



08 May 2019

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Previous Day Highlights

The FBM KLCI gained 6.57 points or 0.4% to close at 1,639.37 yesterday, mainly led by Axiata and Digi following the proposed merger. However, the financial services index declined 1.07% after Bank Negara Malaysia decided to cut the Overnight Policy Rate to 3% from 3.25%.

Regional markets were mixed with the Shanghai Composite Index gained 0.69%, after reversed declines in the afternoon session following China's Ministry of Commerce said Vice Premier Liu he will visit the U.S for another round of trade negotiations. Hong Kong's Hang Seng Index closed 0.52% higher while Nikkei 225 Index fell 1.5%.

U.S. stock markets fell after the escalating trade war between China and U.S. The Dow dropped 1.79%, the S&P 500 Index lost 1.65% and the Nasdaq Composite Index declined 1.96%.

Our Thoughts

As predicted, Bank Negara Malaysia Monetary Policy Committee has cut overnight policy rate (OPR) by 25 basis points to 3% making the first easing in almost three years. This is a good move by BNM in view of increasing signs of slowdown in global and domestic economic activities. The rate cut is expected to provide relief and lowers borrowing cost for individuals and many businesses. Our stock market stands to benefit from the rate cut hence investors should take the opportunity to selectively buy on weakness in the current market.

News For The Day

Bank Negara lowers OPR by 25bps to 3%

The Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to reduce the Overnight Policy Rate (OPR) to 3% at its meeting on Tuesday. This was the first time since July 2016. – *The Star Online*

Lafarge to resume supplying for ECRL project

Following a period of suspension, Lafarge (M) Bhd will resume providing supplies for the proposed East Coast Rail Link (ECRL) project with immediate effect. On March 19, 2018 an agreement between the company's wholly owned subsidiary, Lafarge Cement Sdn Bhd, and China Communications Construction was entered into for the supply of cement for all eight packages of work for the proposed ECRL, for the total estimated provisional contract value of RM270m. – *The Star Online*

EG Industries forms JV with Taiwan-based Quanta Storage

G Industries Bhd said its subsidiary SMT Technologies Sdn Bhd will form a joint venture with Taiwan-based Quanta Storage Inc to undertake manufacturing works for Western Digital. The manufacturing works will be extended for other customers in Malaysia and Thailand as well, the electronic manufacturing services provider said in a statement. EG Industries said it will be injecting a capital contribution of RM1.96 million into the JV called TM SMT Sdn Bhd. – *The Edge Markets*

Powerwell to use bulk of IPO proceeds for capex

Powerwell Holdings Bhd is looking to list on the ACE Market of Bursa Malaysia and plans to use the proceeds raised from its initial public offering (IPO) for capital expenditure (capex), certification expenditure and working capital. Powerwell is involved in the design, manufacturing and trading of electricity distribution products which comprise low voltage switchboards, medium voltage switchgears and related products. – *The Sun Daily*



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