a deal in nine weeks' time. (Bloomberg)

§ **China: Growth slowed by service, farm sectors, despite construction rebound.** Weakness in the service and farm sectors slowed China's economic growth in the fourth quarter, despite a strong pickup in construction activity, official data showed on Tuesday. Services grew 7.4% from a year earlier, slowing from 7.9% in the 3Q, while growth in agriculture slowed to 3.5% from 3.6%, the National Bureau of Statistics (NBS) said. The services sector accounted for almost half of GDP in the quarter by value as China continued to transition towards a service-oriented economy, while agriculture contributed about 10%, according to Reuters' calculations based on the latest data. Construction enjoyed a strong recovery thanks to support for infrastructure projects, as the government frontloaded local government bond issuance to support their financing. (Reuters)

§ **Malaysia: Bank Negara forex reserves rise to USD101.7b at Jan 15.** Bank Negara Malaysia's international reserves rose by USD300m to USD101.7bn as at Jan 15 from two weeks earlier. The central bank said the reserve position was sufficient to finance 7.3 months of retained imports and was one time the short-term external debt. As at Dec 31, the reserves were at USD101.4bn after taking into account the quarterly adjustment for foreign exchange revaluation changes. The reserves position then was sufficient to finance 7.4 months of retained imports and is 1.0 time the short-term external debt. The ringgit firmed up against the USD to 4.0975 at Jan 15 from 4.1385 on Dec 31. (StarBiz)

Markets

- § **Sapura Energy (Outperform, TP: RM0.46): Rights issue of ordinary shares under-subscribed but group says exercise a success.** Sapura Energy announced that it has successfully raised about RM4bn from its rights issue exercise that closed on Jan 16, though the rights issue of ordinary shares under the exercise was undersubscribed. The rights issue comprises the rights issue of ordinary shares sweetened with free warrants and Islamic redeemable convertible preference shares (RCPS-i). While the first portion that is to raise about RM3bn was under-subscribed, with a subscription rate of 81.5%, the preference shares to raise some RM1bn was over-subscribed by 1.18%. (The Edge)

- § **Destini: Bags tubular running services contract in Thailand.** Destini has bagged a contract from Carigali-PTTEPI Operating Co SB (CPOC) to provide tubular running services for exploration and appraisal and infill drilling campaign for Block B-17 & C-19 and Block B-17-01 located at the lower part of Gulf of Thailand. The value of the contract was not disclosed. Destini said its wholly-owned subsidiary Destini Oil Services SB has on Jan 14 received a letter of award from CPOC the operator of the petroleum blocks for the proposed project. (The Edge)

- § **HeiTech Padu: Bags MoH contract worth RM33m.** HeiTech Padu has secured a Ministry of Health (MoH) contract worth RM33.18m. The contract is for the supply, installation and commissioning of the Critical Care Information System (CCIS) in intensive care units of 11 hospitals for a period of three years. The contract, which will commence on Feb 1, 2019, is expected to have positive impacts on its future earnings. The contract will have no material effect to its net asset, dividend policy, share capital and substantial shareholdings for the FYR Dec 31, 2019. (The Edge)

- § **Bina Puri: Bags RM252m sub-contract works for Gemas-JB double track project.** Bina Puri Holdings joint venture (JV) with Tim Sekata SB has bagged a RM251.53m contract to undertake sub-contract works for the electrified double track project from Gemas to Johor Baru. The group's unbuilt book order stands at RM1.145bn with the latest award. Bina Puri Builder SB has accepted the letter of award from Syarikat Pembinaan Yeoh Tiong Lay SB on Jan 15, 2019 for the proposed job. (The Edge)

- § **K-One: Secures manufacturing agreement with US-based dental flosser.** K-One Technology has secured a manufacturing agreement with a new US customer to manufacture dental water flosser that it forecasts will generate sales of about RM10m each year, for the first three years. The deal was secured via its wholly-owned subsidiary K-One Resources SB. The customer is part of a US-based multinational. Tooling is expected to commence in the 1Q2019, which will be followed by manufacturing of the products at the end of the subsequent quarter. (The Edge)

- § **Country View: 4Q net profit surges to RM52m on property disposal.** Country View net profit surged over five times in 4QFY18 to RM52.03m from RM9.54m in the same quarter last year, mainly due to the completion of disposal of lands in Kedah in the quarter under review. The strong net profit growth, however, was partly offset by higher administrative expenses arising from the allowance on fair value losses on investment properties in 4QFY18 in order to reflect the fair value of the investment properties as at Nov 30, 2018. (The Edge)

MARKET UPDATE

§ The FBM KLCI might open lower today after pessimism on the outlook for global growth, along with lingering uncertainty over the prospects for US-China trade talks, helped drag down equities and oil prices while offering support to Treasuries, the yen and gold. The IMF lowered its forecasts for GDP growth this year and next in both advanced and emerging economies, citing risks including trade tensions, Brexit and the budgetary position of Italy. The downgrades came hard on the heels of data showing that China's economy had expanded in 2018 at the slowest pace for almost three decades. And there was little comfort for growth bulls from data released on Tuesday showing that US existing home sales dropped 6.4 percent last month to the lowest level since November 2015. As US markets reopened after Monday's holiday, the S&P 500 equity index gave back all of Friday's advance, while Brent oil retreated after hitting a six-week high above \$63 a barrel in the previous session. At the closing bell, the S&P 500 fell 1.4% to 2,633 — following a 1.3% advance on Friday — having been down as much as 2% at one stage. The Dow Jones Industrial Average fell 1.2% and the Nasdaq Composite ended 1.9% lower. In Europe, the pan-regional Stoxx 600 index ended 0.4% lower, as London's FTSE 100 fell 1% and the Xetra Dax in Frankfurt shed 0.4%.

Back home, the FBM KLCI index gained 9.90 points or 0.59% to 1,702.12 points on Tuesday. Trading volume increased to 3.32bn worth RM2.12bn. Market breadth was negative with 332 gainers as compared to 556 losers. In the region, the CSI 300 index of mainland China's stocks fell 1.3%, while Hong Kong's Hang Seng index finished 0.7% softer. Japan's Topix shed 0.6%.

TECHNICAL OUTLOOK

FBM KLCI: 1702.12 (+9.90; +0.58%)

Resistance: 1720, 1734, 1743

Support: 1700, 1680, 1664

FBM KLCI Weekly Chart



The local bourse was lifted by late buying interest yesterday after experiencing profit-taking pressures earlier on. At the close, the FBM KLCI was up 9.90 points to end at 1702.12. Market breadth reversed its earlier trend however with losers outpacing gainers 556 to 331. Together with revival in upward momentum, the FBM KLCI is anticipated to trend higher towards subsequent resistance of 1720 for the rest of the week, to which the index could then be possibly driven into overbought region. This may potentially halt its climb, taking a breather at the horizon prior to further trend determination. Support levels for the index are at 1664, 1680 and 1700, while the resistance levels are at 1720, 1734 and 1743.

ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
23-Jan-19	Euro-Zone Consumer Confidence	Jan	-6.5	-6.2
24-Jan-19	Malaysia CPI YoY	Dec	0.3%	0.2%
24-Jan-19	Euro-Zone Markit PMI Manufacturing	Jan	51.4	51.4
24-Jan-19	Euro-Zone Markit PMI Services	Jan	51.5	51.2
24-Jan-19	US Initial Jobless Claims	19-Jan	218K	213K
24-Jan-19	US Markit PMI Manufacturing	Jan	53.5	53.8
24-Jan-19	Malaysia BNM Overnight Policy Rate	24-Jan	3.25%	3.25%
24 Jan - 2 Feb	US New Home Sales	Nov	567K	544K
24 Jan - 2 Feb	US Housing Starts	Dec	1253K	1256K
25-Jan-19	US New Home Sales	Dec	572K	--
30-Jan-19	Euro-Zone Consumer Confidence	Jan	--	--
30-Jan-19	Malaysia Exports YoY	Dec	--	1.6%
30-Jan-19	Malaysia Imports YoY	Dec	--	5.0%

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>
Hartalega Holdings	3QFY19	12-Feb-19
Kossan Rubber Industries	4QFY18	18-Feb-19
Star Media Group	4QFY18	26-Feb-19
Media Prima	4QFY18	28-Feb-19
QL Resources	3QFY19	28-Feb-19

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>	

CORPORATE MONITOR

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

22-Jan-2019

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Pavilion Real Estate Investment	1,013,800	1,690,000	1.67
Fraser & Neave Holdings	2,000,000	68,000,000	34.00
Malayan Banking	8,000,000	76,000,000	9.50
HCK Capital Group	2,420,000	2,610,000	1.08
Fajarbaru Builder Group	3,600,000	1,330,000	0.37
My EG Services	5,000,000	5,000,000	1.00
Tiong NAM Logistics Holdings	2,200,000	1,630,000	0.74

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>
Vortex Consolidated	Share Consolidation		9-Jan	22-Jan	24-Jan	
Allianz Malaysia	Interim Single tier Dividend 40 Sen	0.400	3-Jan	23-Jan	25-Jan	15-Feb
Resintech	First Interim Single-Tier Dividend of 2.5 sen	0.025	10-Jan	23-Jan	25-Jan	4-Feb
MB World Group	Single tier dividend of 6.9 sen	0.069	28-Nov	24-Jan	28-Jan	27-Feb
Suria Capital Holdings	Bonus Issue		11-Jan	24-Jan	28-Jan	29-Jan
Tambun Indah Land	First Interim Dividend of 2 sen	0.020	28-Nov	24-Jan	28-Jan	19-Feb
Fraser & Neave Holdings	A final single tier dividend of 30.5 sen	0.305	21-Dec	25-Jan	29-Jan	15-Feb

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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