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Further Rebound In Store

- Tracking the gains on Wall Street overnight and in tandem with the mostly positive sentiment across its regional peers, the FBM KLCI (+0.7%) recovered all its previous session's losses yesterday. The lower liners – the FBM Small Cap (+1.1%), FBM Fledgling (+0.4%) and FBM ACE (+1.6%) also advanced, while the broader market finished mostly higher.
- Market breadth turned positive as winners outstripped losers on a ratio of 508-to-296 stocks, while 401 stocks traded unchanged. Traded volumes, however, fell 17.7% to 2.12 bln shares, as investors remain wary of the recent volatility.
- More than two-thirds of the key index components rose, led by Nestle (+30.0 sen), followed by Petronas Dagangan (+26.0 sen), Sime Darby Plantations (+21.0 sen), PBB Group (+20.0 sen) and Public Bank (+14.0 sen). Notable gainers on the broader market include United Plantations (+38.0 sen), Fraser & Neave (+36.0 sen), Scientex (+18.0 sen), Carlsberg (+16.0 sen) and BAT (+14.0 sen).
- On the flipside, Chemicals Company of Malaysia (-10.0 sen), LPI Capital (-10.0 sen), Far East Holdings (-9.0 sen), Lotte Chemical Titan (-8.0 sen) and Adventa (-6.5 sen) fell on the broader market. There were only two decliners on the local bourse – glovemakers Hartalega (-4.0 sen) and Top Glove (-3.0 sen).
- Asian benchmark indices rebounded as the Nikkei gained 0.4%, taking cue from the positive sentiment on Wall Street overnight. The Hang Seng Index climbed 0.5%, while the Shanghai Composite added 0.9% on better-than-expected trade data that rose 3.3% Y.o.Y in July 2019. ASEAN stockmarkets, meanwhile, closed mostly higher on Thursday.
- U.S. stockmarkets rallied overnight as the Dow rose 1.4% after bond yield stabilised and concerns over global economic growth eased. On the broader market, the S&P 500 surged 1.9% with all eleven major sectors in the green, while the Nasdaq soared 2.2% to re-claim the 8,000 psychological level.
- Earlier, European benchmark indices – the FTSE (+1.2%), CAC (+2.3%) and DAX (+1.7%) all extended their gains, mirroring the positive performance on Asian stockmarkets. Markets also cheered on the solid trade data from China.

THE DAY AHEAD

- Even with the continuing cautiousness, the key index managed to stage a decent recovery yesterday to help it adjust from its bout of oversold as mild bargain hunting activities came to the fore.
- Heading into the last trading day of the week, we see the recovery continuing to allow the key index to end the week on a positive note. As it is, the market undertone of global indices are showing signs of stabilisation that will also extend to Malaysian equities and potentially boost bargain hunting activities after the FBM KLCI's bout of oversold. We see the 1,620 level the immediate target, followed by the 1,630 level. The supports, meanwhile, are at 1,605 and 1,600 respectively.
- The lower liners and broader market shares should also be heading higher in tandem with the improved market sentiments. This could entice more retail players to undertake bargain hunting activities, but there could also be quick profit taking actions as the general market undertone is still one of cautiousness on the heightened U.S.- China trade dispute and prospects of lower global economic outlook for the rest of the year and into 2020.

COMPANY BRIEF

- Malton Bhd's** joint-venture (JV) unit could potentially lose its qualification to bid for the construction of a superstructure above the airport express train station located near the main train station in Taipei. In the event, the JV unit fails to sign an investment agreement for the project with the Taipei city authorities by 9th August 2019, its qualification as the best applicant for the project would be waived.
- To recap, last December, Malton's JV with Hong Kong-listed Nan Hai Corp Ltd was selected to enter into the next phase of the bidding process for the project. However, the JV is currently unable to sign the agreement as Taiwan's Investment Commission did not allow the JV to remit NT\$1.0 bln to Taiwan to establish a special purpose vehicle as required for the project. (The Star Online)
- ECM Libra Financial Group Bhd** is purchasing three hotels, together with the lands where they are built on, from Tune Hotels Sdn Bhd for RM62.0 mln. These hotels are Tune Hotel @ Danga Bay (218 rooms), The Chow Kit – An Ormond Hotel (113 rooms) and MoMo's Kuala Lumpur (99 rooms).
- ECM Libra said the transaction values the Danga Bay property at RM16.5 mln and RM45.6 mln for the KL properties. (The Edge Daily)

- **Khee San Bhd** (KSB) has alleged that Bank of China (M) Bhd (BOC) had committed breach of conduct after the lender took legal action against the sweet manufacturer and its unit, Khee San Food Industries Sdn Bhd (KSF) due to a default on loan repayment amounting to RM14.6 mln.
- KSB said the writ of summons was in fact filed one day prior to the meeting held with the bankers on 2nd August 2019, while BOC kept silent on the filing of the writ throughout the meeting. (The Edge Daily)
- **Advance Synergy Bhd** has proposed to buy back a resort hotel in Cherating, Kuantan from Amanah Raya Bhd for RM23.0 mln.
- The acquisition will enable savings on lease rental and increase the profitability of the resort hotel. The property was previously sold the property to AmanahRaya (as Trustee for the Common Fund) on for RM21.9 mln cash on 23rd June, 2006 under the sale and leaseback arrangement with AmanahRaya. (The Star Online)
- Boosted by new contribution from newly acquired Sunway University and college campus, as well as higher retail contribution, **Sunway Real Estate Investment Trust** (REIT) posted an 11.0% Y.o.Y increase in its 4QFY19 net property income (NPI) to RM111.2 mln, from RM100.3 mln last year. Net realised income for the quarter also increased 6.1% Y.o.Y to RM67.2 mln, from RM63.3 mln previously. Revenue, meanwhile, rose 6.8% Y.o.Y to RM145.6 mln against RM136.3 mln a year ago.
- Sunway REIT has also declared an income distribution per unit (DPU) of 2.3 sen for the quarter, payable on 10th September 2019. It was the REIT's fourth income distribution for the year and increased total payout for FY19 to 9.6 sen.
- For the full year, the group's NPI grew 4.7% Y.o.Y to RM439.7 mln, while net realised income barely changed at RM282.3 mln (+0.1% Y.o.Y). Revenue gained marginally by 3.5% Y.o.Y to RM580.3 mln. (The Edge Daily)
- **Malaysia Smelting Corp Bhd's** 2Q2019 net profit tripled to RM7.5 mln against RM2.5 mln in the previous corresponding period, driven by higher profit generated by the tin mining segment. Revenue for the quarter, however, fell 11.5% Y.o.Y to RM289.1 mln, from RM326.8 mln in 2Q2018.
- Consequently, cumulative 1H2019 net profit more than doubled to RM16.1 mln, from RM7.0 mln in the previous corresponding period, boosted by the stronger 2Q2019 earnings, albeit revenue stood 12.8% Y.o.Y lower at RM596.5 mln compared with RM683.8 mln previously. (The Star Online)
- **PUC Bhd** is proposing to raise up to RM15.6 mln via a private placement to fund its working capital as well as digital infrastructure design and development for its Presto mobile application.
- The proposed placement will include the issuance of up to 229.1 mln shares, representing 10.0% of the total number of issued shares, to third parties yet to be identified.
- Based on an illustrative issue price of 6.8 sen per placement share, PUC is expected to raise up to RM15.6 mln. (The Edge Daily)
- **Metronic Global Bhd** has proposed to undertake a private placement to raise up to RM9.4 mln. The majority of the proceeds, about RM9.3 mln will be used for the development of smart city solutions in Malaysia, in partnership with a Chinese company.
- The group is planning to issue up to 156.8 mln shares in the placement, or 10% of its 1.57 bln issued capital. (The Edge Daily)
- **Barakah Offshore Petroleum Bhd's** Independent Non-Executive Chairman, Datuk Mohamed Sabri Mohamed Zain has resigned due to personal reasons. Mohamed Sabri was appointed as chairman in 2014. (The Edge Daily)
- **AirAsia Group Bhd** and its affiliate **AirAsia X Bhd** (AAX) will start charging a passenger service charge (PSC) of RM73, from RM50 currently, for nonAsean international departures from klia2 starting midnight. (The Edge Daily)

Source: [Mplus Research](#) - 9 Aug 2019