

Watch out for BAT, SAAG, Pharmaniaga, Vastalux, Sunway

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KUALA LUMUR: The market is expected to continue to put up a lacklustre performance this week, starting today as investors stay on the sidelines and in the absence of strong external leads, including from the US. On Wall Street, US stocks closed higher last Friday as data showed the economy shed far fewer jobs than expected last month, brightening the outlook for the economy and profits.

The Dow Jones Industrial Average gained 22.75 points, or 0.22%, to end at 10,388.9. The Standard & Poor's 500 Index added 6.06 points, or 0.55%, to finish at 1,105.98. The Nasdaq Composite Index rose 21.21 points, or 0.98%, to close at 2,194.35.

At Bursa Malaysia, the FBM KLCI futures were also weaker, ending last Friday's session below the key 1,270 level. It is also apparent the 30-stock FBM KLCI has been unable to stage a convincing break above the 1,270 level since early November while overall trading volume has also shrunk.

The FBM KLCI rose to 1,274 on Nov 10 but since then it has been range-bound around 1,270. Year-to-date, the FBM KLCI is up 44.88%. It is trading at a price to earnings of 22.39 times which is in line with Singapore's Straits Times Index's 22.37 times, Hong Kong's Hang Seng Index's 23.53 times and South Korea's Kospi at 22.14 times.

Shanghai's Composite Index is at 35.25 times, Taiwan's Taiex 196.4 times and Australia's S&P/ASX 200 Index at whopping 320.49 times.

Perhaps, stocks to watch today are British American Tobacco (M) Bhd (BAT), SAAG Consolidated (M) Bhd, Pharmaniaga Bhd, Sunway Holdings Bhd and Vastalux Energy Bhd.

BAT is bracing for RM80 million losses over 12 months, with effect from June 1 next year, when the Health Ministry's directive to withdraw cigarette packs of less than 20 sticks takes effect. The country's largest cigarette manufacturer says the smaller packs have higher margins due to higher stick pricing.

As for SAAG, it has secured two projects to build power stations in Bangladesh with a total contract value of US\$120 million (RM408 million). The projects involved six 6MW power plants and two 34MW combined cycle plants to be built in the zone.

Pharmaniaga's privatisation concession for the Medical Laboratory and Store of the Health Ministry was extended by another 10 years, with effect from Dec 1. However, the terms and conditions will have to be negotiated over six months from Dec 1, 2009.

Sunway Holdings landed a RM23.44 million contract from Damansara Assets Sdn Bhd for piling and substructure works in Johor Bahru. The company expects the project to contribute positively to the group's earnings for FY ending Dec 31, 2010 onwards.

Vastalux was on investors' radar screen last Friday, falling to its lowest since listing in September last year. It fell four sen to 17.5 sen, sharply lower than its offer price of 75 sen under its IPO.

Bad news were the net losses of RM17.72 million in the third quarter ended Sept 30, compared with net profit of RM7.25 million a year ago. Of concern to investors are the amounts RM163 million owed by customers and trade receivables of RM69.7 million.

Revenue was RM32.13 million which was sharply below its cost of sales of RM51.42 million.

In the latest announcement, Vastalux vice chairman and ED Mohamad Nor Abdul Rashid disposed of 13 million shares or 6.3% at 16 sen each on Dec 2. It closed at 23 sen that day.

Date:

December, Monday 2009

File:

Pharmaniaga