

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,783.34	-22.41	-1.2
DOW	25,187.70	-125.44	-0.5
S&P 500	2,821.93	-11.35	-0.4
NASDAQ	7,819.71	-19.40	-0.2
FTSE-100	7,642.45	-24.56	-0.3
SHANGHAI	2,785.87	-9.44	-0.3
HANG SENG	27,936.57	-430.05	-1.5
STI	3,245.34	-39.44	-1.2
NIKKEI 225	21,857.43	-440.65	-2.0
JCI	5,861.25	-215.93	-3.6

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	2,069.79	2,214.46

BURSA'S MARKET SHARE (%)

Retail	21.6%
Institutional	51.7%
Foreign	26.7%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Aug)	1,775.00	-26.50	-1.5
OIL - BRENT (USD/b)	72.61	-0.20	-0.3
CPO FUTURE (RM/ton)	2,204.00	-38.00	-1.7
RUBBER (RM/kg)	410.00	1.00	0.2
GOLD (USD/Ounce)	1,193.51	-18.19	-1.5

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.09	0.2
MYR/SGD	2.97	-0.2
YUAN/MYR	1.68	0.5
YEN/MYR	26.97	-0.6
MYR/EURO	4.66	-0.5
MYR/GBP	5.22	0.2

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
IHH HEALTHCARE B	5.45	58.60
EDARAN BHD	0.72	47.36
BORNEO OIL BHD	0.06	38.65
MALAYSIAN RES CO	0.85	36.83
FOUNDPAC GROUP	0.43	31.60

TOP 5 GAINERS	LAST CLOSE	RM (+)
SAM ENGINEERING	7.66	0.31
EDARAN BHD	0.72	0.26
FRASER & NEAVE	37.90	0.16
SLP RESOURCES	1.31	0.16
ATURMAJU RESOURC	0.44	0.13

TOP 5 LOSERS	LAST CLOSE	RM (-)
MALAYSIA AIRPORT	9.33	-0.53
FAR EAST HLDGS	3.21	-0.12
KESM INDUS BHD	17.50	-0.40
IHH HEALTHCARE B	5.45	-0.30
HEINEKEN MALAYSI	22.60	-0.30

Gainers – 213 Losers – 764 Unchanged – 337

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HIGHLIGHTS
Mega First: Steady Progress (MFCB MK, Outperform, TP: RM4.74)

Mega First (MFCB) is expected to generate another steady set of results on the back of higher construction revenue from the Don Sahong Hydropower project in Laos though there will also be a one-off impairment from the discontinued Shaoxing power plant in China and margin pressure from the resources segment due to a significant hike in petcoke cost. 2QFY18 results will be announced on 28 Aug. Retain **Outperform** call with an unchanged TP of RM4.74.

Yong Tai: No Major Concerns (YTB MK, Outperform, TP: RM2.25)

The management of Yong Tai met up with the investment fraternity to provide current updates on the Encore Melaka theatre while also fielding questions on various other issues, one of which included the recent announcement on the early conversion of preference shares and subsequent share price weakness. While certain operational challenges were acknowledged, the long-term intrinsic value of the Group's undertakings remains unchanged. We opine that the market should not be too perturbed by the near-term earnings-dilutive effects of the early conversion, an occurrence bound to happen a year plus from now in any case, but to focus instead on the earnings growth trajectory and long term value creation. We see the recent share price weakness as an opportune time to further accumulate a stock currently deeply undervalued. Our **Outperform** call is affirmed, with an unchanged sum-of-parts based target price of RM2.25.

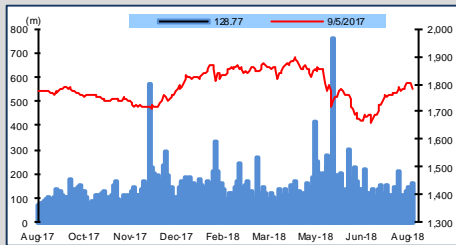
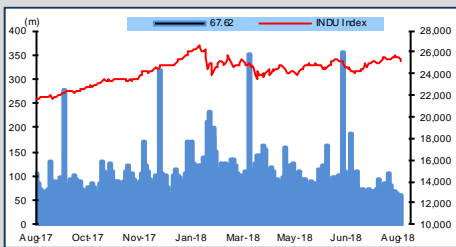
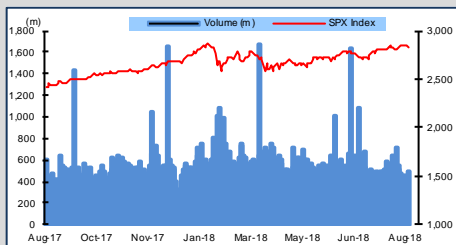
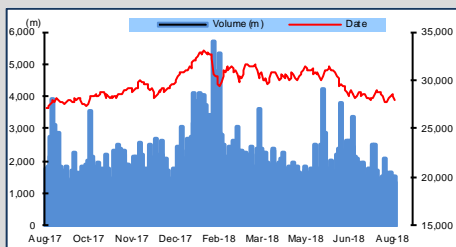
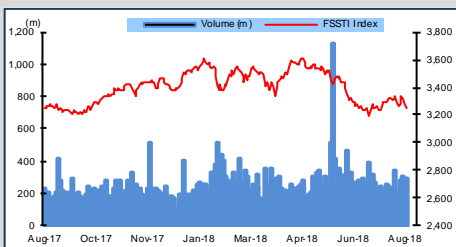
Technical: Pecca – Possible for bottom fishing (5271, Technical Buy)

PECCA's price is holding well despite yesterday's market weakness. 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 RM0.960 be broken, it may continue to lift price higher to subsequent resistance level of RM0.990. However, failure to hold on to support level of RM0.870 may indicate weakness in the share price and hence, a cut-loss signal.

HEADLINES
Economy

§ **US: Economy seen strong in 2018, to slow in 2019, CBO says.** US economic growth will probably accelerate this year before slowing in 2019 to well below the Trump administration's 3% target as a fiscal stimulus fades, congressional researchers projected on Monday. In an updated economic outlook, the nonpartisan Congressional Budget Office (CBO) projected that inflation adjusted or real GDP would grow 3.1% this year, exceeding 2.2% growth in 2017 due to lower income taxes, increased government spending and private investment. The government slashed corporate and personal income taxes in January in a USD1.5trn package and the US Congress passed a USD1.3trn spending bill in March. (Reuters)

§ **US: Consumers' one-year inflation outlook steady in July, NY Fed survey.** US consumers' one-year inflation expectations held steady in July at near 3%, while their three-year outlook on price growth eased to

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

its lowest level since Feb, according to a Federal Reserve Bank of New York survey published on Monday. The survey of consumer expectations, which the Fed considers along with other data on US price pressures, showed consumers' one-year inflation outlook stood at 2.98% in July for a fourth consecutive month. The survey's three-year inflation measure declined to 2.88% from 3% in June. The New York Fed survey is done by a third party that taps a rotating panel of about 1,200 household heads. (Reuters)

§ **UK: British employers see difficulty in filling vacancies.** More UK employers found it difficult to fill their job vacancies, according to Labor Market Outlook from the Chartered Institute of Personnel and Development. About two-third of employers report at least some of the vacancies are proving hard to fill since last summer. The survey showed that the supply of labor is more constrained compared with previous years, especially for low and medium-skilled occupations. The number of applicants for a vacant job decreased compared to the summer 2017. Increasing salaries is the most obvious reaction to these challenges. A majority of employers responded by increasing salaries for their vacancies. According to the survey data, employers' median basic pay increase expectations in the 12 months stood at 2%. (RTT)

§ **China: July new loans ease to CNY1.45trn, above forecasts.** Chinese banks extended CNY1.45trn (USD210.7bn) in net new yuan loans in July, above analysts' expectations, as a growing trade battle with the US threatens to pile more pressure on the slowing economy. Analysts polled by Reuters had predicted new yuan loans of CNY1.2trn, down sharply from June's CNY1.84trn but well ahead of the tally in July last year. Broad M2 money supply grew 8.5% in July from a year earlier, data from the PBOC showed on Monday, beating forecasts for an expansion of 8.2% and compared with 8.0% in June. (Reuters)

§ **India: Inflation slows in July.** India's consumer price inflation slowed in July, the Central Statistics Office reported Monday. Consumer price inflation slowed to 4.2% in July from 4.9% in June. In the same period of 2017, inflation was 2.3%. Economists had forecast the annual rate to ease to 4.5%. Similarly, food price inflation came in at 1.4%, down from 2.9% a month ago. Overall inflation remained above the central bank's medium-term target of 4%. The Reserve Bank of India forecast 4.8% inflation for the 2H of 2018-19. On a monthly basis, consumer prices gained only 0.9% and food prices by 1.6% in July. (RTT)

§ **Indonesia: Bank Indonesia may hike rates as Turkish lira crisis adds pressure on rupiah.** Indonesia may feel the biggest impact from the Turkish lira crisis, among Asian countries, as a high level of foreign currency debt makes it vulnerable to sharp falls in the rupiah, Capital Economics economist Gareth Leather said Monday. Consequently, the Bank Indonesia is likely to raise its key rate by 25 basis points during its scheduled meeting on Wednesday, the economist said. That would follow a cumulative 100 basis points hike in May and June to support the rupiah. For most Asian countries, the sharp falls in financial markets seem like an overreaction given their limited trade and financial ties to Turkey, Leather noted. (RTT)

§ **Singapore: GDP growth slows on weaker construction.** The Singapore economy grew at a slower pace in the 2Q on notable contraction in construction, data published by the Ministry of Trade and Industry showed Monday. Despite forecasting a moderation in growth going forward in the 2H of this year, the government maintained its economic outlook for 2018. GDP grew a revised 3.9% YoY in the 2Q, easing from the 4.5% growth in the previous three months. Nonetheless, the estimate for the June quarter was revised up from 3.8%. (RTT)

Markets

- § **Vivocom: Secures contract worth RM12.6m from CRCC.** Vivocom International Holdings has secured a RM12.6m project from CRCC Malaysia to supply labour, tools and equipment for the construction and completion of the reinforced concrete structure and structural steel works for an office tower. Vivocom said its unit, Vivocom Enterprise Sdn Bhd, has received and accepted the letter of award (LOA) from CRCC for the proposed project. (Bernama)
- § **Mynews: Sells former corporate office to director's sons.** Mynews Holdings is disposing of two units of property in Kepong to the sons of its non-independent and non-executive director Dang Tai Hock for RM3.4m. Tai Hock is the elder brother of MyNews CEO Dang Tai Luk and deputy CEO Dang Tai Wen. The properties comprise a piece of freehold land with built up area of 2,750 sq ft and land area of 2,002 sq ft consisting of two units of one-and-a-half storey terrace factory lot. Mynews said that the sale proceeds are to be used as working capital for Mynews Retail's growth and expansion plan. (The Edge)
- § **MAHB: Over 75% of airports we handle not commercially viable.** More than 75% of the 39 airports operated by Malaysia Airports Holdings (MAHB) are not commercially viable, said the airport operator. "These airports are managed on a cross-subsidisation model in order to provide the Malaysian people with the required connectivity among its smaller towns and rural outposts. Maintaining this network of airports has involved a huge outlay of both capital and operational expenses," it said. MAHB manages a network of 39 airports in Malaysia, comprising five international airports, 16 domestic airports and 18 short take-off and landing ports. (SunBiz)
- § **Guan Chong: Improved margins push 2Q profit to record high.** Guan Chong has reported record 2Q earnings with net profit nearly doubling to RM43.0m from RM22.9m a year ago, due to improved margins. Revenue for the quarter ended June 30, 2018 rose 1.9% to RM491.6m, from RM482.0m previously, thanks to an increase in the sales volume of cocoa products, which was up by 28%. Guan Chong declared a first interim dividend of two sen per share, payable on Sept 28. (The Edge)
- § **Oil and Gas (Overweight): Petronas to explore new O&G reserves, says Economic Affairs Ministry.** National oil company Petroliaam Nasional (Petronas) will continue its efforts and cooperation in exploring for new oil and gas (O&G) reserves locally and internationally, especially on deepwater, said the Ministry of Economic Affairs. "However this (the exploration) will involve high costs due to the complexity and risks that Petronas has to face. The discovery of new reserves will hopefully extend the country's O&G reserves duration and ensure the supply of resources is guaranteed," the ministry said. (The Edge)
- § **Rubber Gloves (Neutral): June natural rubber output up 16.3%.** Malaysia's natural rubber production in June 2018 increased by 16.3% to 41,578 tonnes from 35,761 tonnes in the previous month, according to Department of Statistics. For YoY, the production decreased by 17.9%, it said. It said the average price of latex concentrate was recorded at 439.83 sen per kilogramme (kg) whereas the average price of Standard Malaysian Rubber 20 was 545.2 sen per kg, both diminished at 9.7% and 2.8% respectively from May 2018. (SunBiz)

MARKET UPDATE

§ The FBM KLCI might trend lower at the opening today after Turkey continued to dominate the market headlines yesterday, with concern over contagion from the country's currency crisis making for a nervous session. An opening rally for the S&P 500 equity index — after it suffered its biggest one-day fall in a month on Friday — turned into a moderate loss by the close in New York, while European stocks ended lower, albeit well off the day's worst levels. The Turkish lira itself remained vulnerable after falling as much as 11 percent against the dollar in Asian trade to a fresh record low, although it later trimmed its decline, as did several other emerging market currencies caught up in the early sell-off. On Wall Street, the S&P 500 fell 0.4% to 2,821, having risen as much as 0.4% earlier in the session. It was the fourth successive decline for the benchmark US index — its longest losing run for five months. The Nasdaq Composite slipped 0.2% to 7,820 — after hitting 7,888 earlier in the day — while the Dow Jones Industrial Average shed 0.5%. In Europe, the pan-regional Stoxx 600 ended down 0.3%, having been 0.6% lower in early trade. The Xetra Dax in Frankfurt fell 0.5% and the FTSE 100 in London closed 0.3% lower.

Back home, the FBM KLCI index lost 22.41 points or 1.24% to 1,783.34 points on Monday. Trading volume decreased to 2.07bn worth RM2.21bn. Market breadth was negative with 213 gainers as compared to 764 losers. The regional markets finished broadly lower today with shares in Japan leading the region. The Nikkei 225 was down 1.98% while Hong Kong's Hang Seng lost 1.52% and China's Shanghai Composite gave away 0.34%.

TECHNICAL OUTLOOK

FBM KLCI: 1783.34 (-22.41; -1.2%)

Resistance: 1793, 1810, 1830

Support: 1783, 1762, 1743

FBM KLCI Daily Chart



The local benchmark retraced yesterday. At the close, the FBM KLCI dropped 22.41 points to end at 1783.34. Market breadth remained negative as losers outpaced gainers 764 to 213. At this juncture, the index's fast paced weekly MACD remains bullish, though with weakening upward momentum. Hence, it is anticipated that the FBM KLCI would be re-testing immediate supports of 1783 and 1762 in the near term. Moderate pullback above support level of 1762 is still deemed healthy should the dampened sentiment persist. All in, it is anticipated that the index would likely be hovering between 1783 and 1762 marks for the rest of the week. Support levels for the index are at 1783, 1762 and 1743, while the resistance levels are at 1793, 1810 and 1830.

ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
13 - 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	5.3%	5.4%
16-Aug-18	Malaysia BoP Current Account Balance	2Q	RM12.9bn	RM15.0bn
17-Aug-18	Euro-Zone CPI YoY	Jul	2.1%	2.0%
21-Aug-18	Malaysia Foreign Reserves	15-Aug	--	USD104.5bn

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)

13-Aug-2018

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Tenaga Nasional Bhd	1,904,000	29,630,000	15.56
Petronas Chemicals Group	3,312,000	30,210,000	9.12
Public Bank	2,400,000	58,420,000	24.34
N2N Connect	1,550,000	1,970,000	1.27
DBE Gurney Resources	93,896,712	2,820,000	0.03
Vizione Holdings	24,000,000	3,120,000	0.13
Cypark Resources	5,000,000	11,650,000	2.33
Spring Gallery	21,663,400	1,840,000	0.08

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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