

# Winners and losers

Analysts say consumer stocks that look set for a strong finish should continue to do well next year

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CONSUMER stocks look set to finish top of the gainers' list while oil and gas counters could wrap up the year being the biggest losers on Bursa Malaysia.

This is hardly surprising given the volatile conditions of financial markets all around the world no thanks to a global trade war, weakness in oil prices and locally, a string of economic policy uncertainties due to the establishment of a brand new ruling coalition in May.

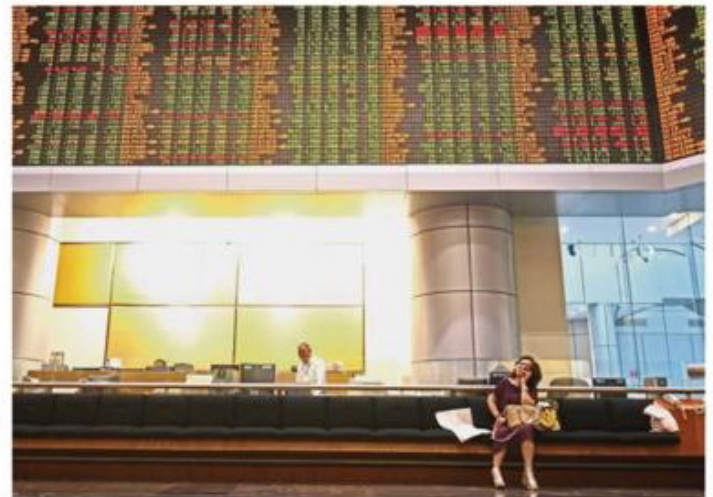
Consumer stocks, seen as defensive and stable in such circumstances, tend to be sought out by investors in times like these. Based on Bloomberg data, from Dec 29,

2017 which was the last trading day of last year until Dec 12 this year, consumer companies Nestle (M) Bhd, Fraser & Neave Holdings Bhd (F&N) and Carlsberg Brewery Malaysia Bhd gained the most in terms of absolute value.

In terms of percentage, natural latex bedding manufacturer Lee Swee Kiat Group Bhd was tops with a gain of 176%, followed by construction outfit Merge Energy Bhd which was up 156% and automotive battery company Watta Holding Bhd, which put on some 145%.

Over the same period, the local stock market benchmark, the FBM KLCI shed some 130 over points.

In terms of the biggest losers, Hengyuan Refining Co Bhd lost the most in absolute



**Volatile market:** An investor monitors stock market prices in Kuala Lumpur. Most analysts are hoping for a better year for the stock market next year but say volatility will continue to prevail.

value terms, falling by some RM11.35 per share, followed by semiconductor burn-in services firm KESM Industries Bhd which lost a hefty RM11.22 and cement firm Tasek Corp Bhd which saw RM7.28 shaved off from its stock price.

In terms of percentage loss, oil and gas services firm Daya Materials Bhd saw its stock plummet by 87%, electrical and mechanical firm YFG Bhd dipped by 83% while construction outfit Ikhmas Jaya Group, oil and gas firm Barakah Offshore Petroleum Bhd, IT firm Prestariang Bhd and diversified company Johan Holdings Bhd were all down by 81% each.

Most analysts are hoping for a better year for the stock market next year but say that volatility will continue to prevail.

"We acknowledge that the heightened volatility in the financial markets globally since the fourth quarter of 2018 will likely persist into 2019, as the market is still grappling with lofty valuations of tech heavyweights against scaled-back growth expectations, the recent free-falling of oil price and the trade tension between the US and China."

AmInvestment Bank tells clients in a strategy report issued this week.

Still, its research unit believes that next year will be a "better" year than 2018.

"We believe the key catalyst to the local equity market in 2019 will be the return of global investors to emerging markets on a growing consensus that the US rate hike cycle and hence the US dollar upcycle is tapering off.

"The abolishment of the 6% goods and services tax (GST) (partially offset by the implementation of the sales and service tax or SST), the reintroduction of petrol subsidy and the capping of electricity tariff for the domestic sector have effectively put more money back into the pockets of consumers. For exposure to consumer spending, we like Berjaya Food Bhd and Bermaz Auto Bhd."

Inter-Pacific Asset Management chief executive officer Lim Tze Cheng is also betting that the consumer sector will continue to do well next year.

"We expect the consumer sector to get a boost once the GST refunds start to kick in and flow into the real economy," Lim tells *StarBizWeek*, referring to the RM19.47bil in GST that the previous government failed to pay back to more than 120,000 companies and individuals.

AmInvestment adds that with the economy "being slowly but surely cleansed of rampant corruption", it believes Corporate Malaysia "will stand a much better chance of realising its full potential."

The best proxy to the "New Malaysia" is none other than Public Bank Bhd, Malayan Banking Bhd and RHB Bank Bhd, it adds.

Perhaps not as upbeat, Nomura Research in its latest 2019 outlook report has expressed its concerns on Malaysia, saying that "the double whammy of a negative terms-of-trade shock and a deepening tech sector downcycle adds to our already cautious view, which is based on a combination of weakening external demand, a high risk of fiscal slippage and the possibility of a sovereign ratings downgrade that could trigger more capital outflows."

In its report which was sent out to clients on Monday, Nomura says although private consumption has seen some temporary support from the zero-rating of the GST in June, this support will be eventually offset in part by the reinstatement of the SST and more importantly, may see significant downward pressures from an expected rise in unemployment rates and a decline in wage growth.

The global research house has cut its 2019 GDP growth forecast to 4% from 4.2% for Malaysia, which is a decline from 4.7% in 2018 and below the consensus forecast of 4.6%.

## BURSA MALAYSIA'S STOCK PERFORMANCE

### TOP 10 GAINERS AND LOSERS BY PRICE

Company	29/12/17 close (RM)	12/12/18 close (RM)	UP (RM)	Chg (%)	Company	29/12/17 close (RM)	12/12/18 close (RM)	DOWN (RM)	Chg (%)
Nestle	103.20	145.50	42.30	41	Hengyuan	16.30	4.95	-11.35	-70
F&N	27.00	32.32	5.32	20	KESM	19.50	8.28	-11.22	-58
Carlsbg	15.30	19.80	4.50	29	Tasek	12.08	4.80	-7.28	-60
PBBank	20.78	24.90	4.12	20	PetronM	13.54	6.59	-6.95	-51
HLBank	17.00	20.22	3.22	19	LAFMSIA	6.20	1.94	-4.26	-69
AHealth	5.60	8.10	2.50	45	TM	6.30	2.61	-3.69	-59
QL	4.35	6.65	2.30	53	Pos	5.25	1.90	-3.35	-64
Aeoncr	13.46	15.40	1.94	14	BKawan	19.60	16.40	-3.20	-16
PetGas	17.48	19.20	1.72	10	Genting	9.20	6.00	-3.20	-35
Supermx	2.00	3.71	1.71	86	BAT	40.00	37.08	-2.92	-7

### TOP 10 GAINERS AND LOSERS BY PERCENTAGE

Company	29/12/17 close (RM)	12/12/18 close (RM)	UP (RM)	Chg (%)	Company	29/12/17 close (RM)	12/12/18 close (RM)	DOWN (RM)	Chg (%)
LEESK	0.35	0.965	0.615	176	Daya	0.075	0.01	-0.065	-87
Merge	0.34	0.87	0.53	156	YFG	0.03	0.005	-0.025	-83
Watta	0.32	0.785	0.465	145	ikhmas	0.56	0.105	-0.455	-81
GNB	0.035	0.07	0.035	100	Barakah	0.29	0.055	-0.235	-81
Aturmaju	0.23	0.44	0.21	91	PresBhd	1.52	0.29	-1.23	-81
Supermx	2.00	3.71	1.71	86	Johan	0.39	0.075	-0.315	-81
Sanbumi	0.195	0.36	0.165	85	Seacera	0.895	0.175	-0.72	-80
Pinepac	0.19	0.335	0.145	76	Eduspec	0.135	0.03	-0.105	-78
Frontkn	0.46	0.77	0.31	67	YongTai	1.52	0.34	-1.18	-78
Kobay	0.865	1.35	0.485	56	Armada	0.765	0.175	-0.59	-77