

08 July 2019

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Research Highlights

BURSA	5-Jul	Day chg	% chg
KLCI	1,682.5	-4.95	-0.29%
FTSE EMAS	11,905.3	-33.6	-0.28%
FTSE Smallcap	13,460.8	21.77	0.16%
FTSE MESDAQ	4,660.4	37.3	0.81%
KLSE Mkt Cap (RM'b)	1,697.5	-3.1	-0.18%

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-13.13	57.41
Local Retail	36.38	26.14
Foreign	-23.25	16.45

INDICES	5-Jul	Day chg	% chg
Dow Jones	26,922.1	N.A.	N.A.
S&P 500	2,990.4	N.A.	N.A.
NASDAQ	8,161.8	N.A.	N.A.
FTSE-100	7,553.1	-50.4	-0.66%
Nikkei 225	21,746.4	43.9	0.20%
SHCOMP	3,011.1	5.8	0.19%
HSI	28,774.8	-20.9	-0.07%
STI	3,366.8	-5.4	-0.16%
KOSPI	2,110.6	1.9	0.09%
TWSE	10,785.7	9.8	0.09%
JCI	6,373.5	-2.5	-0.04%
SET	1,731.2	6.9	0.40%

FOREX	5-Jul	4-Jul	% chg
USD/MYR:	4.1355	4.1330	0.06%
EUR/USD:	1.1225	1.1286	-0.54%
GBP/USD:	1.2521	1.2575	-0.43%
USD/YEN:	108.47	107.79	0.63%
USD/SGD:	1.3596	1.3560	0.27%
USD/HKD:	7.7949	7.7883	0.08%

KEY STATS

KLCI Spot			
Vol (m shares):	2,576.1	2,838.2	-9.24%
Value (RMm):	1,826.8	1,789.9	2.06%
KLCI Future			
July-19	1,684.5	1,694.0	-0.56%
August-19	1,683.5	1,693.0	-0.56%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	876.0	N.A.	N.A.
SoyOil (USc/lb)	27.7	N.A.	N.A.
Gold (US\$/troy oz)	1,400.1	N.A.	N.A.
Nymex crude oil (US\$/bbl)	57.5	N.A.	N.A.
Latex (RM/kg)	4.90	4.89	0.10%
Tin (US\$/mt)	18,355.0	18,358.0	-0.02%

NEWS HIGHLIGHTS

- Hengyuan's board approves full fund release for Euro 5 gasoil project
- Tasek's shareholders get more time on takeover offer
- London Biscuits chairman resigns due to health reasons
- Milux announces board changes following conclusion of takeover
- Daya Materials defaults on AmBank payment, bringing total debt to RM1.1m

MACRO BITS

- Iran ratchets up tensions with higher enrichment, draws warnings
- Economic 'game changer'? African leaders launch free-trade zone
- Reserves back on an uptrend on net export gains and capital inflows (See *Economic Viewpoint: BNM Forex Reserves*)
- Net foreign debt flows rebound at the fastest rate in eight months (See *Economic Viewpoint: Malaysia Bond Flows Update*)
- MoF: S&P's reaffirmed credit ratings for Malaysia a sign of confidence in country's outlook despite higher debt
- South Korea assessing financial sector risks of wider row with Japan
- Japan PM Abe's coalition on track to win solid majority in election: media
- U.S. job growth surges, July rate cut expectations intact
- Trump presses for contentious census citizenship question despite legal uncertainty
- EU urges Iran to halt further measures undermining nuclear deal
- UK lawmakers weigh up options to try to block a no deal Brexit

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Weekly Technical Review
- Regional News Update
- Economic Viewpoint: BNM Forex Reserves, Malaysia Bond Flows Update

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	DIALOG	3.35	0.6	11.60	CIMB	5.37	1.3	4.20	TENAGA	13.60	-3.8	9.37
2	TENAGA	13.60	-3.8	9.37	PETGAS	17.54	1.0	0.12	AMBANK	4.35	-1.4	1.39
3	DIGI	5.07	-0.2	9.20	IOICORP	4.29	0.9	1.57	AXIATA	5.20	-1.1	5.13
4	SIME	2.33	0.9	6.89	SIME	2.33	0.9	6.89	PMETAL	4.32	-0.7	0.82
5	AXIATA	5.20	-1.1	5.13	SIMEPLT	4.87	0.8	3.03	TOPGLOV	4.84	-0.4	4.84
6	MAYBANK	8.97	-0.1	5.13	DIALOG	3.35	0.6	11.60	PETDAG	25.60	-0.4	1.23
7	IHH	5.86	0.5	5.04	IHH	5.86	0.5	5.04	DIGI	5.07	-0.2	9.20
8	TOPGLOV	4.84	-0.4	4.84	KLK	24.56	0.2	0.30	MAXIS	5.69	-0.2	0.56
9	GENM	3.30	0.0	4.27	HLFG	18.80	0.2	0.03	RHBBANK	5.76	-0.2	3.93
10	CIMB	5.37	1.3	4.20	HARTA	5.22	0.2	3.98	GENTING	6.80	-0.2	1.59

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Hengyuan's board approves full fund release for Euro 5 gasoil project**

Hengyuan Refining Co Bhd said its board has approved the full fund release amounting to USD26.6m (about RM110.0m) for the Euro 5 gasoil project. In its exchange filing, Hengyuan said the project is undertaken to revamp its second hydro desulfurization unit to meet the 10 parts per million by weight (ppmw) sulphur specification by September 2020, as well as to re-instate the unit capacity to 6,300 tonnes per day. The project, which is to be executed within its refining complex in Port Dickson, is one of the three regulatory-driven investments outlined in the company's strategy to continue to operate as a refinery and to remain competitive in the industry, it said. *(The Edge)*

- **Tasek's shareholders get more time on takeover offer**

The closing time and date for acceptance of the unconditional voluntary takeover offer from HL Cement (Malaysia) Sdn Bhd (HLCSB) and Ridge Star Ltd (RSL) to Tasek Corp Bhd's (Tasek) minority shareholders has been extended. CIMB Investment Bank Bhd in a statement on behalf of the joint offerors, said all other details and the terms and conditions, as set out in the offer document remain unchanged. "The notice of closing date will be despatched to the holders accordingly. Holders are also advised to carefully consider the Independent advice circular dated June 28 before making any decision," it added. *(The Edge)*

- **London Biscuits chairman resigns due to health reasons**

London Biscuits Bhd's non-independent and non-executive chairman is resigning from the post due to health reasons. The confectionary manufacturer said this in a filing with Bursa Malaysia. According to the group's FY18 annual report, Liew was made the chairman of the group in December 1993. Liew's son Datuk Sri Liew Yew Chung is the group's chief executive officer. Liew holds a direct interest of 312 shares in the group, while holding an indirect interest 55.8m shares or 21.7% of the group's shareholdings through investment vehicle Meileelanusa Sdn Bhd. *(The Edge)*

- **Milux announces board changes following conclusion of takeover**

Milux Corp Bhd announced a slew of new appointments following the conclusion of the conditional mandatory takeover offer launched by Topspike Holdings Sdn Bhd and Asia New Venture Capital Holdings Sdn Bhd. The group independent and non-executive chairman has resigned "due to other personal commitment", with Datuk Dr Wong Lai Sum replacing him as the group's chairman. Wong, has also been inducted as a member of the group's nomination and remuneration committee, Milux said in a filing with Bursa Malaysia. Wong currently has directorships on the boards of Tasco Bhd, PRG Holdings Bhd and Sam Engineering & Equipment (M) Bhd. *(The Edge)*

- **Daya Materials defaults on AmBank payment, bringing total debt to RM1.1m**

Practice Note 17 (PN17)-status company Daya Materials Bhd announced that it has defaulted on additional payments to AmBank (M) Bhd amounting to RM835,483.31, bringing its total debt to the bank to RM1.1m. In a filing with Bursa Malaysia, Daya Materials said its subsidiary Daya CMT Sdn Bhd had defaulted on the payment which was due, in relation to banking facilities granted by AmBank to the company. The group said that its failure to pay for the banking facilities was due to Daya CMT's cash flow constraints that have caused the company to not being able to pay its payment obligations to AmBank in a timely manner. "Daya CMT and Daya Materials will discuss with AmBank to regularise the outstanding payment of the total outstanding amount," it said. *(The Edge)*



Macro Bits

Global

- [Iran ratchets up tensions with higher enrichment, draws warnings](#) Iran announced on Sunday it will shortly boost its uranium enrichment above a cap set by a landmark 2015 nuclear deal, a major breach likely to draw a tougher reaction from President Donald Trump, who has pressured Tehran to renegotiate the pact. *(Reuters)*
- [Economic 'game changer'? African leaders launch free-trade zone](#) African leaders met on Sunday to launch a continental free-trade zone that if successful would unite 1.3b people, create a USD3.4t economic bloc and usher in a new era of development. *(Reuters)*

Malaysia

- **Reserves back on an uptrend on net export gains and capital inflows** BNM international reserves were back on an uptrend, rising by USD0.4b or 0.4% MoM to USD102.7b as at June 28, after it fell briefly by USD1.1b in May. Prior to May, the reserves were up for four consecutive months since January this year. According to BNM, the reserves position is sufficient to finance 7.3 months of retained imports and is 1.2 times the total short-term external debt. Of note, the reserves have incorporated quarterly adjustment to reflect foreign exchange revaluation changes. *(See Economic Viewpoint: BNM Forex Reserves)*
- **Net foreign debt flows rebound at the fastest rate in eight months** Foreign investors turned net buyers of Malaysia's debt securities in June, as total foreign holdings increased by RM6.6b (May: -RM4.2b) or 3.8% MoM (May: -2.3%) to RM182.6b (May: RM175.9b), recording the largest inflow in eight months, after declining for the past two successive months. Similarly, foreign investors shifted to become net buyers in the equity market in June, charting a net inflow of RM0.1b (May: -RM2.1b), after pulling out funds for the previous four straight months. Collectively, the capital market experienced its largest net inflow of foreign funds in 17 months (RM6.8b; May: -RM6.3b). *(See Economic Viewpoint: Malaysia Bond Flows Update)*
- **MoF: S&P's reaffirmed credit ratings for Malaysia a sign of confidence in country's outlook despite higher debt** S&P Global Ratings' (SP&'s) affirmation of Malaysia's issuer credit rating with a stable outlook on July 3, is a sign of its confidence in Malaysia's positive economic outlook, despite an increase in the government's direct debt, says Finance Minister Lim Guan Eng. *(The Edge Markets)*

Asia Pacific

- [South Korea assessing financial sector risks of wider row with Japan](#) South Korea is assessing the risks of a row with Japan over forced wartime labor spreading to the financial sector, including loans and investments by Japanese institutions, the financial regulator said. *(Reuters)*
- [Japan PM Abe's coalition on track to win solid majority in election: media](#) Japanese Prime Minister Shinzo Abe's coalition is on track to win a solid majority in a July 21 upper house election, and his dream of revising the pacifist constitution could still be alive if enough allies also win, a survey showed on Saturday. *(Reuters)*

Americas

- [U.S. job growth surges, July rate cut expectations intact](#) U.S. job growth rebounded strongly in June, with government payrolls surging, but persistent moderate wage gains and mounting evidence the economy was losing momentum could still encourage the Federal Reserve to cut interest rates this month. *(Reuters)*
- [Trump presses for contentious census citizenship question despite legal uncertainty](#) The Trump administration on Friday refused to back down over its bid to put a contentious citizenship question on the 2020 U.S. census, meaning a court case will move forward over whether officials were motivated by racial bias in seeking to add it. *(Reuters)*

Europe

- [EU urges Iran to halt further measures undermining nuclear deal](#) The European Union on Sunday strongly urged Iran to stop actions that would undermine a landmark 2015 nuclear deal, saying it was in touch with other parties to the deal and may set up a joint commission to look into the issue. *(Reuters)*
- [UK lawmakers weigh up options to try to block a no deal Brexit](#) British lawmakers from both the ruling Conservatives and opposition Labour on Sunday said they were looking at ways to prevent the country's next prime minister pursuing a no-deal Brexit against parliament's wishes. *(Reuters)*

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List of Oversold Stocks (14-Day RSI<30-mark)

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
TONG HERR RESOURCES BERHAD	2.660	25.25	29.10	24.81	2.610
MCT BHD	0.300	27.15	27.32	15.33	0.300
HEKTAR REAL ESTATE INVESTMEN	1.020	29.75	30.43	50.96	1.000

*Only for stocks with market cap >RM300m

Source: Bloomberg

List of Overbought Stocks (14-Day RSI>70-mark)

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
FOCUS DYNAMICS GROUP BHD	0.250	91.51	95.59	99.87	0.265
DATASONIC GROUP BHD	0.720	89.05	93.90	99.11	0.740
KNM GROUP BHD	0.315	83.68	88.25	93.51	0.325
YINSON HOLDINGS BHD	6.700	82.20	84.26	89.77	6.980
POWER ROOT BHD	1.760	81.97	87.82	98.52	1.760
YNH PROPERTY BHD	2.550	81.82	84.66	84.04	2.580
KESM INDUSTRIES BHD	7.710	74.91	86.32	99.21	7.800
PENTAMASTER CORP BHD	3.120	74.68	82.07	96.21	3.140
MALAYSIA AIRPORTS HLDGS BHD	8.700	74.35	78.69	93.40	8.850
LINGKARAN TRANS KOTA HLDGS	4.950	74.18	77.20	71.77	5.000
INSAS BHD	0.815	73.89	83.32	98.04	0.840
BURSA MALAYSIA BHD	7.070	73.87	79.71	66.82	7.130
HONG LEONG INDUSTRIES BHD	11.440	73.07	76.19	78.99	11.600
KERJAYA PROSPEK GROUP BHD	1.430	72.90	76.83	80.69	1.430
KUMPULAN FIMA BHD	1.710	72.88	80.72	97.97	1.710
AXIATA GROUP BERHAD	5.200	72.82	73.13	57.36	5.280
ECONPILE HOLDINGS BHD	0.795	70.97	74.91	83.17	0.815

*Only for stocks with market cap >RM300m

Source: Bloomberg

List of Oversold Warrants (14-Day RSI<30-mark)

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
HANG SENG IND-6N	0.020	26.44	18.77	2.70	0.015	30/7/2019
HANG SENG IND-6M	0.005	29.47	25.76	23.77	0.005	30/7/2019
LEONG HUP INT-CC	0.035	29.66	23.50	1.44	0.035	31/3/2020

Source: Bloomberg

List of Overbought Warrants (14-Day RSI>70-mark)

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
DATASONIC GROUP BHD-WA	0.215	94.78	98.01	99.99	0.225	5/7/2023
KNM GROUP-WB	0.140	92.66	96.92	99.96	0.150	21/4/2020
POWER ROOT BHD-WA	0.495	85.62	90.62	98.42	0.520	31/12/2023
YINSON HOLDIN-CY	0.350	83.77	84.35	92.70	0.385	14/10/2019
REVENUE GROUP BHD -WA	0.570	83.23	89.20	96.60	0.600	14/1/2024
TELEKOM MALAY-C42	0.240	81.40	80.60	87.31	0.240	4/11/2019
YINSON HOLDIN-CW	0.500	78.77	80.19	89.47	0.525	31/12/2019
POS MALAYSIA-C35	0.085	76.79	77.44	76.81	0.090	20/12/2019
MNC WIRELESS-WA	0.020	76.34	86.90	99.60	0.020	5/11/2021
WCT HOLDINGS-C18	0.160	72.96	72.29	70.46	0.165	30/4/2020
WZ SATU BHD -WA	0.125	72.93	81.47	97.79	0.130	28/10/2024

Source: Bloomberg

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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