



07 May 2019

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Previous Day Highlights

The FBM KLCI fell 4.5 points or 0.27% to close at 1,632.80 yesterday. The market was dragged down by Donald Trump's tariff threats with 790 losers versus 150 gainers and 324 counters remained unchanged.

Regional markets ended on negative notes after the tariff threats with the Shanghai Composite Index lost 5.58% and Hong Kong's Hang Seng Index tumbled 2.90%.

U.S. stock markets finished lower as investors were monitoring the progress of U.S. – China trade deal. The Dow Jones Industrial Average declined 0.25%, the S&P 500 Index fell 0.45% and the Nasdaq Composite Index was down 0.50%.

Our Thoughts

Dow Jones Industrial staged a rebound to close off its low from -460 point to -66 points when news of China delegation will proceed to meet in Washington to discuss on trade deal and crude oil price has also rebounded to close above USD71/barrel. As such, we can expect O&G related stocks to benefit such as our technical pick today Barakah Offshore and Straits Inter Logistic where both have positive news announced (Refer to our technical view for more details).

News For The Day

Mega IPO on the cards from Axiata-Telenor merger

Axiata Group Bhd announced yesterday that it is in talks with Norway's Telenor Group to merge their operations in Asia. Assets that have been put on the negotiating table are both parties' mobile service operations and telco towers that spread across Asean and Southern Asia. The merged entity (MergedCo) will be the largest operator in Asean, with a pro forma revenue of RM50bn and a net profit of RM4bn. – *The Edge Financial Daily*

Barakah Offshore teams up with Chinese financial leasing firm to explore opportunities in O&G space

Financially-stressed Barakah Offshore Petroleum Bhd has entered into a Heads of Agreement with Minsheng Financial Leasing Co Ltd (Minsheng) to form a strategic partnership to explore areas of collaboration in relation to oil and gas projects under Minsheng's portfolio. The tenure of the agreement is for one year, effective yesterday. The agreement serves as a strategic framework for a definitive agreement, where more detailed terms of the partnership will be determined. – *The Edge Markets*

Bumi Armada JV bags RM8.8bn job from ONGC of India

Bumi Armada Bhd's joint venture has secured a contract from India's Oil and Natural Gas Corporation Ltd (ONGC) to provide a floating production, storage and offloading (FPSO) vessel. The JV Shapoorji Pallonji Bumi Armada Godavari Private Ltd received a notification of award for the nine-year contract worth US\$2.1bn (RM8.8bn) from ONGC on May 2. ONGC has an option to extend the contract for an additional seven years on a yearly basis at an aggregate contract value of about US\$655m (RM2.7bn), if all the extension options are exercised. – *The Star Online*

Straits Inter Logistics inks agreement with upstream O&G company to explore acquisition opportunities

Straits Inter Logistics Bhd has signed an agreement with an upstream oil and gas (O&G) company Elsa Energy Sdn Bhd to explore potential acquisition opportunities. It had entered into a non-binding Heads of Agreement (HoA) with Elsa Energy. "The HoA forms the basis of consensus and mutual interests between the Company and Elsa in pursuing business cooperation and or collaboration and or partnership agreement for the purpose to further expand their respective business operations," said Straits Inter Logistics. – *The Edge Markets*



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