



24 May 2019

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Previous Day Highlights

The FBM KLCI closed 1.87 points or 0.12% lower to 1,601.87 yesterday as the trade war between U.S. and China continued to heighten uncertainties. Market breath were negative overwhelmed by 718 losers vs 188 gainers.

Asian markets continued its downtrend due to the escalating trade war. The Shanghai Composite Index fell 1.36%, Japan's Nikkei 225 dropped 0.62% while Hang Seng Index declined 1.58%.

U.S. stock markets continued to close lower on Thursday amid the trade tensions. The Dow dipped 1.11%, the S&P 500 Index declined 1.19% while the Nasdaq Composite Index fell 1.58%.

Our Thoughts

Being the worst performer within the region the FBM KLCI (-5.25% year to date) is fairly well supported at the 1,600 mark amid the prevailing market volatility. With the MYR now at RM4.20/USD, the local bourse presents an alluring value proposition especially for foreign investors. We continue to advocate market participants to look at index linked stocks as these would be the first to rebound once the market sees a reversal in fortune. We estimate that the FBM KLCI is currently trading at a PER of 15x which is below its average of 16.5x hence the window of opportunity for stock accumulation.

News For The Day

GFM upbeat on outlook after strong Q1 results

GFM Services Bhd posted a strong set of first quarter results mainly due to the facilities management services and is upbeat on the outlook for remaining year with an order book of RM1.38bn at March 31, 2019. Its net profit jumped by 95.4% to RM5.53m from RM2.83m a year ago. Its revenue increased by 32.9% to RM42.44m from RM31.92m. Earnings per share were 1.17 sen compared with 0.66 sen. - *The Star Online*

Inari Amertron Q3 net profit down by 30%

Semiconductor company Inari Amertron Bhd's net profit fell by 30.7% to RM38.18m in the third quarter ended March 31, 2019 mainly due to lower revenue, changes in product mix and higher depreciation cost. Its revenue fell by 21.3% to RM256.3m due to comparatively lower volume loading on a major sensor product and also due in part to the disposal of assets of a 51% owned subsidiary during the last financial year. - *The Star Online*

Heineken 1Q net profit up 8.3% on higher pre-price-hike sales

Net profit for its first quarter ended March 31, 2019 came in at RM52.81m, up 8.3% from RM48.76m a year ago, on higher sales. Revenue rose 21.1% to RM525.14m from RM433.81m in 1QFY18, mainly driven by higher sales volume from the effective execution of commercial campaigns during Chinese New Year, as well as the increase in sales revenue, prior to the price adjustment on April 1. - *The Edge Markets*

MBM Resources 1Q net profit surges 51% on strong demand for Perodua cars

Its net profit for the first quarter ended March 31, 2019 came in 51.31% higher at RM49.66m from RM32.82m a year ago, helped by strong demand for Perodua vehicles. Earnings per share rose to 12.7 sen from 8.4 sen previously. Quarterly revenue grew 14.9% to RM532.45m from RM463.46m in the corresponding quarter a year ago on improved performance at its motor trading segment. - *The Edge Markets*

Oil price plummets, on track for biggest weekly drop in 2019

Oil prices plunged on Thursday, losing about 5% as trade tensions dampened the demand outlook, putting the crude benchmarks on course for their biggest daily and weekly falls in six months. - *Reuters*



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