

09 July 2019

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Research Highlights

BURSA	8-Jul	Day chg	% chg
KLCI	1,677.6	-4.89	-0.29%
FTSE EMAS	11,867.4	-37.9	-0.32%
FTSE Smallcap	13,408.6	-52.23	-0.39%
FTSE MESDAQ	4,582.2	-78.3	-1.68%
KLSE Mkt Cap (RM'b)	1,690.9	-6.6	-0.39%

NEWS HIGHLIGHTS

- YTL clarifies expectations for 1BestariNet contract
- Kenanga Investors completes acquisition in Libra Invest
- TDM unit secures contract to supply 107,500 tonnes of CPO
- Mestron signs MoU to grow telecommunication infrastructure business
- Mothercare retailer Kim Hin Joo debuts on ACE Market at 4 sen discount

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-74.57	54.42
Local Retail	58.68	22.92
Foreign	15.89	22.66

MACRO BITS

- Iran's Zarif says there won't be a better nuclear deal than 2015 accord
- Pence: U.S. ready to protect its interests as Iran makes nuclear threats
- Building permit approval period shortened from 390 days to 90 days
- Felda land merger scheme: Azmin says ownership will remain with settlers
- Five fallacies about the highway takeover offer
- China June new loans seen at 5-month high as central bank keeps liquidity ample: Reuters poll
- The high-tech trade dispute rooted in Japan's wartime history
- Trump speech to tout environment record; green groups scoff
- In losing legal battles over census, Trump may win political war
- U.S. consumer inflation outlook rises for first time in three months: NY Fed survey
- German diplomat tells U.S., EU: don't use agriculture to block trade deal
- Euro zone investor morale falls further in July, German recession looms: Sentix
- Italy's Tria signals open to sales tax hike as EU cheers end of sanction threat

INDICES	8-Jul	Day chg	% chg
Dow Jones	26,806.1	-116.0	-0.43%
S&P 500	2,976.0	-14.5	-0.48%
NASDAQ	8,098.4	-63.4	-0.78%
FTSE-100	7,549.3	-3.9	-0.05%
Nikkei 225	21,534.4	-212.0	-0.98%
SHCOMP	2,933.4	-77.7	-2.58%
HSI	28,331.7	-443.1	-1.54%
STI	3,334.2	-32.6	-0.97%
KOSPI	2,064.2	-46.4	-2.20%
TWSE	10,751.2	-34.5	-0.32%
JCI	6,351.8	-21.6	-0.34%
SET	1,731.0	-0.2	-0.01%

FOREX	8-Jul	5-Jul	% chg
USD/MYR:	4.1398	4.1355	0.10%
EUR/USD:	1.1215	1.1225	-0.09%
GBP/USD:	1.2524	1.2521	0.02%
USD/YEN:	108.53	108.47	0.06%
USD/SGD:	1.3601	1.3596	0.04%
USD/HKD:	7.7998	7.7949	0.06%

KEY STATS

KLCI Spot			
Vol (m shares):	2,124.6	2,576.1	-17.52%
Value (RMm):	1,680.0	1,826.8	-8.04%
KLCI Future			
July-19	1,678.5	1,684.5	-0.36%
August-19	1,678.0	1,683.5	-0.33%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	879.0	876.0	0.34%
SoyOil (USc/lb)	28.1	27.7	1.55%
Gold (US\$/troy oz)	1,400.0	1,400.1	-0.01%
Nymex crude oil (US\$/bbl)	57.7	57.5	0.26%
Latex (RM/kg)	4.86	4.90	-0.72%
Tin (US\$/mt)	18,476.0	18,355.0	0.66%

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- On Our Technical Watch: DRBHCN, IWCITY

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	RHBBANK	5.77	0.2	8.31	TENAGA	13.82	1.6	3.12	GENTING	6.67	-1.9	2.03
2	DIGI	5.05	-0.4	8.05	CIMB	5.38	0.2	4.42	IHH	5.75	-1.9	2.82
3	DIALOG	3.35	0.0	6.39	RHBBANK	5.77	0.2	8.31	MAXIS	5.60	-1.6	0.89
4	AXIATA	5.15	-1.0	5.99	DIALOG	3.35	0.0	6.39	IOICORP	4.24	-1.2	0.49
5	SIME	2.31	-0.9	5.99	KLK	24.56	0.0	0.94	AXIATA	5.15	-1.0	5.99
6	MAYBANK	8.92	-0.6	5.60	PPB	18.58	0.0	0.87	PETGAS	17.38	-0.9	0.41
7	TOPGLOV	4.80	-0.8	5.26	PBBANK	22.98	-0.1	3.13	SIME	2.31	-0.9	5.99
8	CIMB	5.38	0.2	4.42	HARTA	5.21	-0.2	2.51	MISC	7.20	-0.8	3.10
9	GENM	3.28	-0.6	3.58	NESTLE	148.50	-0.2	0.02	TOPGLOV	4.80	-0.8	5.26
10	PBBANK	22.98	-0.1	3.13	AIRPORT	8.68	-0.2	2.03	GENM	3.28	-0.6	3.58

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **YTL clarifies expectations for 1BestariNet contract**

YTL Communications Sdn Bhd has clarified that it was not expecting an extension of the 1BestariNet contract but was relying on the Malaysian government to hold an open tender for the services. In a statement to local media, YTL said the Ministry of Education had not called for an open tender for the contract nor complied with its contractual obligations. "As to whether the terms of the 1BestariNet contract were attractive or not, it was objectively the best that the Ministry had obtained via an open tender involving 19 companies. "On the part of YTL Communications, we had in reliance on the terms of the tender and the contract, invested extensively in infrastructure for the 15 year term of the project," it said. (*The Star*)

- **Kenanga Investors completes acquisition in Libra Invest**

Kenanga Investment Bank Bhd's asset management arm Kenanga Investors Bhd has completed the acquisition of a 100.0% stake in Libra Invest Bhd, in accordance with the conditional share purchase agreement dated March 28 this year. Libra Invest was a fund management arm of ECM Libra Financial Group Bhd. "Effective, Libra Invest shall operate as a wholly-owned subsidiary of KIB," Kenanga IB said in a statement. The company said this was a significant step forward in terms of growing our asset management business in Malaysia. The completion would propel the asset under management of KIB as a group over the RM10.0b mark, enhancing its position as one of Malaysia's leading unit trust and asset management companies, Kenanga IB group managing director said in the statement. (*News Straits Times*)

- **TDM unit secures contract to supply 107,500 tonnes of CPO**

TDM Bhd has secured a deal to sell 107,500 metric tonnes (MT) of crude palm oil (CPO) to Ikkhasas CPO Sdn Bhd over 43 months. Its wholly owned subsidiary, TDM Plantation Sdn Bhd, entered into an agreement with Ikkhasas for the supply of 2,500 MT of CPO and/or Roundtable on Sustainable Palm Oil (RSPO)-certified CPO products per month. "An upfront payment of RM189.0m will be paid in three tranches at the beginning of the supply period, subject to deduction for the provision of a sinking fund as required under the agreement." "The value with respect to the products delivered will be deducted from such upfront payment made to the seller," TDM said in a filing with Bursa Malaysia. The transaction would enable the group to partly secure placement of its future CPO and certified CPO as well as improve liquidity through the repayment of a portion of its borrowings that were due in the near term, it added. (*Bernama*)

- **Mestron signs MoU to grow telecommunication infrastructure business**

Mestron Holdings Bhd's wholly-owned subsidiary Mestron Engineering Sdn Bhd signed a memorandum of understanding (MoU) with Platinum Core Solutions Sdn Bhd (PCS) to explore a joint venture involving the conversion of telecommunication signals to boost Internet speed. In a filing with Bursa Malaysia, steel pole manufacturer Mestron Holdings said the MOU expresses the intention of Mestron Engineering and PCS to explore the collaboration in providing a centralised system for a base-band unit (BBU) that convert cellular base-band signals into radio frequency signals (centralised BBU system) to licensed network service providers in Malaysia. "The company, through its subsidiary, is currently involved in the telecommunication infrastructure industry, through its offering of specialty poles, specifically telecommunication monopoles. The MOU provides the company with an opportunity to expand its foothold in the telecommunication infrastructure business by participating in the centralised BBU system project. (*The Edge*)



- **Mothercare retailer Kim Hin Joo debuts on ACE Market at 4 sen discount**

Kim Hin Joo (Malaysia) Bhd, which retails the Mothercare and Early Learning Centre brands in Malaysia, made its debut on the ACE Market of Bursa Malaysia at a 4.0 sen discount over its initial public offering (IPO) price of 43 sen a share. At 10.30am, Kim Hin Joo was trading at 37 sen per share after 22.4m shares were traded, making the counter one of the top 10 most active stocks on Bursa this morning. Kim Hin Joo's IPO of 19.0m shares to the Malaysian public was oversubscribed by 7.7 times. Through the IPO, Kim Hin Joo has managed to raise total gross proceeds of RM32.7m from its public issue, approximately 61.2% of which will be used for business expansion and capital expenditure (capex). On the other hand, a further 27.2% of the proceeds will be used for working capital and the balance 11.6% will be used to defray fees and expenses for the IPO. *(The Edge)*

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Macro Bits

Global

- [Iran's Zarif says there won't be a better nuclear deal than 2015 accord](#) World powers will not be able to negotiate a better deal with Iran than the landmark 2015 nuclear deal, Iran's Foreign Minister Mohammad Javad Zarif tweeted on Monday. *(Reuters)*
- [Pence: U.S. ready to protect its interests as Iran makes nuclear threats](#) U.S. Vice President Mike Pence said on Monday that the United States is prepared to protect U.S. personnel and citizens in the Middle East as tensions build with Iran over its nuclear program. *(Reuters)*

Malaysia

- [Building permit approval period shortened from 390 days to 90 days](#) The Economic Action Council (EAC), chaired by Prime Minister Tun Dr Mahathir Mohamad, has decided that the building permit approval period will be shortened to 90 days from 390 days. *(The Edge Markets)*
- [Felda land merger scheme: Azmin says ownership will remain with settlers](#) Economic Affairs Minister Datuk Seri Mohamed Azmin Ali assured that the government's plan to merge Felda settlers' lands will not affect their ownership. *(The Edge Markets)*
- [Five fallacies about the highway takeover offer](#) The proposed acquisition of four toll concessionaires will save billions of ringgit for taxpayers and highway users, while providing shareholders of the toll concessionaires a limited but reasonable return on their investment to ensure the stability of the fragile financial markets. *(The Edge Markets)*

Asia Pacific

- [China June new loans seen at 5-month high as central bank keeps liquidity ample: Reuters poll](#) New bank loans in China are expected to have picked up to a five-month high in June, a Reuters poll showed, as Beijing kept ample liquidity in the financial system to support the slowing economy and offset growing U.S. trade pressure. *(Reuters)*
- [The high-tech trade dispute rooted in Japan's wartime history](#) Japan has tightened curbs on exports of high-tech materials used in smartphone displays and chips to South Korea, upping the ante in a decades-old dispute with Seoul over South Koreans forced to work for Japanese firms during World War Two. *(Reuters)*

Americas

- [Trump speech to tout environment record; green groups scoff](#) U.S. President Donald Trump will claim America is "leading the world" on environmental issues in a speech on Monday aimed at touting progress in some areas while defying criticism from environmental groups who have blasted his steps to slash green regulations and back out of global efforts to fight climate change. *(Reuters)*
- [In losing legal battles over census, Trump may win political war](#) The Trump administration has few realistic options to get a citizenship question onto next year's census, but by keeping the issue in the public eye it could still trigger an undercount of residents in Democratic-leaning areas, legal and political experts told Reuters. *(Reuters)*
- [U.S. consumer inflation outlook rises for first time in three months: NY Fed survey](#) U.S. consumers in June lifted their inflation expectations for the first time in three months, New York Fed data showed on Monday, reducing pressure on central bankers to cut rates significantly to support economic momentum. *(Reuters)*

Europe

- [German diplomat tells U.S., EU: don't use agriculture to block trade deal](#) The United States and European Union should use common sense to move forward with formal negotiations about a trade agreement, instead of allowing disagreements over agriculture to block progress, a senior German diplomat told Reuters. *(Reuters)*
- [Euro zone investor morale falls further in July, German recession looms: Sentix](#) Investor morale in the euro zone deteriorated yet further in July, confounding expectations for a rise, with positive signals from the equity markets failing to soothe investors who do not expect an agreement in the trade conflict soon, a survey showed. *(Reuters)*
- [Italy's Tria signals open to sales tax hike as EU cheers end of sanction threat](#) Italy's Finance Minister Giovanni Tria on Monday signaled he was open to sales tax hikes next year to favor growth and reduce levies on labor, in a further conciliatory gesture to Europe that could however cause him trouble at home. *(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	2.640	23.67	25.69	12.72	2.610
MCT BHD	0.300	27.15	27.32	15.33	0.295
YEE LEE CORPORATION	2.200	27.35	20.68	13.76	2.180
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	0.265	92.61	96.33	99.91	0.275
DATASONIC GROUP BHD	0.735	89.79	94.47	99.34	0.740
KNM GROUP BHD	0.315	83.68	88.25	93.51	0.325
YNH PROPERTY BHD	2.600	83.39	86.74	89.98	2.600
YINSON HOLDINGS BHD	6.800	83.33	85.69	92.41	6.980
KUMPULAN FIMA BHD	1.740	80.26	87.87	99.29	1.800
POWER ROOT BHD	1.740	77.97	81.93	84.97	1.780
PENTAMASTER CORP BHD	3.170	77.07	84.68	97.71	3.230
KESM INDUSTRIES BHD	7.760	76.13	87.24	99.32	7.900
LINGKARAN TRANS KOTA HLDGS	4.960	74.52	77.69	75.32	5.000
INSAS BHD	0.815	73.89	83.32	98.04	0.840
PESTECH INTERNATIONAL BHD	1.320	73.71	76.78	84.52	1.330
HONG LEONG INDUSTRIES BHD	11.440	73.07	76.19	78.99	11.600
MALAYSIA AIRPORTS HLDGS BHD	8.680	72.93	75.77	66.49	8.850
DRB-HICOM BHD	2.400	72.85	77.82	86.40	2.410
MEGA FIRST CORP BHD	3.710	70.98	81.53	98.23	3.750
TELEKOM MALAYSIA BHD	4.350	70.60	69.94	69.06	4.380
BERJAYA SPORTS TOTO BHD	2.800	70.09	73.22	63.82	2.810

*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
S&P 500 INDEX-HI	0.370	28.00	23.97	24.27	0.355	23/12/2019
HANG SENG IND-6N	0.025	28.19	22.65	42.56	0.015	30/7/2019
HANG SENG IND-6M	0.005	29.47	25.76	23.77	0.005	30/7/2019

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	0.240	95.86	98.53	100.00	0.240	5/7/2023
POWER ROOT BHD-WA	0.515	86.61	91.39	98.63	0.520	31/12/2023
YINSON HOLDIN-CY	0.350	83.77	84.35	92.70	0.385	14/10/2019
KNM GROUP-WB	0.130	83.08	84.06	66.71	0.150	21/4/2020
REVENUE GROUP BHD -WA	0.560	78.51	82.56	81.91	0.600	14/1/2024
WZ SATU BHD -WA	0.125	72.93	81.47	97.79	0.130	28/10/2024
DRB-HICOM BHD-C70	0.315	72.30	77.54	87.30	0.330	31/10/2019
POS MALAYSIA-C35	0.080	71.48	70.38	61.31	0.090	20/12/2019

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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Published and printed by:

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