



14 October 2019

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Previous Day Highlights

The FBM KLCI gained 4.97 points or 0.32% to 1,556.84 points last Friday. Market breadth was positive with 539 gainers outnumbered losers of 308. Volume traded was 2.29 bn unit of shares valued at RM1.6bn.

Asian market continued to rise on the improved US trade discussion last Friday. The Shanghai Composite Index gained 0.88% to 2,973.7 points. Nikkei 225 Index increased 1.15% while Hang Seng Index surged 600.5 points to 26,308.4.

US stock was in line with the Asian market, trended higher amid the renewed optimism on trade deal. The Dow rose 319.9 points to 26,816.6. Nasdaq jumped 1.34% while S&P advanced 1.09%.

Our Thoughts

Budget 2020 was a non-event focusing predominantly on the welfare of the B40 category. Whilst the middle class has been largely ignored, indirect benefits would come from the reduction of toll rates. It is apparent that the Construction and Tech sectors would be the main beneficiaries with the roll-out of mega infra related projects coupled with a plethora of incentives for start-ups. The Property sector should also benefit from the reduction of the price threshold for foreign buyers however we are dismay that the developers and bankers are not doing their part in addressing the oversupply. We are Neutral on the Budget as the impact of the local bourse is expected to be rather muted. Though we may see some buying returning to the local bourse, any upside should be capped as sentiments are seen to remain status quo. Immediate resistance is seen at the 1,560 level.

News For The Day

Government weighs possibility of buying PLUS

Finance Minister Lim Guan Eng reiterated that any proposed acquisition of toll concessions will be evaluated on the principle that the plan will have zero impact on the government's debt service charges and will entail any compensation on freezing toll hikes. Furthermore, there must be substantial savings for road users. – *The Edge Financial Daily*

Digital economy initiatives at forefront of Budget 2020

The Government is giving grants to incentivise businesses to automate and digitalise their businesses. Finance Minister Lim Guan Eng announced various initiatives and incentives for the development of "digital applications, digital companies, and digital Malaysians" in the National Budget 2020. – *The Edge Markets*

Bank Rakyat's 1H profit climbs 17.8% to RM867.6m

Bank Rakyat Group, Malaysia's largest Islamic cooperative bank, recorded a profit before tax and zakat of RM867.65m in the first half of the year ended June 30, 2019, up 17.8% from RM735.46m in the previous year's corresponding period. – *The Edge Markets*

MGRC proposes 22 sen special dividend

Shareholders of Malaysian Genomics Resource Centre Bhd (MGRC) stand to receive a special cash dividend of 22 sen per share following the group's proposed disposal of its entire clinical pathology services business. – *The Edge Markets*

Leweko proposes diversification into construction

Leweko Resources Bhd, which was taken over by Rengit Capital Sdn Bhd, has proposed to diversify its core business to include construction and construction-related activities. – *The Edge Markets*

Scomi Energy plans capital reduction, share consolidation

Scomi Energy Services Bhd has proposed a reduction of its issued share capital by RM560m and a share consolidation of every five existing shares into one consolidated share. – *Sunbiz*



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Published:

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