

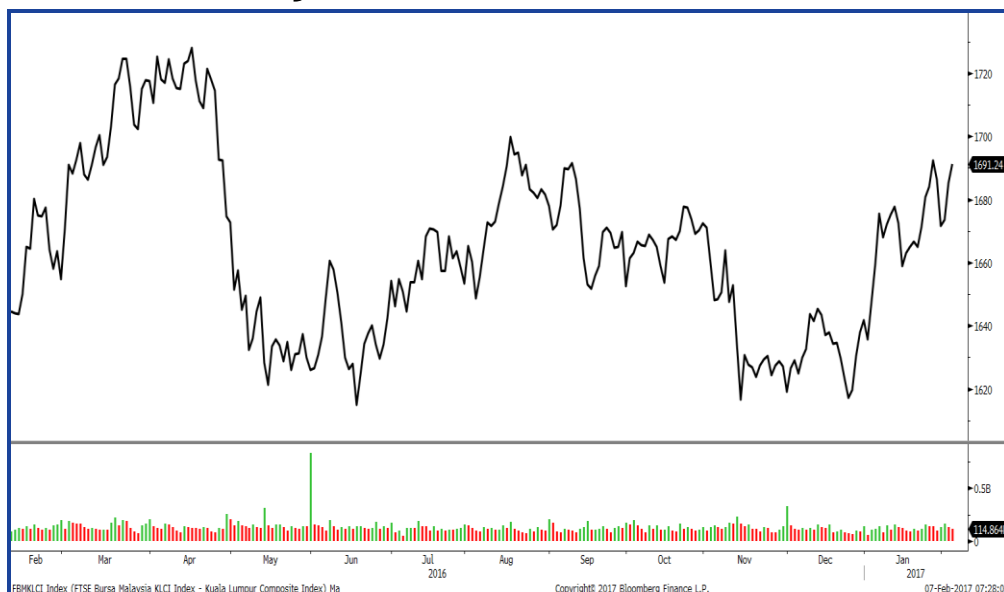
# Market Pulse

Tuesday, 07 Feb, 2017



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## FBM KLCI - Daily



## Market Scorecard

	Close 6-Feb-17	Change %
FBM KLCI	1,691.24	0.37
52-W High	1,729.13	
52-W Low	1,600.92	
FBM EMAS	11,902.31	0.54
FBM 100	11,589.87	0.51
FBM Fledgling	16,863.93	0.89
FBM Small Cap	15,807.03	1.03
FBM ACE	5,179.61	1.50
FBM Shariah	12,450.28	0.78
Volume (mln)	2627.82	34.14
Value (RM mln)	2,317.63	13.78

Market Participation	%	Net (RM mln)
Institution	64.6	-180.9
Retail	19.5	-25.4
Foreign	15.9	206.3

Futures		
FKLI Spot	1,691.00	0.39
FKLI Forward	1,689.50	0.45

Foreign		
Dow Jones	20,052.42	-0.09
S&P 500	2,292.56	-0.21
NASDAQ	5,663.55	-0.06
FTSE 100	7,172.15	-0.22
DAX	11,509.84	-1.22
CAC 40	4,778.08	-0.98
FTSE STI	3,056.91	0.49
Shanghai Composite	3,156.98	0.54
Hang Seng Index	23,348.24	0.95
Nikkei 225	18,976.71	0.31

Commodities		
WTI Crude Oil (USD)	53.18	0.32
Brent Spot (USD)	55.72	-1.92
Gold (USD)	1,234.48	-0.09
CPO (RM)	3,068.00	0.43

Currency		
USD	4.4265	0.03
GBP	5.5156	0.51
EURO	4.7597	-0.06
SGD	3.1406	-0.30
YEN	25.4250	0.51

## Possible Mild Pullback

- The FBM KLCI (+0.4%) started off the week on a strong footing in tandem with gains across global stockmarkets as the key index advanced for the third straight session, lifted by gains in selective telco heavyweights. The lower liners – the FBM Small Cap (+1.0%), FBM Fledgling (+0.9%) and FBM ACE (+1.5%) indices all rallied, while the Consumer Products (-0.01%) sector underperformed the positive broader market.
- Market breadth remained positive as advancers outstripped decliners by a ratio of 622-to-286 stocks. Traded volumes added 34.1% to 2.63 bln shares amid the positive market sentiment.
- More than half of the key index constituents advanced, led by KLK (+66.0 sen), followed by Hong Leong financial Group (+22.0 sen), Petronas Chemicals (+15.0 sen), Axiata (+13.0 sen) and MISC (+11.0 sen). Notable gainers on the

broader market include Batu Kawan (+50.0 sen), Aeon Credit (+28.0 sen), Southern Acids (+22.0 sen) and LPI Capital (+16.0 sen). Malaysia Airport Holdings added 26.0 sen after its operating agreement in Malaysian airports were extended by another 35 years.

- Meanwhile, Dutch Lady (-28.0 sen), Frasers & Neave (-14.0 sen), Box-Pak (-11.0 sen), Bursa (-11.0 sen) and KESM Industries (-10.0 sen) were amongst the biggest decliners on the broader market. BAT (-82.0 sen) topped the FBM KLCI decliners list after falling for a fourth straight session, while other big board losers were Hong Leong Bank (-14.0 sen), Genting Malaysia (-5.0 sen), Sime Darby (-4.0 sen) and Genting (-4.0 sen).
- Asia benchmark indices rallied after U.S. President Trump rolled back financial regulations. The Nikkei added 0.3%, lifted

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by the rally in banking shares. Both the Shanghai Composite and Hang Seng Index closed 0.5% and 1.0% higher respectively on speculation that Chinese pension funds are about to enter the equities market. ASEAN stockmarkets, meanwhile, closed in the positive note.

- Wall Street edged lower overnight as the Dow declined 0.1% on uncertainties over political developments on President Donald Trump administration. On the broader market, the S&P 500 (-0.2%) halted a three day winning streak, dragged down by the weakness in telecommunication and energy shares.
- Earlier, European benchmark indices - the FTSE (-0.2%), CAC (-1.0%) and DAX (-1.2%) all finished lower on mounting uncertainties over President Donald Trump pro-growth policies. Concerns were focused on France's National Front leader Marine Le Pen after she launched her presidential bid, vowing to fight globalisation and take France out of the European Union.

## THE DAY AHEAD

- After a string of positive performances, we think stocks on Bursa Malaysia may take a breather over the near term, in tandem with the pullback in overseas markets last night. However, we think the consolidation will be mild as the general market undertone is still largely positive and the pullback is merely a short-term profit taking exercise - which is healthy for the market to take a breather.
- We expect the consolidation to also extend to the lower liners and broader market shares, but we also think the profit taking activities will be mostly tepid given the still firm market undercurrent.
- On the key index, we think it could find

support at the 1,680-1,690 levels, while the 1,700 points level remains the main psychological resistance.

## COMPANY UPDATE

- **AWC Bhd's** unit, M&C Engineering and Trading Sdn Bhd has secured a RM14.7 mln contract to supply, install and maintain the fire protection system for five blocks at the Government Administrative Centre in Putrajaya.
- The contract was awarded by Sunway Construction Sdn Bhd and will include fire protection services work for five blocks of buildings which will house the Civil Service Commission, the Public Private Partnership Unit (Ukas), the Statistics Department as well as the cafeteria and multi-purpose hall. The project is slated for completion by 18th July 2018.

## Comments

- Given that the aforementioned contract is within our FY17 orderbook replenishment target for AWC, we reiterate our **HOLD** recommendation on AWC with an unchanged target price of RM1.10.
- Our target price is derived from ascribing an unchanged target PER of 13.0x to its revised FY17 EPS of 8.4 sen (from 8.5 sen), due to the higher number of shares issued under the company's Employee Stock Option (ESOS) programme.

## COMPANY BRIEFS

- **LPI Capital Bhd's** 4Q2016 net profit plunged 20.3% Y.o.Y to RM81.5 mln vs. RM102.2 mln in the previous corresponding period – as the previous period's earnings included a one-off gain of RM36.9 mln from the disposal of an

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investment in 4Q2015. Quarterly revenue, however, was 5.0% Y.o.Y higher to RM355.6 mln, from RM338.6 mln a year ago.

- Cumulative 2016 net profit jumped 36.2% Y.o.Y to RM437.2 mln, compared to RM321.0 mln in the previous year - on the back of higher gains from the sale of an equity investment and better underwriting performance from its insurance unit, Lonpac Insurance Bhd. Revenue also rose 7.3% Y.o.Y to RM1.38 bln, from RM1.28 bln in 2015.
- Further, the group has declared a second interim dividend of 55.0 sen per share, payable on 2nd March 2017. (The Edge Daily)
- Enra Group Bhd's partnership with Australia's Icon Engineering Pty Ltd will focus on offering cost-cutting oilfield services. The joint-venture (JV) company, Enra Icon Sdn Bhd will aim for undeveloped Asian oil and gas fields using Icon Engineering's range of minimal facility, well head platforms and self-installing production facilities.
- Enra Icon is planning to focus on innovative solutions which will significantly reduce the total costs of most shallow water field developments. Icon Engineering is sanguine that the JV will offer a range of proven facilities designs, thus significantly reducing the upfront capex and risk for Malaysian and Southeast Asian field developments. (The Edge Daily)
- Mega Sun City Holdings Bhd has announced that its Managing Director, Datuk Alex Ooi Kee Liang has resigned due to personal commitments and will be replaced by executive director Datuk Liang Chee Fong.
- Hong Leong Industries Bhd reported a 7.5% Y.o.Y fall in its 2QFY17 net profit to

RM68.7 mln, from RM74.3 in 2QFY16 - attributed to higher operating expenses and foreign exchange losses in the consumer products segment. Revenue, however, was 3.4% Y.o.Y higher to RM561.5 mln against RM542.9 mln last year.

- For 1HFY17, net profit jumped 12.0% Y.o.Y to RM133.4 mln, from RM119.1 mln alongside a 6.1% Y.o.Y gain in revenue at RM1.13 bln, compared with RM1.06 bln in 1HFY16. (The Star Online)
- Gabungan AQRS Bhd is disposing its leasehold land in Mukim Sungai Buloh, Petaling Jaya to Gadang Holdings Bhd for RM55.7 mln cash as part of its ongoing monetisation programme to raise funds. The gain from the sale will be used to pare bank borrowings and also working capital.
- Gabungan had acquired the 99-year leasehold land for RM38.3 mln in November 2009. As at 31st December, 2016, the leasehold land's net book value of RM38.6 mln and the group expects the sales of the land to yield a gain RM11.7 mln.
- Further, Gabungan expects the sale of its 19.1 ac. of leasehold land in Sepang to PR1MA Corp to be completed by the end of 1Q2017. The group also said that it is still looking for a purchaser for 5.2 ac. of land in Puchong, Selangor. (The Edge Daily)
- Uzma Bhd's 100.0%-owned unit, Uzma Engineering Sdn Bhd has secured a three-year contract from Petronas Carigali Sdn Bhd to provide electric wirelines logging services.
- The contract to undertake cased hole logging services covers the whole country and has commenced on the 1st December last year. The project is slated to end on the 30th December, 2019 and

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comes with two extension options of one year each. (The Edge Daily)

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