

**INDICES**

	LAST CLOSE	CHG	% CHG
KLCI	1,556.84	4.97	0.3
DOW	26,816.59	319.92	1.2
S&P 500	2,970.27	32.14	1.1
NASDAQ	8,057.04	106.26	1.3
FTSE-100	7,247.08	60.72	0.8
SHANGHAI	2,973.66	25.95	0.9
HANG SENG	26,308.44	600.51	2.3
STI	3,113.97	24.49	0.8
NIKKEI 225	21,798.87	246.89	1.1
JCI	6,105.80	82.16	1.4

**MARKET ACTIVITY**

	VOL(m)	VAL(RMm)
	2,287.35	1,602.05

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

Retail	27.6%
Institutional	48.9%
Foreign	23.5%

**KEY COMMODITIES**

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Oct)	1,558.00	7.00	0.5
OIL - BRENT (USD/b)	60.51	1.41	2.4
CPO FUTURE (RM/ton)	2,185.00	-16.00	-0.7
RUBBER (RM/kg)	420.00	-6.00	-1.4
GOLD (USD/Ounce)	1,489.10	-4.95	-0.3

**FOREX**

	LAST CLOSE	% CHG
MYR/USD	4.19	-0.1
MYR/SGD	3.05	0.1
YUAN/MYR	1.69	-0.3
YEN/MYR	25.79	0.7
MYR/EURO	4.61	-0.2
MYR/GBP	5.23	2.0

**TOP MOVERS IN MALAYSIA MARKET**

TOP 5 VOLUME	LAST CLOSE	VOL (m)
SAPURA ENERGY BH	0.27	153.99
BUMI ARMADA BHD	0.39	87.41
OPCOM HOLDINGS	0.78	63.13
EKOVEST BHD	0.81	51.57
SEACERA GROUP	0.20	44.45

TOP 5 GAINERS	LAST CLOSE	RM (+)
AEON CREDIT SERV	15.28	0.38
GUAN CHONG BHD	4.67	0.29
MISC BHD	8.28	0.24
HONG LEONG INDS	10.46	0.22
TENAGA NASIONAL	13.88	0.22

TOP 5 LOSERS	LAST CLOSE	RM (-)
NESTLE (MALAY)	143.90	-0.70
AJINOMOTO MALA	16.02	-0.26
SHANGRI-LA HOTEL	5.14	-0.15
CARLSBERG BREWER	27.38	-0.12
PUBLIC BANK BHD	19.08	-0.10

Gainers – 539 Losers – 308 Unchanged – 384

**Research Team**

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

**HIGHLIGHTS**
**Strategy: Budget 2020- In The Right Direction**

Budget 2020 was another keenly-anticipated event, by many counts. While the markets would have forgiven the new government with Budget 2019 (announced in November 2018) considering its short 5-month time frame to craft something concrete, the additional 12 months since then would have given the government ample time to chart out the country's growth path – and they did not disappoint. We acknowledge that not all issues may have been addressed comprehensively (measures to enhance the country's competitiveness and improve productivity, amongst others), we opine that not everything can and will be resolved in *one fell swoop*. While we had also been one griping about the apparent lack of growth initiatives to-date, we now concur with the Honorable Finance Minister and see Budget 2020 as growth-centric with sufficient measures to impact the economy positively, enhance job creation and structural reform, while at the same time not harming the government's commitment to restoring fiscal health in the medium term.

**Plantations: Potential Import Ban From India (Overweight)**

According to Reuters news report, the government is considering restricting imports of some products from Malaysia, including palm oil in reaction to the recent remarks made on the Indian government's action in Kashmir during the United Nations meeting. If this materialises, our palm oil exports will be adversely affected as Indian market made up 28% of our total palm oil export volume. We hope this issue could be resolved before it deteriorates further and escalates into a "trade war" as palm oil is an important commodity to both countries. At this juncture, we remain upbeat on the plantation sector outlook in anticipation of falling global palm oil inventories as we see few key catalysts from the supply and demand factors that could contribute to a lower stock level in Malaysia and Indonesia. We expect to see a pick-up in CPO prices after the peak production season is over.

**Technical: Tiong Nam Logistics – Possible For Upside (8397, Technical Buy)**

TNLOGIS is showing initial signs of potential recovery from its prior downtrend. 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 RM0.510 be broken, it may continue to lift price higher to subsequent resistance levels of RM0.540 and RM0.580. However, failure to hold on to support level of RM0.480 may indicate weakness in the share price and hence, a cut-loss signal.

**Technical: MESB – Possible For Further Upside (7234, Technical Buy)**

MESB is showing initial signs of picking up its prior uptrend after undergoing congestion phase. 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 RM0.450 be broken, it may continue to lift price higher to subsequent resistance level of RM0.500. However, failure to hold on to support level of RM0.400 may indicate weakness in the share price and hence, a cut-loss signal.

## HEADLINES

### Economy

§ **US: Consumer sentiment unexpectedly rises to three-month high.** Sentiment among American consumers posted a surprise jump in Oct amid expectations for rising incomes and lower inflation, indicating households will continue to extend the longest-running US expansion. The University of Michigan's preliminary sentiment index advanced to a three-month high of 96 from Sept's 93.2, data showed Friday. The median estimate of economists was for a decline to 92. The gauge of current conditions climbed to the highest level this year while the expectations index improved. Even with the improved sentiment, lower inflation expectations, closely monitored by the Federal Reserve, could lend more support to a third straight interest-rate cut later this month. Inflation expectations over the next five to 10 years dropped to 2.2% in Oct, the lowest level in records back to 1979, from 2.4% a month earlier. (Bloomberg)

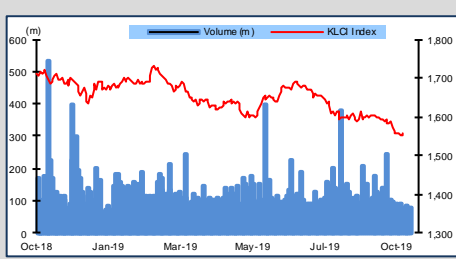
§ **US: Import prices unexpectedly rise while export prices unexpectedly fall.** A report released by the Labor Department on Friday showed an unexpected increase in US import prices in the month of Sept, although the report also showed an unexpected decrease in export prices. The Labor Department said import prices rose by 0.2% in Sept after dipping by a revised 0.2% in Aug. Economists had expected import prices to come in unchanged compared to the 0.5% drop originally reported for the previous month. The unexpected uptick in import prices came amid a significant rebound in prices for fuel imports, which surged up by 2.1% in Sept after plunging by 1.9% in Aug. Excluding the jump in fuel prices, import prices actually edged down by 0.1% in Sept after coming in unchanged for two straight months. (RTT)

§ **US, China: US outlines 'Phase 1' trade deal with China, suspends Oct tariff hike.** US President Donald Trump on Friday outlined the first phase of a deal to end a trade war with China and suspended a threatened tariff hike, but officials on both sides said much more work needed to be done before an accord could be agreed. The emerging deal, covering agriculture, currency and some aspects of intellectual property protections, would represent the biggest step by the two countries in 15 months to end a tariff tit-for-tat that has whipsawed financial markets and slowed global growth. But Friday's announcement did not include many details and Trump said it could take up to five weeks to get a pact written. He acknowledged the agreement could fall apart during that period, though he expressed confidence that it would not. (Reuters)

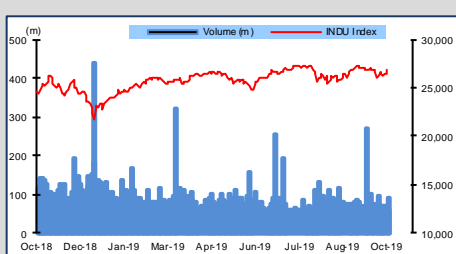
§ **EU: ECB's Draghi says active fiscal policy can speed up monetary policy tightening.** Eurozone governments can support the central bank by actively pursuing fiscal policy reforms and thus, pave the way for raising rates quickly than expected, outgoing ECB President Mario Draghi said Friday. "We have seen in other regions where fiscal policy has played a greater role since the crisis that the return to price stability has been faster," Draghi said. "A more active fiscal policy in the euro area would thus make it possible to adjust our policies more quickly, which we are well aware are having adverse effects on certain sectors of society and certain intermediaries," Draghi said. The former chief of Bank of Italy will step down from his role as the ECB President on Oct 31. Draghi is set to be succeeded by the former IMF MD Christine Lagarde. (RTT)

§ **EU: Germany's inflation slows as estimated.** Germany's consumer price inflation slowed as initially estimated in Sept to the lowest since

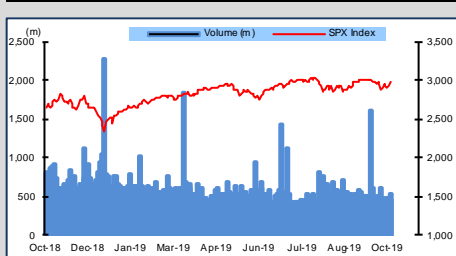
**FBM KLCI**



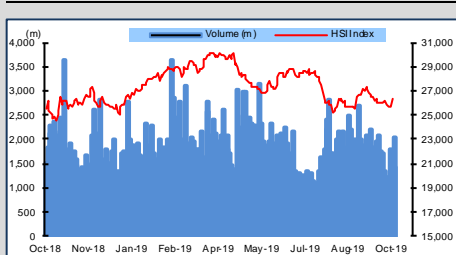
**DOW JONES**



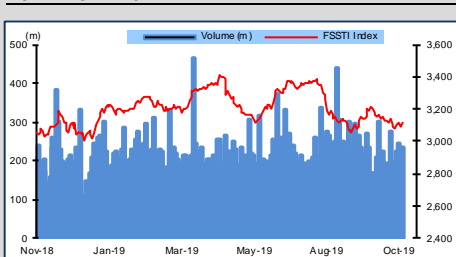
**S&P 500**



**HANG SENG**



**STRAITS TIMES**



Source: Bloomberg, PublicInvest Research

early 2018, final data from Destatis showed Friday. Consumer price inflation slowed to 1.2% in Sept from 1.4% in Aug. This was the lowest rate since Feb 2018, when the rate was 1.1%. The statistical office confirmed the preliminary estimate published on Sept 30. Energy prices were down 1.1% in Sept, while food prices advanced 1.3%. Excluding energy, inflation was 1.4%. On a monthly basis, overall consumer prices remained flat as published earlier. The EU measure of inflation slowed for a third consecutive month in Sept, to 0.9% from 1% a month ago. The annual rate also matched provisional result. On month, the harmonized index of consumer prices fell 0.1% as estimated. (RTT)

- § **UK: BOE might not be able to cut rates if Brexit delayed again - Ramsden.** BOE Deputy Governor Dave Ramsden said he did not share the views of some of his colleagues who have suggested the British central bank might cut interest rates if the Brexit crisis drags on beyond the current Oct 31 deadline. Ramsden said Britain's economy had been so damaged by uncertainty about Brexit - chiefly via a steady fall in investment by companies - that it could hamper the BOE's ability to help it. Referring to a scenario raised recently by the BOE of "entrenched uncertainty" if the deadline for leaving the European Union is pushed back again, Ramsden said: "I see less of a case for a more accommodative monetary position." Fellow BOE rate-setters Michael Saunders and Gertjan Vlieghe have suggested that another delay to leaving the EU might mean lower rates in Britain. (Reuters)
- § **India: Industrial production declines unexpectedly.** India's industrial output declined unexpectedly in August on weak manufacturing, data from the statistics ministry showed on Friday. Industrial output dropped 1.1% YoY in August, reversing a revised 4.6% expansion seen in July. Economists had forecast production to grow at a moderate pace of 1.8%. The decline was largely driven by a 1.2% fall in manufacturing output. Electricity output dropped 0.9% and mining output grew only 0.1%. During April to August, industrial production logged an annual growth of 2.4% compared to the 5.3% increase in the same period of last year. (RTT)
- § **Singapore: Retail sales fall in Aug.** Singapore retail sales declined at a faster pace in Aug, data from the Department of Statistics showed on Friday. Retail sales declined 4.1% YoY in Aug, following a 1.5% fall in July. Motor vehicle sales plunged 20.3%, in contrast to a 1.5% rise in July. Excluding motor vehicles, retail sales decreased only 1.0% after easing 2.1%. Sales of furniture and household equipment and watches and jewelry fell 9.8% and 8.6%, respectively due to lower demand for household equipment and jewelry. On a monthly basis, retail sales fell 1.3%, reversing a 2.9% rise in July. (RTT)
- § **Singapore: Central Bank eases policy for first time since 2016.** Singapore eased monetary policy for the first time since 2016, following a trend set by global central banks trying to shore up economic growth as world demand weakens. The Monetary Authority of Singapore, which uses the exchange rate as its main policy tool, reduced "slightly the rate of appreciation" of the currency band, while keeping unchanged the width and the level at which it is centered. "MAS will continue to closely monitor economic developments and is prepared to recalibrate monetary policy should prospects for inflation and growth weaken significantly," the central bank said. The decision comes on the same day data showed the economy narrowly missed a recession in the 3Q. GDP grew an annualized 0.6% from the 2Q, when it contracted a revised 2.7%. Compared with a year ago, GDP rose 0.1%, versus a 0.2% median gain in a Bloomberg survey of economists. (Bloomberg)

## Markets

- § **Axiata (Neutral, TP: RM4.00): Excited over 5G incentives, CEO says.** Celcom Axiata is excited that the government has provided multiple incentives and avenues for local companies to venture into the development of 5G. It applauds the government's decision to expand network infrastructure and coverage throughout rural communities in Malaysia, especially Sabah and Sarawak, the development of digital infrastructure in public buildings as well as the grant for the nation's 5G ecosystem development, as announced during the Budget 2020 proposals. Celcom is also excited that the government has provided multiple incentives and avenues for local companies to venture into the development of 5G. (StarBiz)
- § **Scomi Energy: To merge five shares into one.** Scomi Energy Services has proposed to reduce its issued share capital by RM560m followed by the consolidation of every five existing shares into one unit. Scomi Energy said the proposals are intended to rationalise the financial position and share capital of the company by reducing its accumulated losses and the number of shares issued. The company said the share capital reduction will reduce its issued share capital to RM445.54 million comprising 2.34 billion shares. (The Edge)
- § **G3 Global: TPM set to house AI park.** G3 Global and its partners have secured a piece of land in Technology Park Malaysia (TPM) to build their iconic artificial intelligence (AI) park, sources said. A property industry executive said the board of Technology Park Malaysia Corp SB last week made a decision to award the piece of land to G3 Global and its partners to build their planned AI park. In April this year, G3 Global had inked an agreement with China's SenseTime Group Ltd and China Harbour Engineering Co Ltd to develop the AI park, with a total investment of USD500m (RM2.09bn). Following that, it was recently reported that other big names from Japan and South Korea are to be roped in as G3 Global's partners for the AI park. Sources said these could include Japan's SoftBank and South Korea's SK Telecom Co Ltd. (StarBiz)
- § **Guan Chong: Aims to boost its export markets.** Guan Chong is banking on its upcoming processing facility in Cote D'Ivoire (Ivory Coast) to serve as a launchpad to boost its export markets, especially in Europe. Guan Chong said its new facility would see the group's operations expand to a major cocoa beans producing country, and enable it to grow its market presence into Europe, given the close proximity and similar time zone. Group MD and CEO Brandon Tay said it also aimed to increase market share in the supply of cocoa ingredients leveraging on the enhanced cost competitiveness from its entry into Ivory Coast. For the first phase, Guan Chong is planning to construct a 60,000 tonne cocoa grinding facility, and has allocated between EUR50m and EUR60m for it. He added that the group would also benefit from improved cost competitiveness through savings in shipping costs, storage and handling, as well as export taxes. (StarBiz)
- § **Kim Teck Cheong: To distribute Abbot's nutrition products in Sarawak.** Kim Teck Cheong Consolidated (KTC) said it has been appointed to distribute Abbot Laboratories (M) SB's nutrition products in Sarawak. KTC said it had on Oct 1 accepted the appointment to handle marketing and promotion activities on behalf of Abbot, and distribute and sell its nutrition products in Sarawak, effective Nov 1. KTC said the appointment is for a period of 26 months and may be continued after the expiry, subject to a review by Abbot's management. (The Edge)

## MARKET UPDATE

§ The FBM KLCI might open with a positive bias today after US stocks trimmed their gains late in the session last Friday as the Trump administration announced it had agreed a limited deal on trade with China. Washington agreed to not raise tariffs, due to start this week, on Chinese imports in exchange for some concessions from the Asian nation, primarily on agricultural purchases. The S&P 500 finished 1.1% higher, with news of the deal prompting a late sell-off. The equities benchmark had been up as much as 1.9% earlier in the day as investors remained optimistic about the outcome of the trade talks. It was the benchmark's first three-day winning streak since mid-September. The Nasdaq Composite ended 1.3% higher. Friday's gain was enough to take the S&P 500 into positive territory for the week, with a rise of 0.6% over the past five sessions, and to end a three-week losing streak for the benchmark. Europe's bellwether Stoxx 600 closed 2.3% higher, while the Frankfurt's Dax surged 2.9%. The FTSE 100 index climbed 0.8%.

Back home, the FBM KLCI closed 4.97 points or 0.32% to 1,556.84 points after broad-based buying across Bursa Malaysia. Across Bursa, 2.29bn shares were traded for RM1.6bn. In the region, Hong Kong's Hang Seng index jumped 2.3%, its best one-day performance in five weeks, spearheaded by local developers. Some traders said the market had been buoyed by reports that protesters in the city would tone down the more violent element of anti-government demonstrations out of fears they were alienating parts of the community. Elsewhere, Japan's benchmark Topix rose 0.9% as the yen weakened to ¥108 to the dollar. China's CSI 300 of Shanghai- and Shenzhen-listed names added 1%.

## TECHNICAL OUTLOOK

FBM KLCI: 1556.84 (+4.97; +0.32%)

Resistance: 1580, 1600, 1622

Support: 1500, 1515, 1551

### FBM KLCI Daily Chart



Rebounding off its immediate support, the local benchmark inched up last Friday. At the close, the FBM KLCI was up 4.97 points to end at 1556.84. Market breadth reversed its earlier trend with gainers trumping losers 539 to 308. KLCI is anticipated trend higher this week towards minor resistance levels of 1565 and 1572, riding upon its rebound momentum last week. Support levels for the index are at 1500, 1515 and 1551, while the resistance levels are at 1580, 1600 and 1622.

## ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
10 - 15 Oct	China Money Supply - M2 YoY	Sep	8.2%	8.2%
10 - 15 Oct	China New Yuan Loans	Sep	CNY1360.0bn	CNY1210.0bn
11 - 18 Oct	China FDI YoY	Sep	--	3.6%
14-Oct-19	China Imports YoY	Sep	-6.0%	-5.6%
14-Oct-19	China Exports YoY	Sep	-2.8%	-1.0%
15-Oct-19	China CPI YoY	Sep	2.9%	2.8%
15-Oct-19	China PPI YoY	Sep	-1.2%	-0.8%
16-Oct-19	Euro-Zone CPI YoY	Sep	0.9%	1.0%
17-Oct-19	US Housing Starts	Sep	1320K	1364K
17-Oct-19	US Initial Jobless Claims	12-Oct	--	210K
18-Oct-19	China GDP YoY	3Q	6.1%	6.2%

## CORPORATE MONITOR

### RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
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### COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
Johore Tin	18-Oct-19	2.30pm

### 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>	
AME Elite Consortium	Main Market	RM1.30	85,423,000	42,711,800	30-Sep-19	30-Sep-19	14-Oct-19
Solarvest Holdings	ACE Market	RM0.35	98,828,000	-	11-Nov-19	11-Nov-19	26-Nov-19

## CORPORATE MONITOR

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

11-Oct-2019

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Hartalega Holdings Bhd	1,151,000	5,990,000	5.20
Dialog Group Bhd	1,799,600	6,100,000	3.39

### 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>
Magni-Tech	Bonus Issue		1-Oct	14-Oct	15-Oct	
Magni-Tech	Subdivision		1-Oct	14-Oct	15-Oct	
Axiata	Tax Exempt Dividend Under Single Tier System 5 Sen	0.050	19-Sep	15-Oct	16-Oct	13-Nov
VS Industry	Fourth interim dividend of 0.8 sen	0.008	26-Sep	15-Oct	16-Oct	31-Oct
Duopharma Biotech	Interim dividend of RM0.01 (with Dividend Re-Investment Plan)	0.010	2-Oct	15-Oct	16-Oct	14-Nov
SBC Corp	First and final single tier dividend of 1 sen	0.010	29-Jul	16-Oct	17-Oct	5-Nov
AEON Credit	Interim single-tier dividend of 22.25 sen	0.223	26-Sep	17-Oct	18-Oct	7-Nov
Ideal United Bintang	Interim single tier dividend of 1 sen	0.010	30-Sep	17-Oct	18-Oct	4-Nov
Carlsberg	Second Single Tier Interim Dividend of 16.1 sen	0.161	15-Aug	18-Oct	21-Oct	31-Oct

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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**PUBLIC INVESTMENT BANK BERHAD (20027-W)**  
9<sup>th</sup> Floor, Bangunan Public Bank  
6, Jalan Sultan Sulaiman  
50000 Kuala Lumpur  
T 603 2268 3000  
F 603 2268 3014  
Dealing Line 603 2268 3129