



14 May 2019

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Previous Day Highlights

The FBM KLCI dipped 9.18 points or 0.57% to 1,601.09 yesterday. The index touched below 1,600 several times with a low of 1,598.6 points. Losers trashed gainers with 815 losers vs 140 gainers and 260 unchanged counters.

The escalating trade tension between US and China also pushed regional equities lower amid the uncertainties on the trade deal. The Shanghai Composite Index declined 1.21%, Japan's Nikkei 225 dropped 0.72% and South Korea's Kospi fell 1.38%.

U.S. stock markets fell sharply with the S&P 500 Index and the Dow Jones Industrial Average marked their worst day since 3 Jan as China decided to raise tariffs on U.S. goods. The Dow dropped 2.38%, S&P 500 Index lost 2.41% and Nasdaq Composite Index tumbled 3.41%.

News For The Day



China hikes tariffs on US goods after Trump warning

China would impose higher tariffs on most U.S. imports on a revised \$60bn target list, hitting back at a tariff hike by Washington on \$200bn of Chinese goods in a further escalation of a bitter trade war. A total of 5,140 U.S. products will be subject to additional tariffs of 5%, 10%, 20% and 25% starting June 1, the finance ministry in Beijing said in a statement. – *Reuters*

Loob hires advisers for IPO next year, eyes RM300m

Bubble tea maker Loob Holding Sdn Bhd is planning an initial public offering on the local bourse next year to raise as much as RM300m. According to Bloomberg, the Tealive brand owner has hired advisers for the exercise and is aiming for a listing in the first half of next year. It was reported that the firm is considering seeking a valuation of as much as RM1bn. Tealive has over 200 outlets in Malaysia and has expanded to Vietnam, Australia and China. – *The Star Online*

Sime Darby Plantation eyes South America to avoid being stymied at home

Sime Darby Plantation Bhd., the world's largest oil palm planter, is looking to buy refineries in Latin America as it grapples with poor margins and mounting costs at home. The Kuala Lumpur-listed firm has Latin America "on the radar" as it looks to expand its global refining capacity, said Mohd Haris Mohd Arshad, the chief operating officer of the downstream business. It has set aside RM400m (\$96m) to invest in refineries, though more will be needed for acquisitions, and the company may consider turning to the debt market or listing its units' shares. – *The Star Online*

Leong Hup posts 15% rise in earnings in 1Q

Leong Hup International Bhd, which is slated to be listed on the Main Market of Bursa Malaysia this Thursday, saw its net profit for the first quarter ended March 31, 2019 rise 15% to RM60.58m from RM52.68m a year ago. The better earnings were driven by higher sales of eggs, broiler day old chicks and feedmill. – *The Sun Daily*



Our Thoughts

The tit for tat developments between the US and China on trade tariffs continue to be the main focus for global equity markets which is not going to end anytime soon. As such we may see continue market volatility with more downward bias. Domestically, the FBM KLCI is supported at the psychological 1,600 level with the next support is seen at the 1,570 mark. Meanwhile, there is a likelihood that China may abandon the import of soya oil and look to crude palm oil (CPO) as the alternative thus providing certain support for the CPO prices in the short term.



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