



14 August 2019

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Previous Day Highlights

The FBM KLCI fell sharply to below 1,600 level yesterday. The index lost 22.17 points or 1.37% to 1,592.88. Market breath was negative as losers outnumbered gainers more than 4 times with 744 versus 173.

Asian markets closed on negative notes yesterday with Hong Kong's Hang Seng Index plunging 2.1% or 500 points to 25,281.3. Shanghai Composite Index and Nikkei 225 Index dropped 0.63% and 1.11% respectively.

US stocks recovered yesterday after US announced a tariff delay of several Chinese goods until 15th December. The Dow rose 1.44% to 26,279.91 while Nasdaq gained 1.95% and S&P advanced 1.48%.



Our Thoughts

Regional financial markets are anticipated to remain volatile over the short term. Following yesterday's bloodbath, we reckon the equity markets may see some recovery today buoyed by the improved performance on Wall Street. With the DJI Average trending above the 26,000 again (+370 points) we could see some bargain hunting on the local bourse. In addition, the US 10-year yield is now at a 3-year low hovering at 1.69% indicating a strong possibility for a rate cut again by the FEDs soon. We expect the FBM KLCI to breach the psychological 1,600 level with the immediate resistance at 1,620.



News For The Day

Serba Dinamik secures RM1.05bn EPCC contract

Integrated engineering services provider Serba Dinamik Holdings Bhd has secured an engineering, procurement, construction and commissioning (EPCC) contract in Uzbekistan, worth an estimated US\$250.3m (equivalent to RM1.05bn). The job duration is to be completed in two years, starting Aug 8 this year, to be completed by Aug 7, 2021. - *The Edge*

GHL obtains money lending licences in Malaysia and Thailand

Payment systems provider GHL Systems Bhd has obtained operating licences from the respective regulators to commence money lending services in both Malaysia and Thailand. The licences permit money lending services to both individuals as well as businesses. - *The Edge*

PetChem reports 22% drop in Q2 earnings

Petronas Chemicals Group Bhd (PetChem) reported a 22.3% decline in net profit to RM1.12bn for the second quarter ended June 30, 2019 against RM1.44bn recorded in the same period last year due to lower sales revenue and higher tax expense. - *The Sun*

Ajinomoto to invest RM355m in new Seremban plant

Ajinomoto (Malaysia) Bhd will construct a new plant on its acquired land in Techpark @ Enstek, Seremban, at a total capital investment of RM355m. The land will be home for the company's new plant and support facilities, which will include its corporate office, and recreational space and facilities for its staff. - *The Sun*

Sime unit to acquire Gough Group for RM572m

Marking its largest investment post-restructuring, Sime Darby Bhd has proposed to acquire Gough Group Ltd – an industrial and heavy machinery group that holds the Caterpillar dealership in New Zealand – for a gross consideration of NZ\$211m (RM572m). The acquisition is largely seen as a positive move, as it will help strengthen the Malaysian conglomerate's motors commercial business in both Australia and New Zealand. – *The Star*



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