



11 November 2019

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Previous Day Highlights

The FBM KLCI closed marginally higher (0.02% or 0.4 point) at 1,609.7 last Friday. Volume traded was significantly higher at 3.11bn unit of shares valued at RM2.15bn. Market breadth was neutral with 419 gainers, 412 losers and 449 unchanged counters.

Asia stock markets finished mostly lower as Hong Kong's Hang Seng Index lost 196.1 points to 27,641.1. Shanghai Composite Index was 0.49% lower while Nikkei 225 Index gained 0.26%.

US stock markets continued to trend at higher note last Friday. Dow Jones Industrial Average Index closed at 27,681.2. Nasdaq rose 0.48% while S&P 500 finished 0.26% to 3,093.1.

Our Thoughts

We laud Bank Negara's (BNM) move to cut the Statutory Reserve Requirement (SRR) by 0.5% which will release around RM7bn to 8bn into the system. We are strong advocate for such move as this will be a more effective instrument than the usual cut in interest rates. By doing so, BNM is able to maintain attractive yields in Malaysia which should attract more foreign funds flowing into the country as depicted from the recent strengthening of the Ringgit. Additionally, such a move should be positive for the Banks and we expect buying interests on the banks to continue. As for the FBM KLCI, we anticipate it to challenge the 1,620 mark today.

News For The Day

Banks have more to lend now but loan demand is weak

Bank Negara Malaysia's (BNM) move to reduce the statutory reserve requirement (SRR) ratio to 3% from 3.5% bodes well for the local banking industry. The banks will have more money in hand to lend out. As loan growth strengthens, so does the domestic economic growth. The 0.5% cut in SRR is expected to release RM7.35bn into the banking system. – *The Edge Financial Daily*

Mi Technovation set to expand beyond semiconductor sector

Mi Technovation Bhd – formerly known as Mi Equipment Holdings Bhd – is seeking to reduce its dependency on the semiconductor industry. The group aims to be player with multiple products across multiple industries by 2023. – *The Edge Financial Daily*

CPO price uptrend continues in October

Concerns about supply shortfalls and higher export scenario sentiment saw Malaysia's crude palm oil (CPO) continue its uptrend mode after recording its first major recovery in October, surpassing the 2018 level for the first time. – *Sunbiz*

PRG terminates deal to buy stake in loss-making retailer

PRG Holdings Bhd, whose share price doubled and subsequently fell by half in the course of two months, has mutually cancelled the plan to buy the entire stake of a loss-making retail company from its 54.19%-owned Hong Kong-listed unit Furniweb Holdings Ltd. – *The Edge Markets*

GDB targets RM1bn turnover in five years

Construction company GDB Holdings Bhd, which made its debut on the ACE Market of Bursa Malaysia a year and a half ago, is aiming to receive a turnover of RM1bn in the next five years. – *The Edge Markets*

IOI Properties' unit sets up medium-term note

IOI Properties Group Bhd's wholly-owned subsidiary Progressive View Pte Ltd has set up a S\$2bn euro medium-term note programme for its capital expenditure, working capital and refinancing of existing borrowings. – *The Edge Markets*



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