

MARKET NEWS

The FBMKLCI rose 2.95pt to close at 1,773.96, lifted by strong buying interest across the board as the index resumed its climb from last Wednesday. Meanwhile, stocks in Asia climbed with US equity-index futures and oil advanced to the highest in more than a month ahead of the key meeting from crude producing countries. The MSCI Asia Pacific Index jumped 0.8% to its highest level since May 15. The FBMKLCI's top gainers were Genting Malaysia (+4.2%), CIMB Group Holdings (+3.1%) and Hong Leong Financial Group (+2.7%), while the top losers were Axiata Group (-4.4%), Astro Malaysia Holdings (-1.1%) and Westports Holdings (-0.80%). In the broader market, losers outpaced gainers 590 to 377 with 376 counters unchanged. Turnover was 2.95b shares valued at RM3.17b.

From a technical perspective, a positive closing above the 7-day and 21-day SMA yesterday indicates a potential change in the outlook and the index direction from the current consolidation mode. The index is set to retest the immediate resistance of 1,787 in the near term, given the strong momentum as flashed by the RSI. Nevertheless, the medium-term outlook remains neutral, based on a consolidation range of 1,755-1,785 which if breached should translate into a stronger movement hereafter. Support and resistance levels are as follows:

Support: 1,755, 1,729

Resistance: 1,787, 1,800

Minutes from the Federal Reserve's May 2-3 meeting, released on Wednesday, continued to bolster sentiment. The said minutes suggested there will be a very gradual and thoughtful balance sheet normalisation process. The DJIA rose 0.34 %, to 21,082.95, the S&P 500 index gained 0.44%, to 2,415.07 and the Nasdaq Composite 0.69%, to 6,205.26. Advancing issues outnumbered declining ones on the NYSE by a 1.08-to-1 ratio; on Nasdaq, a 1.15-to-1 ratio favored advancers.

WHAT'S IN THE PACK

IJM Corporation

(IJM MK/BUY/RM3.50/Target: RM3.95)
4QFY17: Earnings broadly in line.

Kerjaya Prospek Group

(KPG MK/BUY/RM3.18/Target: RM3.69)
1Q17: Results within expectations.
Expect more contract wins in 2H17.

Kossan Rubber

(KRI MK/BUY/RM6.51/Target: RM6.72)
1Q17: Sequential revenue rose by a commendable 14% thanks to full restoration of glove production at two older plants, favourable forex impact and qoq firmer glove ASPs.

Malayan Banking

(MAY MK/HOLD/RM9.39/Target: RM9.50)
1Q17: Results were broadly in line with lower-than-expected provisions helping to offset weaker-than-expected non-interest income trends. Maintain HOLD.

TDM (TDM MK)

Technical BUY on breakout with 24.6% potential return

BUY on breakout with a target price of RM0.885 and stop-loss at RM0.645. Based on the daily chart, TDM formed a higher high and higher low towards the breakout level of RM0.71 yesterday after a huge drop in the last few months.

Fima Corporation (FMB MK)

Technical BUY on breakout with +10.8% potential return

BUY on breakout with a target price of RM2.56 and stop-loss at RM2.21. Based on the daily chart, FMB formed a breakaway gap to close higher at RM2.29 yesterday.

Wellcall Holdings (WELL MK)

Technical BUY with 19.8% potential return
BUY with a target price of RM2.84 and stop-loss at RM2.16. Yesterday, WELL managed to penetrate the breakout level of RM2.34 and closed higher at RM2.37.

FBMKLCI CHART



Source: Bursa Station

KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	21,082.95	0.34	6.68
S&P 500	2,415.07	0.44	7.87
FTSE 100	7,517.71	0.04	5.25
CSI 300	3,485.66	1.80	5.30
FSSTI	3,234.37	0.10	12.27
HSCEI	10,571.60	1.74	12.53
HSI	25,630.78	0.80	16.50
JCI	5,703.43	(0.47)	7.68
KLCI	1,773.96	0.17	8.05
KOSPI	2,342.93	1.10	15.62
Nikkei 225	19,813.13	0.36	3.66
SET	1,569.41	0.21	1.72
TWSE	10,108.49	0.64	9.24
BDI	918.00	(1.71)	(4.47)
CPO (RM/mt)	2,607.00	1.01	(16.15)
Nymex Crude (US\$/bbl)	48.86	(0.08)	(13.92)

TOP VOLUME

Stock	Price (RM)	Chg (%)	Vol ('000)
Airasia X Bhd	0.425	(5.56)	174,240
Inta Bina Group Bhd	0.305	22.0	126,420
DRG-Hicom Bhd	1.72	2.38	70,700
PUC Founder MSC	0.155	3.33	69,830
Borneo Oil Bhd	0.13	4.00	65,430

TOP GAINERS

Stock	Price (RM)	Chg (%)	Vol ('000)
Inta Bina Group Bhd	0.305	22.0	126,420
Maxwell International	0.03	20.0	6,670
Wing Tai Malaysia	1.78	16.3	731
Asdion Bhd	0.30	15.4	766
Mlabs System Bhd	0.115	15.0	587

TOP LOSERS

Stock	Price (RM)	Chg (%)	Vol ('000)
Leweko Resources	0.305	(28.24)	1,912
Sino Hua-An	0.04	(20.00)	794
Netx Holdings	0.065	(13.33)	2621
OCB Bhd	0.73	(13.10)	591
Key Alliance Group	0.04	(11.11)	9780

Source: Bloomberg

TRADERS' CORNER



TRADERS' CORNER



Wellcall Holdings (WELL MK)

Technical BUY with +19.8% potential return

Last price: RM2.37

Target price: RM2.61, RM2.84

Support: RM2.17

Stop-loss: RM2.16

BUY with a target price of RM2.84 and stop-loss at RM2.16. Yesterday, WELL managed to penetrate the breakout level of RM2.34 and closed higher at RM2.37. Positive readings in both the DMI and the MACD should translate into stronger momentum for the share price. This is supported by an uptick in the RSI. We expect the share price will continue the bullish movement towards our targets at RM2.61 and RM2.84 in the near to medium term.

Expected Timeframe: 2 weeks to 2 months

CORPORATE NEWS

Airasia: No merger plan with AAX. AirAsia Bhd has dismissed a recent media report suggesting it is in talks to merge with its long-haul, low-cost affiliate AirAsia X Bhd (AAX). AirAsia group chief executive officer Tan Sri Tony Fernandes said the matter was never brought to its board of directors and management for deliberation, and the airline continues to hold the view that both the short- and long-haul operations should be kept separated. "AirAsia's position is very clear. The board has never discussed this [matter] and there is no merger at all," he told reporters after the airline's annual general meeting yesterday. "The whole purpose of setting up AAX as a separate company was because we believed it should be separated, and 10 years on we still believe that it should be separated. The short-haul business is very different from the long-haul business. So for AirAsia, we can categorically say that there is no plan for a merger [with AAX]," said Fernandes. (Source: *The Edge Financial Daily*)

Ann Joo, Yinson: 21 others added to SC's syariah-compliant list. Securities Commission Malaysia (SC) has released an updated list of syariah-compliant securities approved by its Shariah Advisory Council (SAC). The list includes 23 newly classified syariah-compliant securities and excludes 13 from the previous list issued in November 2016. The 23 new syariah-compliant securities are Aemulus Holdings Bhd, Amtel Holdings Bhd, Ann Joo Resources Bhd, Asia Media Group Bhd, Cabnet Holdings Bhd, Can- One Bhd, Daiman Development Bhd, Eversafe Rubber Bhd, Found- Pac Group Bhd, GFM Services Bhd, Hibiscus Petroleum Bhd, HLT Global Bhd, Imaspro Corp Bhd, Leweko Resources Bhd, MUI Properties Bhd, Pan Malaysia Holdings Bhd, Perdana Petroleum Bhd, Seal Incorporated Bhd, Stone Master Corp Bhd, Sunway Construction Group Bhd, Vsolar Group Bhd and Yinson Holdings Bhd. The 13 securities which were excluded from the syariah-compliant list were APB Resources Bhd, GD Express Carrier Bhd, Golden Land Bhd, Jerasia Capital Bhd, Kim Teck Cheong Consolidated Bhd, Lion Diversified Holdings Bhd, NetX Holdings Bhd, PA Resources Bhd, PLB Engineering Bhd, Plenitude Bhd, Prolexus Bhd, Rexit Bhd and YFG Bhd. (Source: *The Edge Financial Daily*)

Malaysia Airports: Eyes RM500m airport facilities management jobs. Malaysia Airports Holdings Bhd (MAHB) says it is tendering for some RM500m worth of bids to manage airport facilities in the Middle East as it seeks to build a balanced portfolio of investments beyond the country — from equity acquisitions to management contracts. Its managing director Datuk Badlisham Ghazali said the tendering process, done via wholly-owned unit Malaysia Airports Consultancy Services Sdn Bhd and its affiliates, is also part of the airport operator's strategy to expand its expertise to providing ancillary facilities. (Source: *The Edge Financial Daily*)

ManagePay: Gets approval to operate as money lender. Electronic payments solutions provider ManagePay Systems has received conditional approval from the government to operate as money lender. The approval was received from the moneylenders and pawnbroking division of the Urban Wellbeing, Housing and Local Government Ministry. It will allow the company to seek further approval to roll out payment card-based products such as the MPay MasterCard credit card for SMEs. (Source: *The Star*)

Petronas Dagangan: To open 100 more 'grab to go' stores

at its stations. Petronas Dagangan Bhd (PetDag) plans to open another 100 semi cafe or "Grab to Go" concept stores at Petronas stations nationwide by early next year as it embarks on an aggressive expansion plan to cater to the needs of the younger generation. Managing director and chief executive officer Datuk Mohd Ibrahimuddin Mohd Yunus said the one-stop centre convenience Mesra C-stores is currently undergoing a step-by-step process and it would focus very much on the urban population, mainly on their needs and preferences in the areas. "At Petronas, we are open to have all sorts of companies or entrepreneurs to come. Most importantly, our main focus is what the customer wants. This is the standard we put at our stations. We cater for the customers needs and tastes." "We want to be able to provide everything, from fuel to shop, run errands, do banking, pay bills, have a coffee or even hang out with family and friends," he told reporters after attending the opening ceremony of a'rooma, a contemporary lifestyle cafe by Deluxe Merchant Sdn Bhd at a Petronas station in Precinct 16, Putrajaya. (Source: *The Star*)

UMW Holdings: Hopes to crystallise demerger of UMW-OG

by late July. UMW also indicated that UMW Oil and Gas (UMW-OG) was not looking to merge with any new parties at this point in time. Speaking after UMW's AGM on Thursday, UMW president and group CEO Badrul Feisal Abdul Rahim said the group was in talks with potential buyers to dispose its remaining 16 oil and gas assets under its non-listed entities. "We hope to strike a few deals in the next one to two months, at the right pricing," he said, adding that most of its potential buyers are from overseas (Source: *The Star*)

SECTOR

Banking: BNM to unveil new measures

Governor says they will strengthen the banking system. Bank Negara Malaysia (BNM) will introduce three regulatory measures to strengthen the foundations for a strong and resilient banking system in the next seven months which include employment reference check. Governor Datuk Seri Muham- mad Ibrahim said the central bank would implement a mandatory employment reference check for financial industry employees which is aimed at removing employee information asymmetries during job transitions. "We will share with the industry proposed revisions to the outsourcing policy to improve the governance and supervision of financial institutions, especially involving cross-border arrangements," he said. (Source: *The Edge Financial Daily*)

Oil & Gas: OPEC, non-OPEC extend oil output cut by nine

months to fight glut. OPEC and non-members led by Russia decided on Thursday to extend cuts in oil output by nine months to March 2018 as they battle a global glut of crude after seeing prices halve and revenues drop sharply in the past three years. Oil prices dropped more than 4 percent as the market had been hoping oil producers could reach a last-minute deal to deepen the cuts or extend them further, until mid-2018. (Source: *The Star*)

FROM THE REGIONAL MORNING NOTES...

IJM Corporation: 4QFY17: Construction Arm The Star Performer**(IJM MK/BUY/RM3.50/Target: RM3.95)**

IJM reported a 4QFY17 core net profit of RM136.0m, bringing its FY17 core net profit to RM572.5m which accounts for 97% of our full-year estimate. The construction, property and industrial divisions were the key drivers of earnings growth, while the plantation and infrastructure divisions were key drags. Key near-term catalysts include further contract wins and improving throughput at its port operations. Maintain BUY. Target price: RM3.95.

Kerjaya Prospek Group: 1Q17: Contract Wins To Come in in 2H17**(KPG MK/BUY/RM3.18/Target: RM3.69)**

Kerjaya's 1Q17 net profit of RM28.9m came in well within our expectation, representing 23% of our full-year estimate. Ytd, the group has secured about RM316m worth of new construction jobs, vs its RM800m full-year target. We expect more contract wins in 2H17, driven by its tall tenderbook of RM1.8b. Maintain BUY with a target price of RM3.69, based on a 14x multiple to our 26.3 sen EPS estimate.

Kossan Rubber:1Q17: Production Volume Growth To Be Restored In 2H17**(KRI MK/BUY/RM6.51/Target: RM6.72)**

Sequential revenue rose by a commendable 14% thanks to full restoration of glove production at two older plants, favourable forex impact and qoq firmer glove ASPs. With a new plant coming on-stream next month, Kossan is set to restore its production volume growth from 2H17 onwards. Current valuations remain relatively attractive despite the 8% rise in its share price over the last two weeks. BUY on weakness. Target price: RM6.72.

Malayan Banking:1Q17: Lower Provision Offsets Weak Non-Interest Income Trends**(MAY MK/HOLD/RM9.39/Target: RM9.50)**

1Q17 results were broadly in line with lower-than-expected provisions helping to offset weaker-than-expected non-interest income trends. Maintain HOLD with an unchanged Gordon Growth-derived target price of RM9.50 (1.35x 2017F P/B, 10.1% ROE). Our 16.8% 2017 earnings growth forecast suggests that our 10.1% ROE forecast has adequately factored in a strong recovery outlook.

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