



03 June 2019

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Previous Day Highlights

The FBM KLCI marked its fifth consecutive gain of 14.3 points or 0.87% last Friday. The index ended second quarter of 2019 slightly above 1,650 level at 1,650.76 points. Despite the gain lifted by blue chips, market breath was negative with 464 losers versus 395 gainers. Volume of share traded was 2.23bn unit valued at RM2.56bn.

Asian market ended lower due to trade war tensions with the Shanghai Composite Index lost 0.24%, Nikkei 225 declined 1.63% while Hang Seng Index dropped 0.79%.

U.S. market close sharply last Friday after President Donald Trump announced plans to impose tariff on imports from Mexico besides the escalating tensions of U.S.-China trade war. The Dow broke below 25,000 level to 24,815.0 points while the S&P 500 Index dipped 1.32% and the Nasdaq Composite Index tumbled 1.51%.



News For The Day

Malaysia's 2018 debt, liabilities down 3.9 ppts y-o-y in proportion to GDP

Notwithstanding a rise in direct government debt, Malaysia's overall debt and liabilities in 2018 dropped 3.9 percentage points (ppts) to 75.4% of the country's gross domestic product in 2018, versus 79.3% in 2017, following a successful cost rationalisation exercise involving planned mega projects and Public Private Partnership payments. - *The Edge Markets*

Oil tumbled as trade tensions escalate

Crude oil tumbled last week as the outlook for energy demand growth dims amid escalating global trade tensions. Last Friday, Brent crude oil for July settlement sank US\$2.38 to US\$64.49 a barrel. Oil price tank following US President's threat of new tariffs against Mexico, one of US' largest trade partners and a major supplier of crude oil. - *The Edge Financial Daily*

Weaker CPO prices weigh on Sime Plantation Q1 earnings

Sime Darby Plantation Bhd posted net profit of RM74m in the first quarter ended March 31, 2019 due to a one-off net gain and weaker crude palm oil (CPO) and palm kernel prices. PBT fell by 64% to RM125m due to the sharp decline in the average CPO and palm kernel realised prices year-on-year and higher finance costs. - *The Star Online*

MAHB reports 66% drop in Q1 profit to RM149.58m

Its net profit plunged over 66.3% to RM149.58m in the first quarter ended March 31 against RM444.59m in the same quarter a year ago. Excluding one-off gains recorded in the corresponding quarter last year, PBT decreased by 11.6% or RM21.5m due to higher expenditure, mainly on utilities due to increase in tariff effective July 2018 and maintenance recorded during the period. - *The Star Online*

Petronas Q1 net profit up 9% to RM14.2bn

Its profit after tax rose by 9% to RM14.2bn due to higher revenue in the first quarter ended March 31, 2019. Net profit's growth was partially offset by increased net product and production costs, lower net write-back of assets impairment and higher contribution to the National Trust Fund. - *The Star Online*



Our Thoughts

Trump may have shot himself in the foot as his bullying tactics failed to yield any results so far. Instead, his antics have riled the Chinese so much so that, US firms in China may be under some scrutinization going forward. Recently, Germany have had also condemned Trump's tactics thus indicating his support is waning. With China unwilling to back down, we reckon global markets will continue to be volatile until investors are fed up with the whole process only then we can expect business as usual.



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Published:

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