

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,805.75	0.80	0.0
DOW	25,313.14	-196.09	-0.8
S&P 500	2,833.28	-20.30	-0.7
NASDAQ	7,839.11	-52.67	-0.7
FTSE-100	7,667.01	-74.76	-1.0
SHANGHAI	2,795.31	0.93	0.0
HANG SENG	28,366.62	-240.68	-0.8
STI	3,284.78	-41.96	-1.3
NIKKEI 225	22,298.08	-300.31	-1.3
JCI	6,077.17	11.92	0.2

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	2,192.31	2,047.88

BURSA'S MARKET SHARE (%)

Retail	23.8%
Institutional	53.0%
Foreign	23.2%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Aug)	1,801.50	2.50	0.1
OIL - BRENT (USD/b)	72.81	0.74	1.0
CPO FUTURE (RM/ton)	2,242.00	-4.00	-0.2
RUBBER (RM/kg)	409.00	1.50	0.4
GOLD (USD/Ounce)	1,211.70	-0.75	-0.1

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.09	0.3
MYR/SGD	2.98	-0.3
YUAN/MYR	1.68	0.1
YEN/MYR	27.14	-0.5
MYR/EURO	4.68	-0.8
MYR/GBP	5.21	-0.7

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
BORNEO OIL BHD	0.06	91.50
MALAYSIAN RES CO	0.87	73.87
NOVA MSC BHD	0.18	56.38
FOUNDPAC GROUP	0.41	48.70
KEY ASIC BHD	0.22	40.83

TOP 5 GAINERS	LAST CLOSE	RM (+)
BRIT AMER TOBACC	34.80	0.50
UNITED PLANTATN	27.68	0.48
MALAYSIA AIRPORT	9.86	0.28
HARTALEGA HLDGS	6.60	0.22
CAHYA MATA SARAW	3.54	0.19

TOP 5 LOSERS	LAST CLOSE	RM (-)
FAR EAST HLDGS	14.00	-0.48
SCIENTEX BHD	8.45	-0.20
NESTLE (MALAY)	147.80	-0.20
PANASONIC MANUFA	39.84	-0.14
HEINEKEN MALAYSI	22.90	-0.12

Gainers – 402 Losers – 487 Unchanged – 439

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HIGHLIGHTS
Economics: Slower Industrial Production in June

Malaysia's industrial production (IP) growth slowed to 1.1% YoY in June after dipping to 3.0% in May (April: 4.6%), below consensus expectation (3.2%) as well as ours (3.6%). Cause of the downside surprise relative to our forecast was the mining IP which fell to -9.4% in June from -0.5% in May while manufacturing IP which only managed to produce modest growth of 4.5% vs. our projection of 5.5%. If history is a reliable yardstick and assuming full-year growth sustains at circa 3.4% range, GDP growth in 2018 may slow to between 4.5% and 5.0%.

Plantations: Second Straight Rise In Stockpiles (Neutral)

Malaysian palm oil inventories reported a marginal growth of 1.2% MoM in July as production rebounded 12.8% MoM after falling for three straight months. Meanwhile, CPO price has been continuously under pressure due to the heightening inventory outlook while demand from most major consuming countries remained lacklustre. Spot price recently fell to 1-year low of RM2,134/mt before recovering to RM2,205/mt. YTD, it averaged at RM2,377/mt, inching closer to our full-year average of RM2,350/mt. We expect to see a weaker CPO price outlook in 2H unless there is a significant pick-up in demand. Maintain **Neutral** outlook.

Technical: Ge-Shen Corp – Possible For Bottom Fishing (7197, Technical Buy)

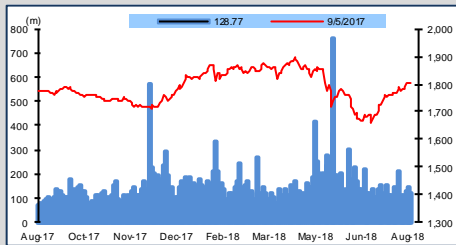
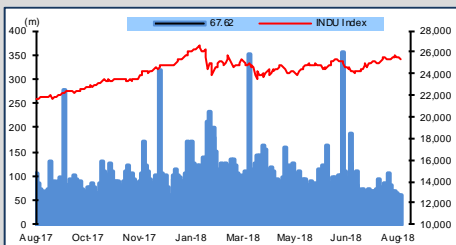
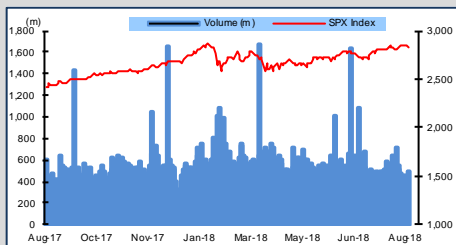
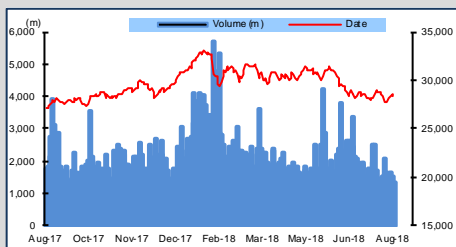
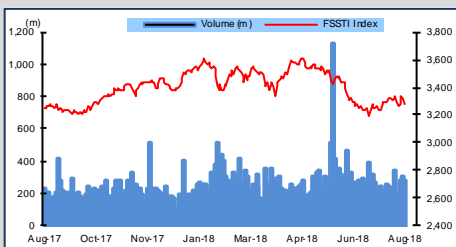
An uptick in price and volume was seen for GESHEN, showing signs of recovery from consolidation phase. Bullish RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM1.00 be broken, it may continue to lift price higher to subsequent resistance levels of RM1.06 and RM1.15. However, failure to hold on to support level of RM0.945 may indicate weakness in the share price and hence, a cut-loss signal.

HEADLINES
Economy
§ US: Consumer prices rise 0.2% in July, in line with estimates.

Consumer prices in the US showed a modest increase in the month of July, according to a report released by the Labor Department. The Labor Department said its consumer price index rose by 0.2% in July after inching up by 0.1% in June. The increase in prices matched economist estimates. The index for shelter rose by 0.3% in July and accounted for nearly 60% of the increase by the consumer price index. Excluding food and energy prices, the core consumer price index also edged up by 0.2% in July, matching the increases seen in the two previous months as well as expectations. Along with the shelter index, the indexes for used cars and trucks, airline fares, new vehicles, household furnishings and operations, and recreation all increased. (RTT)

§ EU: Euro zone banks punished for Turkish exposure.

Euro zone bank shares tumbled on Friday on concerns about their exposure to Turkey as the lira fell to yet another record low with a defiant government showing few, if any signs, it is ready to take decisive steps

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

to stabilise the currency. A widening rift with the US, its main NATO ally, and President Tayyip Erdogan's grip on monetary policy under a new powerful executive presidency have helped to drive the lira down by more than 35% this year, a particular worry for Turkish banks as over a third of their lending is in foreign currencies. The ECB declined to comment. Sources familiar with its work added that a review has been going on for several weeks and this was considered a prudent supervisory practice given the situation. This echoed the FT report, which said that the situation was not yet considered critical. (Reuters)

§ **EU: US trade conflicts destroy growth, German minister says.** US tariffs on products from Turkey and China are destroying economic growth and create "new uncertainties," German Economy Minister Peter Altmaier said. The agreement struck last month between the US and the EU averting a trade conflict can only be a "first step," and must be followed by efforts to lower tariffs and open markets globally, the minister said. The EU will stick to the terms of its nuclear accord with Iran, despite pressure from the US, Altmaier was cited as saying. German and European officials are looking for ways to maintain the flow of credit to companies that want to do business in Iran, but face difficulty obtaining loans from banks that are active in the US, he said. (Bloomberg)

§ **UK: House prices are on the longest losing streak since crisis.** UK house prices fell for a fifth month in a row in July, the longest stretch of declines since the financial crisis. Values fell 0.2% from June, bringing the average price for a home to GBP302,251 (USD386,000), Acadata said. London remains a "mixed picture," with the number of sales in the second quarter falling by 7% from a year earlier and prices declining in almost two-thirds of the capital's boroughs. The British housing market is weakening after a three-decade boom amid slower economic growth, uncertainty created by Brexit and inflation outpacing wage growth over much of the past year. London, where the average house price is more than double the national average, has been hit harder than the rest of the country. (Bloomberg)

§ **UK: 2Q growth doubles on services, construction.** UK economic growth doubled in the 2Q driven by stronger growth in both services and construction sectors, the initial quarterly estimate from the Office for National Statistics showed Friday. GDP rose 0.4%, faster than the 0.2% expansion seen in the 1Q. This was also in line with the BOE estimate. On a yearly basis, GDP advanced 1.3% versus 1.2% growth seen a quarter ago. "The economy picked up a little in the 2Q with both retail sales and construction helped by the good weather and rebounding from the effects of the snow earlier in the year," Head of National Accounts at ONS, Rob-Kent Smith, said. The dominant services output expanded 0.5% and construction logged a quarterly growth of 0.9%. These increases helped to offset a 0.8% fall in production. (RTT)

§ **China: Faces problem in getting its banks to lend more money.** The PBOC is tackling a problem it rarely had to worry about until recently, persuading banks to lend the money they have. Thanks to the central bank turning on the liquidity taps, the cost for banks to borrow from one another is now lower than the cost to borrow from the PBOC, but a large chunk of those funds is sitting idle. That money isn't feeding into the wider economy, especially not to cash-strapped smaller firms, as lenders are unwilling to make loans or buy risky bonds. With China in a worsening trade war with the US and also trying to control already large debts, ensuring funds get to needy companies is vital to sustain growth. Since the start of Aug, the central bank has begun softening rules to encourage lending, and a top-level meeting chaired by Vice Premier Liu He called for more efforts in "unclogging" the transmission mechanism, underlining the government's sense of urgency. (Bloomberg)

Markets

§ **CIMB (Outperform, TP: RM7.40): Gets Bank Negara's nod to incorporate JV company.** Bank Negara Malaysia has given CIMB Group Holdings the green light to incorporate a Malaysia-based JV company in the CIMB-China Galaxy Securities joint venture partnership. The JV company will be the holding company of Jupiter Securities SB, the platform that will be used for the Malaysia stockbroking business of CIMB and China Galaxy Securities Co Ltd. (StarBiz)

*Comments: This development brings the entire deal one step closer to completion with the international leg already completed early this year. Annual cost savings of about RM150mn are anticipated, a 1% improvement to overall cost income ratio. We continue to see value at current price levels and reaffirm our **Outperform** call with an unchanged target price of RM7.40.*

§ **MAHB: Passenger traffic up 2.2% in July 2018.** The number of passengers who passed through the 39 airports Malaysia Airports Holdings (MAHB) operates in Malaysia grew 2.2% to 8.56m in July this year from 8.38m a year ago. The international passenger volume recorded a 5.1% YoY increase in July 2018 to 4.6m, but was offset by a 1% decline in domestic traffic to 4m passengers. (The Edge)

§ **NWP: Aborts RM745.0m housing contract due to lack of progress.** NWP Holdings said it has decided to abort a RM745.0m contract to construct affordable housing under six projects of SPNB Aspirasi SB and Perbadanan PRIMA Malaysia, due to the lack of progress made in negotiations. NWP said the termination of the turnkey construction heads of agreement (HoA) was due to not much progress and/or further negotiation taking place since entering into the agreement. (The Edge)

§ **Marine & General: Secures RM48m contract for the supply of two vessels.** Marine & General has secured a contract worth RM48m to provide two 60 tonne anchor handling tug supply (AHTS) vessels from Murphy Sarawak Oil Co Ltd to support Murphy's operations. The deal, secured via its subsidiary Jasa Merin (Malaysia) SB, is for a primary duration of three years. It comes with two options for Murphy to extend for an additional one year under each option. (The Edge)

§ **YFG: Bags RM40m construction job in Penang.** YFG has bagged a RM40m contract to construct a 23-storey building housing 62 apartment units and 38 office units for Atta Global Group's subsidiary Tetap Gembira Development SB in Penang. YFG said its wholly-owned subsidiary YFG Engineering SB has accepted a letter of award from Atta Properties SB, another unit of Atta for the contract works. The project will commence on Oct 1, with completion within 24 months. (The Edge)

§ **Green Packet: Enters partnership for direct carrier billing.** Green Packet's joint venture company (JV), Funsea Interactive Entertainment (M) SB has entered into a partnership with Apigate to enable Direct Carrier Billing (DCB) for Celcom's customers. DCB allows end users to make payments for their purchases by charging payments to their mobile operator's post-paid and pre-paid bill. With the partnership, Funsea Interactive will be able to facilitate payment for their OTT content related games, music and video-based apps to more than 9.6m Celcom subscribers in Malaysia through the DCB payment facility offered by Apigate. (StarBiz)

MARKET UPDATE

§ The FBM KLCI might open lower today after deepening turmoil in Turkey's financial markets fuelled a wave of global risk aversion last Friday, with equity markets weakening across the board — led by banking stocks — while the dollar and core government bonds made substantial gains. The Turkish lira was at the heart of the day's action as it collapsed by as much as 23 percent on the day to a record low against the dollar — before trimming its decline — fuelling concern over the exposure of European and US banks to Turkey. On Wall Street, the S&P 500 fell 0.7% to 2,833 — leaving it 0.3% lower for the week and 1.4% below the record high it reached in January. Earlier this week the index had looked like it was on track to hit a new peak. Both the Dow Jones Industrial Average and the Nasdaq Composite ended 0.8% lower. In Europe, the Stoxx 600 index ended 1.1% lower, as the Xetra Dax in Frankfurt shed 2%, the Italian FTSE MIB index fell 2.5% and the FTSE 100 in London gave up 1%.

Back home, the FBM KLCI index gained 0.80 of a point or 0.04% to 1,805.75 points on Friday. Trading volume decreased to 2.189bn worth RM2.05bn. Market breadth was negative with 402 gainers as compared to 487 losers. The regional markets finished mixed. The Shanghai Composite gained 0.03%, while the Nikkei 225 led the Hang Seng lower. They fell 1.33% and 0.84% respectively.

TECHNICAL OUTLOOK

FBM KLCI: 1805.75 (+0.80; +0.0%)

Resistance: 1810, 1830, 1860

Support: 1793, 1783, 1762

FBM KLCI Daily Chart



The local benchmark inched higher last Friday but the upside might be capped, as profit-taking activities throughout the sessions suggests that the index may take a breather following five consecutive weeks of strong rally. At the close, the FBM KLCI gained 0.80 points to end at 1805.75. Market breadth reversed its earlier trend with losers outpacing gainers 487 to 402. At this juncture, the index's fast paced weekly MACD remains bullish. Nevertheless, two consecutive days of shooting star-like candlesticks is signifying signs of weakening upward momentum. Hence, it is anticipated that the FBM KLCI would be re-testing immediate support of 1793 in the near term. Moderate pullback above support level of 1762 is still deemed healthy should there be any dampened sentiment. Support levels for the index are at 1793, 1783 and 1762, while the resistance levels are at 1810, 1830 and 1860.

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 Aug	China Money Supply - M2 YoY	Jul	8.2%	8.0%
10 - 15 Aug	China New Yuan Loans	Jul	CNY1275.0bn	CNY1840.0bn
10 - 18 Aug	China FDI YoY	Jul	--	0.3%
14-Aug-18	China Retail Sales YoY	Jul	9.1%	9.0%
14-Aug-18	China Industrial Production YoY	Jul	6.3%	6.0%
16-Aug-18	US Initial Jobless Claims	11-Aug	215K	213K
16-Aug-18	US Housing Starts	Jul	1260K	1173K
16-Aug-18	Malaysia GDP YoY	2Q	5.4%	5.4%
16-Aug-18	Malaysia BoP Current Account Balance	2Q	--	RM15.0bn
17-Aug-18	Euro-Zone CPI YoY	Jul	2.1%	2.0%

CORPORATE MONITOR

COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
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RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Kuala Lumpur Kepong	3QFY18	14-Aug-18
Dialog	4QFY18	16-Aug-18
Kossan Rubber Industries	2QFY18	17-Aug-18
Star Media Group	2QFY18	17-Aug-18
D&O	2QFY18	21-Aug-18
TSH	2QFY18	23-Aug-18
Malakoff	2QFY18	23-Aug-18
Century Logistics	2QFY18	24-Aug-18
Dayang	2QFY18	24-Aug-18
QL Resources	1QFY19	27-Aug-18
Parkson Holdings	4QFY18	27-Aug-18
DRB-Hicom	1QFY19	28-Aug-18
Mega First	2QFY18	28-Aug-18
Genting Plantations	2QFY18	28-Aug-18
FGV	2QFY18	28-Aug-18
Uzma	6QFY18	28-Aug-18
Sime Darby	4QFY18	29-Aug-18
Prestariang	2QFY18	29-Aug-18
Ta Ann	2QFY18	29-Aug-18
IOI Corp	4QFY18	29-Aug-18
AAX	2QFY18	29-Aug-18
Serba Dinamik	2QFY18	29-Aug-18
Media Prima	2QFY18	30-Aug-18
AirAsia Group	2QFY18	30-Aug-18
Sime Darby Plantations	4QFY18	30-Aug-18
TNB	2QFY18	30-Aug-18
Johore Tin	2QFY18	30-Aug-18
Bumi Armada	2QFY18	30-Aug-18
Wah Seong	2QFY18	30-Aug-18
Petra Energy	2QFY18	30-Aug-18

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>	

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

10-Aug-2018

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Sime Darby Property	16,572,000	22,540,000	1.36
Petronas Chemicals Group	9,000,000	82,800,000	9.20
Tenaga Nasional	3,000,000	47,340,000	15.78

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>
Chin Teck Plantations	Second interim single-tier dividend of 10.0 sen	0.100	30-Jul	13-Aug	15-Aug	30-Aug
Chin Teck Plantations	Special single-tier dividend single tier of 10.0 sen	0.100	30-Jul	13-Aug	15-Aug	30-Aug
Tower REIT	Interim Income Distribution of 2.10 sen taxable	0.021	31-Jul	13-Aug	15-Aug	30-Aug
Malaysia Smelting Corp	Bonus issue 1 : 1		23-Apr	13-Aug	15-Aug	16-Aug
Malaysia Smelting Corp	Subdivision 1 : 2		23-Apr	13-Aug	15-Aug	16-Aug
Bursa Malaysia	First interim single-tier dividend of 14.0 sen	0.140	30-Jul	14-Aug	16-Aug	29-Aug
Bursa Malaysia	Special single-tier dividend of 8.0 sen	0.080	30-Jul	14-Aug	16-Aug	29-Aug
FAR East Holdings	Bonus Issue 2 : 5		23-Jul	14-Aug	16-Aug	17-Aug
FAR East Holdings	Subdivision 1 : 3		23-Jul	14-Aug	16-Aug	17-Aug
Degem	Interim single-tier dividend of 1.0 sen	0.010	25-Jul	14-Aug	16-Aug	5-Sep
Zhulian Corp	Second interim dividend 2.0 sen	0.020	18-Jul	15-Aug	17-Aug	12-Sep
OPCOM Holdings	Interim single-tier dividend of 1.25 sen	0.013	3-Aug	16-Aug	20-Aug	7-Sep
Karyon Industries	First interim single-tier dividend of 0.3 sen	0.003	6-Aug	16-Aug	20-Aug	13-Sep
Metro Healthcare	Interim dividend of 0.5 sen T.E.	0.005	9-Aug	16-Aug	20-Aug	18-Sep
Tanco Holdings	Free warrants issue of 1 warrant : every 2 existing ordinary shares held		6-Aug	16-Aug	20-Aug	
Axis REIT	Second interim income distribution of 2.0 sen	0.020	6-Aug	16-Aug	20-Aug	7-Sep
Sapura Industrial	Final single-tier dividend of 2.0 sen	0.020	30-May	16-Aug	20-Aug	6-Sep
MISC	Second dividend of 7.0 sen T.E.	0.070	7-Aug	17-Aug	21-Aug	14-Sep

TE- Tax Exempt

RATING CLASSIFICATION

STOCKS

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

SECTOR

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

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