

**INDICES**

	LAST CLOSE	CHG	% CHG
KLCI	1,605.36	6.17	0.4
DOW	25,679.90	-84.10	-0.3
S&P 500	2,840.23	-19.30	-0.7
NASDAQ	7,702.38	-113.91	-1.5
FTSE-100	7,310.88	-37.74	-0.5
SHANGHAI	2,870.60	-11.69	-0.4
HANG SENG	27,787.61	-158.85	-0.6
STI	3,205.46	-24.80	-0.8
NIKKEI 225	21,301.73	51.64	0.2
JCI	5,907.12	80.25	1.4

**MARKET ACTIVITY**

	VOL(m)	VAL(RMm)
	1,912.16	1,458.83

**BURSA'S MARKET SHARE (%)**

Retail	21.3%
Institutional	40.7%
Foreign	38.0%

**KEY COMMODITIES**

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (May)	1,600.50	4.50	0.3
OIL - BRENT (USD/b)	71.97	-0.24	-0.3
CPO FUTURE (RM/ton)	2,098.00	2.00	0.1
RUBBER (RM/kg)	483.00	-2.50	-0.5
GOLD (USD/Ounce)	1,277.81	0.26	0.0

**FOREX**

	LAST CLOSE	% CHG
MYR/USD	4.18	0.3
MYR/SGD	3.04	0.0
YUAN/MYR	1.66	-0.1
YEN/MYR	26.34	0.4
MYR/EURO	4.66	-0.2
MYR/GBP	5.32	-0.3

**TOP MOVERS IN MALAYSIA MARKET**

TOP 5 VOLUME	LAST CLOSE	VOL (m)
LAMBO GROUP BHD	0.07	59.91
IMPIANA HOTELS B	0.05	53.98
EKOVEST BHD	0.84	40.23
VORTEX CONSOLIDA	0.31	38.60
PWORTH	0.07	32.06

TOP 5 GAINERS	LAST CLOSE	RM (+)
BRIT AMER TOBACC	34.10	0.92
CARLSBERG BREWER	24.86	0.62
UNITED PLANTATN	26.60	0.40
FRASER & NEAVE	33.23	0.30
BINTULU PORT HLD	4.92	0.22

TOP 5 LOSERS	LAST CLOSE	RM (-)
PANASONIC MANUFA	38.00	-0.28
AJINOMOTO MALA	17.40	-0.12
HONG LEONG FINAN	18.84	-0.12
CAHYA MATA SARAW	3.12	-0.11
SAM ENGINEERING	8.00	-0.11

**Gainers – 342 Losers – 408 Unchanged – 407**
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**HIGHLIGHTS**
**Yong Tai: Special Share Issue (YTB MK, Neutral, TP: RM0.41)**

To our slight surprise, the Group has announced a special share issue which will see a mammoth 300m placed out immediately (necessary approvals obtained, notwithstanding) to 3 parties, and the remaining 100m shares to be placed out to interested parties at a later date. The surprise is the sheer size of the exercise which almost doubles its existing share base (before conversion of the preference shares), and also coming so soon after it had just completed another share placement exercise recently. We are slightly troubled over this development, as the equity raising route at relatively low share prices vis-à-vis just over a year ago when prospects looked promising suggests of difficulties in obtaining debt financing at rates commensurate with its prospects. While we continue to see value in its long-term proposition, near term confidence in the Group will depend largely on the speed in which it manages to turn around its Encore Melaka theatre which is being dragged by lower-than-expected ticket sales. Our sum-of-parts (SOP) derived target price is lowered to RM0.41 (RM0.55 previously) as we account for the recent share placement exercise while also increasing the SOP discount to 60% (50% previously) as we flag concerns over its fund raising exercises. Post-completion of this particular exercise anticipated by the second half of the year, target price will be adjusted to RM0.27. Our **Neutral** call is retained, with clarity on near-term earnings prospects remaining cloudy.

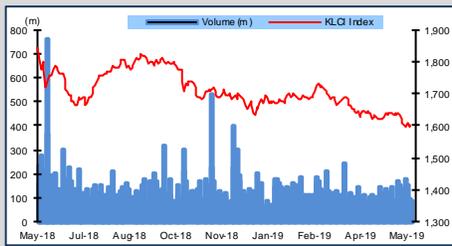
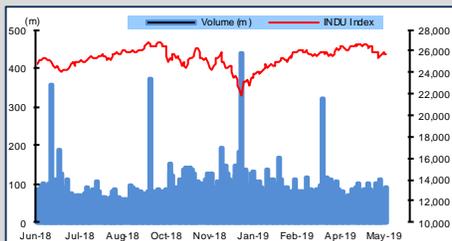
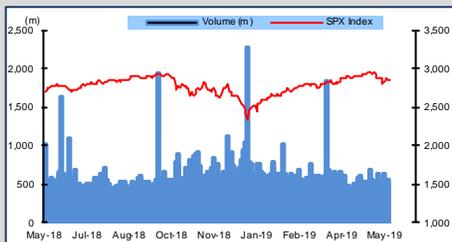
**Technical: KNM Group – Possible For Further Upside (7164, Technical Buy)**

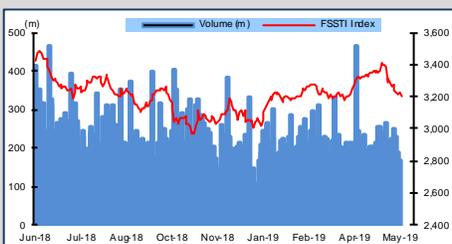
KNM is recovering from its pullback while the uptrend remains intact. Improving RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM0.210 be broken, it may continue to lift price higher to subsequent resistance levels of RM0.225. However, failure to hold on to support level of RM0.180 may indicate weakness in the share price and hence, a cut-loss signal.

**HEADLINES**
**Economy**

§ **US: Consumer sentiment shows substantial improvement in May.** Report released showed a substantial improvement in US consumer sentiment in the month of May. The preliminary report showed the consumer sentiment index surged up to 102.4 in May from 97.2 in April, reaching its highest level in fifteen years. Economists had expected the index to inch up to 97.5. The much bigger than expected increase by the headline index came as the index of consumer expectations soared to 96.0 in May from 87.4 in April. (RTT)

§ **UK: House prices rise slightly in May.** UK house prices increased marginally in May, reports said. House prices edged up 0.1% YoY, reversing a 0.1% drop in April. Meanwhile, asking price of a home in London declined 2.5% annually to GBP 621,589. Nationally, asking prices rose to GBP 308,290 in May. On a monthly basis, house prices grew 0.9% in May after gaining 1.1% in April which was the biggest rise for over a year. (RTT)

**FBM KLCI**

**DOW JONES**

**S&P 500**

**HANG SENG**

**STRAITS TIMES**


Source: Bloomberg, PublicInvest Research

§ **UK: Households' financial wellbeing weakens in May.** British households' financial wellbeing deteriorated at the fastest pace since September 2017, data showed. The household finance index, which measures households' overall perception of financial wellbeing, dropped to 42.5 in May from April's three-month high of 43.8. The score indicated the strongest level of pessimism towards current financial wellbeing among UK households since Sept 2017. Nevertheless, the outlook towards future finances was the least downbeat since last Nov. Data showed that growth in UK household expenditure continued in May. Households' perceived living expenses increased markedly in May. (RTT)

§ **EU: Germany's producer price inflation rises slightly.** Germany's producer price inflation rose marginally in April. Producer prices climbed 2.5% YoY in April, faster than the 2.4% increase in March. The annual rate was expected to remain at 2.4%. Energy prices had the biggest impact on overall producer prices. Electricity prices had advanced 10.8%. Excluding energy, producer prices rose only 1.3%. Prices of intermediate goods grew 1% and that of durable consumer goods by 1.6%. Costs of capital goods and non-durable consumer goods moved up 1.5% each. On a monthly basis, producer prices advanced 0.5% in contrast to a 0.1% drop in March. This was the first increase in three months. (RTT)

§ **Japan: GDP climbs 0.5% on quarter in Q1.** Japan's GDP expanded a seasonally adjusted 0.5% on quarter in 1Q2019. That beat forecasts for a fall 0.1% and up from the downwardly revised 0.4% gain in the three months prior (originally 0.5%). On an annualized yearly basis, GDP was up 2.1%, exceeding expectations for a fall of 0.2% following the downwardly revised 1.6% gain in the previous three months (originally 1.9%). Nominal GDP was up 0.8% on quarter, beating forecasts for a rise of 0.1% and up from 0.5% in Q4. The GDP deflator added an annual 0.2%, matching forecasts following the 0.3 percent slide in the three months prior. (RTT)

§ **Singapore: Exports slump further in April.** Singapore's non-oil domestic exports declined sharply in April, albeit at a slower pace compared to March, driven by a fall in electronic and pharmaceutical shipments, data showed. Non-oil domestic exports slid 10% YoY annually in April, after decreasing 11.8% in March. Shipments were forecast to fall moderately by 4.6%. Exports of electronic goods declined 16.3% in April, following the 26.7% contraction in March. There were double-digit declines in the shipment of integrated circuits, disk media products and parts of ICs. At the same time, non-electronic NODX decreased by 7.9%. The fall was led by massive declines in pharmaceuticals, specialized machinery and petrochemicals. (RTT)

§ **Indonesia: Central Bank says will ensure enough liquidity amid outflows, supports Rupiah.** Liquidity in Indonesia's banking system has tightened due to capital outflows and rising demand for cash, but Bank Indonesia (BI) officials said it would continue to ensure there are ample funds in the system. BI said outflow linked to the US-China trade war has drained liquidity in the banking system, complicating efforts to support economic growth. Indonesia's stock index has lost around 9% so far this month with foreign investors posting a total of IDR 5.6trn (USD 387m) of net sell in local stocks. In the sovereign bond market, foreigners have sold IDR 4.84trn in the same period. (The Edge)

## Markets

- § **Dayang (Neutral, TP: RM1.25): To restructure debt with RM682.5m sukuk issuance, RM455m purchase of Perdana's RCPS.** Dayang Enterprise Holdings is proposing to restructure its debt with a RM682.5m sukuk issuance. From the money raised, RM365m will be advanced to its subsidiary Perdana Petroleum to settle the latter's existing borrowings. Dayang, which owns a 60.48% stake in Perdana, will then subscribe for RM455m worth of redeemable convertible preference shares (RCPS) under a renounceable rights issue that Perdana is proposing to undertake. This will set off the RM455m debt that Perdana owes Dayang. (The Edge)
- § **Pansar: Secures RM77.7m flood mitigation job in Sibul.** Pansar was awarded the Sibul Flood Mitigation Project Phase 3 project by Kiasan Engineering SB. Pansar said the contract entails works for two pumping stations with water catchment, drainage upgrading and widening, and road topping along Jalan Kampung Hilir and Jalan Kampung Nangka. (The Edge)
- § **EcoFirst: Calls off Penang developer acquisition.** EcoFirst Consolidated announced today that it has called off plans to acquire a 70% stake in private property development firm Geo Valley SB for RM44m cash. EcoFirst said the agreements were terminated because certain conditions were not fulfilled within the three-month deadline, and that the parties were unable to mutually agree to the extension of the cut-off date. (The Edge)
- § **Securemetric: Bags contracts to supply digital security solutions for Vietcombank.** Securemetric has won two contracts with a combined value of RM3.94m to supply digital security solutions to Vietcombank. The first contract, worth RM2.46m, was awarded by Prognostic Services Pte Ltd, for Securemetric to supply two-factor authentications solutions and hardware security module to Vietcombank. The other contract was awarded by IT consulting services firm Information and Networking Technology Joint Stock, for RM1.48m. Under this contract, Securemetric is to supply user licenses for 2FA, as well as install and integrate both 2FA and HSM for Vietcombank. (The Edge)
- § **KPS: Buys Toyoplas for RM311m.** Kumpulan Perangsang Selangor (KPS) is buying a 100% stake in plastic injection moulding firm Toyoplas Manufacturing (M) SB for RM311.25m cash. Toyoplas is an integrated player with mould fabrication, precision injection moulding and assembly operations across seven locations in China, Malaysia and Indonesia. (The Star)
- § **D'Nonce, OCR: Team up to develop affordable flats in Penang.** D'nonce Technology and OCR Group are teaming up to develop affordable apartments in Seberang Perai Tengah, Penang. OCR's unit Fajar Simfoni SB (FSSB) has entered into a joint venture with D'nonce's wholly-owned unit D'nonce Properties SB (DPSB) to develop a 19-storey block housing 281 units of flats and a seven-storey car park podium on 6,774 sq m of land belonging to Tan Than Kau and Tan Tiang Yang. The project will have a GDV of RM85m. (The Edge)

## MARKET UPDATE

§ Technology-based shares felt the fallout of President Trump's recent actions against China's Huawei, with dampened sentiment spreading to the likes of Qualcomm, Nvidia and Advanced Micro Devices on concerns of significantly lower microchip sales. Alphabet's Google has suspended business with Huawei that involves transferring hardware, software and other technical services while companies like Intel, Qualcomm and Broadcom will not supply Huawei until further notice. Reports also have it that US-China trade talks have stalled, and that China is in no rush to resume negotiations. The tech-heavy Nasdaq Composite underwhelmed with a 1.5% overnight decline, unsurprisingly. The S&P 500 and Dow Jones Industrial Average were down 0.7% and 0.3% respectively. European markets also ended the day lower with the technology sector also feeling the heat. Reports have also emerged of Germany's Infineon suspending shipments to Huawei, news that resulted in a selloff in major European chipmakers. Germany's DAX and France's CAC 40 led the continent's major markets lower, slumping 1.6% and 1.5% respectively. Spain's IBEX 35 and UK's FTSE 100 fell 0.9% and 0.5%. Asian markets were mixed however, with geopolitical developments taking precedence. Japan's Nikkei 225 added 0.2% as the country's economic growth in the first quarter rose above expectations. Australia's ASX 200 rose 1.7% its conservative coalition secured an outright parliamentary majority on Monday following a shock election victory. Over in India, the SENSEX jumped 3.8% after exit polls showed Prime Minister Narendra Modi was likely to return to power following the country's general election. China's Shanghai Composite and Hong Kong's Hang Seng indices slipped 0.4% and 0.6% however. Markets in Singapore and Malaysia were closed for a holiday.

EcoFirst Consolidated has called off plans to acquire a 70% stake in private property development firm Geo Valley Sdn Bhd for RM44m. Pansar has won a RM77.7m contract to undertake flood mitigation work in Sibul. Kumpulan Perangsang Selangor is acquiring plastic injection moulding company Toyoplas Manufacturing (Malaysia) Sdn Bhd for RM311.3m.

## TECHNICAL OUTLOOK

FBM KLCI: 1605.36 (+6.17; +0.39%)

Resistance: 1622, 1652, 1664

Support: 1600, 1590, 1560

### FBM KLCI Daily Chart



The local bourse rebounded last Friday on mild buying interest. At the close, FBM KLCI was up 6.17 points to end at 1605.36. Market breadth remained negative however as losers outpaced gainers 408 to 342. On a weekly basis, the benchmark was down by 4.91 points, though forming a hammer-like bullish reversal candlestick pattern. Amid the minor overnight sell down in global markets, the index might be fuelled by bargain-hunting activity in the event that it opens below the 1600 point mark. Support levels for the index are at 1560, 1590 and 1600, while the resistance levels are at 1622 and 1652, 1664.

## ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
21-May-19	Euro-Zone Consumer Confidence	May	-7.7	-7.9
21-May-19	US Existing Home Sales	Apr	5.35m	5.21m
23-May-19	US Initial Jobless Claims	18-May	215K	212K
23-May-19	US Markit PMI Manufacturing	May	52.6	52.6
23-May-19	US New Home Sales	Apr	675K	692K
23-May-19	Euro-Zone Markit PMI Manufacturing	May	48.1	47.9
23-May-19	Euro-Zone Markit PMI Services	May	53.0	52.8
24-May-19	Malaysia CPI YoY	Apr	0.3%	0.2%
24-May-19	Malaysia Foreign Reserves	15-May	--	USD103.4bn
28-May-19	Euro-Zone Consumer Confidence	May	--	--

## CORPORATE MONITOR

### COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
Pos Malaysia	23-May-19	10.00am

### RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
IOI Corp	3QFY19	21-May-19
D&O	1QFY19	23-May-19
CJ Century Logistics	1QFY19	23-May-19
Perak Transit	1QFY19	23-May-19
Apex Healthcare	1QFY19	23-May-19
Dayang Enterprise	1QFY19	23-May-19
Hock Seng Lee	1QFY19	23-May-19
WCT Holdings	1QFY19	23-May-19
Genting Plantations	1QFY19	23-May-19
Genting	1QFY19	23-May-19
Genting Malaysia	1QFY19	23-May-19
Kossan	1QFY19	24-May-19
Tenaga Nasional	1QFY19	27-May-19
Malakoff	1QFY19	27-May-19
TSH	1QFY19	27-May-19
Ta Ann	1QFY19	28-May-19
MFCB	1QFY19	29-May-19
Sime Darby	3QFY19	29-May-19
Telekom Malaysia	1QFY19	29-May-19
IJM Corporation	4QFY19	29-May-19
FGV	1QFY19	29-May-19
AirAsia Group	1QFY19	29-May-19
IHH Healthcare	1QFY19	30-May-19
KPJ Healthcare	1QFY19	30-May-19
DRB-Hicom	4QFY19	30-May-19
Genting Malaysia	1QFY19	30-May-19
Genting	1QFY19	30-May-19
Sime Darby Plantation	1QFY19	31-May-19
Johore Tin	1QFY19	31-May-19

## CORPORATE MONITOR

### 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>	
Matrix Parking Solution Holdings	LEAP Market	RM0.13	-	-	-	-	31-May-19
Greotech Technology	ACE Market	RM0.61	119,750,000	-	24-May-19	24-May-19	13-Jun-19

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

17-May-2019

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
KLCCP Stapled Group	2,500,000	19,700,000	7.88
Sunway Real Estate Investment	5,000,000	9,500,000	1.90
Titijaya Land	10,050,000	3,020,000	0.30
Top Glove Corp	55,000,000	269,500,000	4.90

### 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>
Fraser & Neave Holdings	Interim single tier dividend of 27 sen	0.270	29-Apr	21-May	23-May	13-Jun
KLCCP Stapled Group	First Interim Income Distribution 6.28 Sen (Taxable)	0.063	7-May	23-May	24-May	20-Jun
PPB Group	Final Dividend 20 Sen	0.200	28-Feb	23-May	24-May	10-Jun
Pegasus Heights	Rights Issue		8-May	23-May	24-May	25-Jun
Federal International Holdings	First Interim Dividend 0.5 Sen	0.005	9-May	24-May	27-May	4-Jun
VSTECS	Single tier final dividend of 2.5 sen	0.025	21-Feb	24-May	27-May	19-Jun

TE- Tax Exempt

## RATING CLASSIFICATION

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	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.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

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

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