

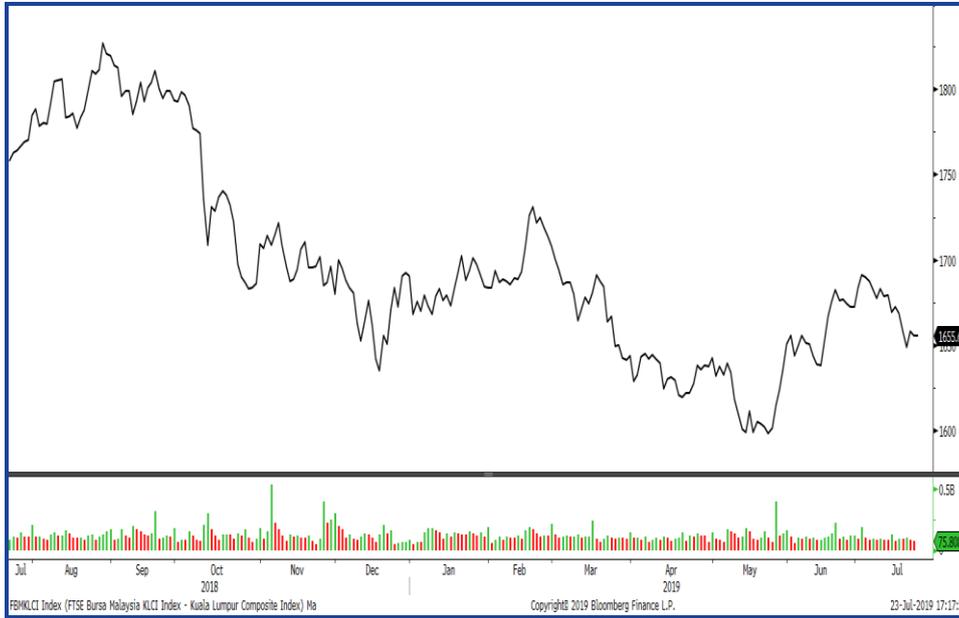
# Market Pulse

Wednesday, 24 Jul, 2019

**M+Online**  
Equipping Traders For The Win

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## FBM KLCI – Daily



## Market Scorecard

	Close 23-Jul-19	Change %
FBM KLCI	1,655.67	0.02
52-W High	1,826.90	
52-W Low	1,572.03	
FBM EMAS	11,775.65	0.04
FBM 100	11,599.13	0.01
FBM Fledgling	14,921.72	0.22
FBM Small Cap	13,697.30	0.73
FBM ACE	4,750.17	1.00
FBM Shariah	12,167.29	0.08
Volume (mln)	2,768.86	4.42
Value (RM mln)	2,015.52	30.53

Market Participation	%	Net (RM mln)
Institution	N/A	N/A
Retail	N/A	N/A
Foreign	N/A	N/A

## Poised For A Recovery

- Expectations of further monetary easing from global central banks buoyed market sentiments as the local key-index closed within a hair's breadth of the breakeven line, while the FBM Fledgling (+0.2%) and the FBM Small Cap (+0.7%) and the FBM ACE (+1.0%) rallied. Similarly, seven-of-twelve subsectors in the broader market were also in the positive territory on Tuesday.
- Market breadth turned positive as winners overturned the losers on a ratio of 462-to-369 stocks, while traded volumes rose 4.4% to 2.77 bln, in-tandem with the positive momentum on Wall Street.
- Sime Darby Plantation (+12.0 sen) were among the leading key-index gainers, alongside Genting Malaysia (+9.0 sen), Tenaga Nasional (+8.0 sen), Genting (+6.0 sen) and Maxis (+4.0 sen). Main Board winners, meanwhile, includes

MBM Resources (+27.0 sen), Heineken Malaysia (+20.0 sen), LTKM (+18.0 sen), Panasonic Malaysia (+18.0 sen) and Pentamaster (+17.0 sen).

- In contrast, Fraser & Neave (-26.0 sen), United Plantations (-18.0 sen), KESM Industries (-16.0 sen), LPI Capital (-10.0 sen) and JMR Conglomeration (-9.0 sen) weighed on the broader market. Significant key index decliners on Tuesday's close were Petronas Gas (-30.0 sen), Public Bank (-8.0 sen), Sime Darby (-6.0 sen), Hap Seng Consolidated (-5.0 sen) and Press Metal (-5.0 sen).
- Key Asian indexes edged up yesterday as investors await closely-watched central bank meetings in the coming days. The Nikkei closed 1.0% higher with the Hang Seng index gaining 0.3%, while the Shanghai Composite closed 0.5% higher. Most ASEAN bourses followed the positive global sentiment

Futures		
FKLI Spot	1,658.50	0.42
FKLI Forward	1,658.00	0.39

Foreign		
Dow Jones	27,349.19	0.65
S&P 500	3,005.47	0.68
NASDAQ	8,251.40	0.58
FTSE 100	7,556.86	0.56
DAX	12,490.74	1.64
CAC 40	5,618.16	0.92
FTSE STI	3,373.13	0.47
Shanghai Composite	2,899.95	0.45
Hang Seng Index	28,466.48	0.34
Nikkei 225	21,620.88	0.95

Commodities		
WTI Crude Oil (USD)	56.77	0.98
Brent Spot (USD)	64.22	1.52
Gold (USD)	1,417.60	-0.02
CPO (RM)	2,004.00	1.06

Currency		
USD	4.1185	-0.13
GBP	5.1175	0.18
EURO	4.6045	0.20
SGD	3.0195	0.15
YEN	26.2690	-0.16

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and closed positively.

- U.S. stocks rose on Tuesday as face-to-face talks between U.S. and Chinese trade negotiators is reported to begin next week. A batch of stronger-than-expected earnings from companies like Coca-Cola and United Technologies also lifted investor sentiment. The Dow Jones Industrial Average rose 0.7% higher, while the S&P 500 also advanced 0.7% to close back above 3,000 at 3,005.47. The Nasdaq Composite also saw positive gains of 0.6%.
- European stockmarkets closed higher as investors digested a strong set of corporate results and looked ahead to this week's European Central Bank policy meeting. Subsequently, the DAX gained 1.6% while the CAC also rose 0.9%. In the U.K, gains on the FTSE (+0.6%) was limited by concerns on how incoming Prime Minister Boris Johnson would pull the U.K. out of the bloc on October 31, potentially without a trade deal in place.

## THE DAY AHEAD

- Malaysian stocks could gain ground over the near term, following the lead from Wall Street on progress on the U.S-China trade talks. As it is, both countries have shown hesitation on re-engaging in the trade talks since they agreed to meet again last month. Despite the resumption of the negotiations, however, there is still no telling if a deal can be concluded soon which will continue to place a drag on sentiments, in our view.
- Meanwhile, the possible uptrend in the FBM KLCI will allow it to stage a recovery from its mild oversold condition. However, it remains to be seen how much the key index could rebound due to the still insipid market interest that could limit the near term upsides. For now, we

think that the key index will attempt to pass the 1,660 level, but the 1,670 resistance level will be more formidable. The supports are at 1,650 and 1,644 respectively.

- The lower liners are also making a recovery which we see continuing over the near term as the market's undertone is on the more positive side, helping to extend the recovery that started yesterday.

## COMPANY BRIEF

- **Malaysia Marine and Heavy Engineering Holdings Bhd** (MMHE) has secured an engineering contract from Petronas Carigali Sdn Bhd for the Kasawari Gas Development project. The contract entails engineering, procurement, construction, installation and commissioning works (EPCIC).
- The EPCIC contract includes the construction of a central processing platform, wellhead platform and a flare structure. The contract also involved transporting and installing an 85-km pipeline linking the Kasawari CPP to the existing E11R-A platform. (The Star Online)
- **UOA Real Estate Investment Trust**'s (UOA REIT) 2Q2019 net rental income fell 3.8% Y.o.Y to RM14.3 mln, following a retreat in gross rental income. Gross rental for the quarter declined 4.5% Y.o.Y to RM19.5 mln.
- For 1H2019, cumulative net rental income (NPI) decreased 3.2% Y.o.Y to RM28.6 mln. Gross rental income for the period fell 2.4% Y.o.Y to RM39.1 mln. A distribution per unit of 2.03 sen for the quarter was declared. (The Edge Daily)

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- **IGB REIT**'s 2Q2019 NPI rose 8.6% Y.o.Y to RM98.5 mln, on higher rental income and lower property operating expenses. Rental income gained 5.7% Y.o.Y to RM114.5 mln.
- For 1H2019, cumulative NPI climbed 4.5% Y.o.Y to RM202.0 mln. Rental income for the period rose 4.6% Y.o.Y to RM236.5 mln. Distribution per unit for the quarter stood at 2.26 sen, payable on 30th August 2019. (The Edge Daily)
- **AirAsia Group Bhd**'s consolidated aircraft operating certificate passenger volume for Malaysia, Indonesia and the Philippines rose 18.0% Y.o.Y to 12.8 mln in 2Q2019. Total number of passengers carried as a percentage of capacity rose 18.6% Y.o.Y to 15.1 mln. Load factor, however, dipped to 85%, from 86% in 2Q2018. (The Edge Daily)
- **Destini Bhd** bagged a contract to service Petrofac (Malaysia-PM304) Ltd's Malaysian wells. The contract is for the provision of handling equipment and running services, with its total value dependent on the number of work orders issued by Petrofac to DOS throughout the contract's duration. The three-year contract commenced on 1st July 2019 and contains the option for a further one-year extension. (The Edge Daily)
- **ARB Bhd** is to work with two Chinese companies for the provision of water supply-related technology, with a combined project value of approximately RM800.0 mln. It signed an MoU with Hangzhou Mayam IoT Tech Co Ltd to deploy smart meters to measure, collect and analyse water consumption information, with the project valuing at RM200.0 mln.
- It also signed an MoU with Shuifa IoT Tech Co Ltd, for the installation of a Smart Household Water Filtration System that can be supplied to the public and private individuals valued at RM600.0 mln. (The Edge Daily)
- **GDB Holdings Bhd** has acquired a 70.0% equity interest in Eco Geotechnics Sdn Bhd for RM6.0 mln. The purchase is to be made using internally-generated funds and will be completed in 4Q2019. The acquisition incorporates the benefit of Eco Geotechnics' expertise in bored piling and foundation works. (The Edge Daily)
- **KUB Malaysia Bhd** is selling its factory and land in Mukah, Sarawak for RM43.0 mln and RM1.8 mln respectively. The group is selling the factory (inclusive of ancillary equipment and machinery) and the 60-ha. plot of leasehold land to Sinong Pelita Oil Mill Sdn Bhd.
- Proceeds from the sale of the factory will be used to settle bank borrowings and reduce other debts, while proceeds from the sale of the land will be used for operational requirements. (The Edge Daily)
- **Mah Sing Group Bhd** is acquiring a 5.5 ac. land in Taman Metropolitan, Kepong, for RM94.8 mln. The land is earmarked for the development of M Luna services apartments, which has a gross development value of RM705.0 mln.
- The move is expected to increase Mah Sing's prime landbank to 2,104 ac., with the total remaining GDV and unbilled sales amounting to RM25.84 bln, which can sustain the group's growth over the next eight- to nine years. (The Edge Daily)

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