

10 July 2019

By **Adrian Ng** | [adrian.ng@kenanga.com.my](mailto:adrian.ng@kenanga.com.my)

## Research Highlights

BURSA	9-Jul	Day chg	% chg
KLCI	1,682.9	5.23	0.31%
FTSE EMAS	11,909.7	42.3	0.36%
FTSE Smallcap	13,482.0	73.41	0.55%
FTSE MESDAQ	4,626.0	43.8	0.96%
KLSE Mkt Cap (RM'b)	1,696.2	5.3	0.31%

### BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-106.20	53.36
Local Retail	1.59	22.47
Foreign	104.61	24.17

INDICES	9-Jul	Day chg	% chg
Dow Jones	26,783.5	-22.6	-0.08%
S&P 500	2,979.6	3.7	0.12%
NASDAQ	8,141.7	43.3	0.54%
FTSE-100	7,536.5	-12.8	-0.17%
Nikkei 225	21,565.2	30.8	0.14%
SHCOMP	2,928.2	-5.1	-0.18%
HSI	28,116.3	-215.4	-0.76%
STI	3,329.5	-4.8	-0.14%
KOSPI	2,052.0	-12.1	-0.59%
TWSE	10,702.8	-48.4	-0.45%
JCI	6,388.3	36.5	0.57%
SET	1,721.5	-9.5	-0.55%

FOREX	9-Jul	8-Jul	% chg
USD/MYR:	4.1417	4.1398	0.05%
EUR/USD:	1.1202	1.1215	-0.12%
GBP/USD:	1.2466	1.2524	-0.46%
USD/YEN:	108.80	108.53	0.25%
USD/SGD:	1.3612	1.3601	0.08%
USD/HKD:	7.8103	7.7998	0.13%

### KEY STATS

KLCI Spot			
Vol (m shares):	2,410.1	2,124.6	13.43%
Value (RMm):	1,723.7	1,680.0	2.60%
KLCI Future			
July-19	1,683.5	1,678.5	0.30%
August-19	1,684.0	1,678.0	0.36%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	886.0	879.0	0.80%
SoyOil (USc/lb)	28.1	28.1	0.04%
Gold (US\$/troy oz)	1,400.5	1,400.0	0.04%
Nymex crude oil (US\$/bbl)	57.8	57.7	0.29%
Latex (RM/kg)	4.78	4.86	-1.75%
Tin (US\$/mt)	18,192.0	18,476.0	-1.54%

### NEWS HIGHLIGHTS

- **IJM's RM1.1b LRT3 contract terminated** (*Comment Included in Kenanga Today*)
- **PUC keen to become digital banking player**
- **Pensonic sells PJ property for RM19.5m**
- **TFP Solutions inks product co-branding deal with Tune Talk**
- **Asdion proposes RM30.8m share capital reduction**

### MACRO BITS

- **Germany, France, UK, EU urge Iran to revert to upholding nuclear deal**
- **U.S., China to relaunch talks with little changed since deal fell apart**
- **Rates unchanged as predicted, scope to cut if growth signal falters programmes** (*See Economic Viewpoint: BNM MPC Decision*)
- **ECRL may be re-launched on July 25**
- **Govt to issue bonds to pay for highway takeover, says Guan Eng**
- **Guan Eng: Highway congestion charge by Jan 1, 2020 if Cabinet approves**
- **Hong Kong leader says extradition bill is dead, but critics unconvinced**
- **Japan real wages fall for a fifth straight month in May**
- **Japan, South Korea raise the stakes in dispute over forced labor**
- **U.S. to provide licenses for sales to Huawei if national security protected**
- **U.S. expects China to buy farm products amid ongoing trade talks: Kudlow**
- **UK shops suffer slowest growth on record in 12 months to June: BRC**
- **France to tax flights from its airports, airline shares fall**

### IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- **Company Update: CARLSBG, PESTECH**
- **On Our Technical Watch: HOMERIZ, DUFU**
- **Economic Viewpoint: BNM MPC Decision**

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	MAYBANK	8.94	0.2	8.07	MAXIS	5.71	2.0	1.11	CIMB	5.35	-0.6	7.65
2	RHBBANK	5.75	-0.4	7.95	PMETAL	4.36	1.4	0.24	RHBBANK	5.75	-0.4	7.95
3	AXIATA	5.17	0.4	7.88	SIMEPLT	4.90	1.0	1.02	GENTING	6.65	-0.3	2.19
4	CIMB	5.35	-0.6	7.65	IHH	5.80	0.9	4.61	HAPSENG	9.90	0.0	0.17
5	DIALOG	3.37	0.6	6.22	SIME	2.33	0.9	5.06	NESTLE	148.50	0.0	0.12
6	DIGI	5.06	0.2	5.79	HLFG	18.86	0.9	0.20	PICHEM	8.60	0.0	4.77
7	TOPGLOV	4.80	0.0	5.64	PPB	18.72	0.8	0.16	PETDAG	25.54	0.0	0.76
8	SIME	2.33	0.9	5.06	PETGAS	17.50	0.7	0.10	TOPGLOV	4.80	0.0	5.64
9	PICHEM	8.60	0.0	4.77	DIALOG	3.37	0.6	6.22	TENAGA	13.84	0.1	1.94
10	HARTA	5.22	0.2	4.72	AIRPORT	8.73	0.6	1.79	KLK	24.60	0.2	1.18

Notes: # KL Composite Index (FBMKLCI) component stocks

## Corporate News

- **IJM's RM1.1b LRT3 contract terminated**

The light rail transit line 3 (LRT 3) contract worth RM1.1b earlier awarded to IJM Corporation Bhd has been terminated due to the project being remodeled. The company said wholly-owned subsidiary IJM Construction Sdn Bhd (IJMC) received the notice of termination for the underground works from MRCB George Kent Sdn Bhd (MRCB-GK). "The termination was due to the project being remodeled from a project delivery partnership model to a fixed price contract model pursuant to the direction of the government. The new contractual framework has resulted in MRCB-GK's employment as the project delivery partner (PDP) under the PDP agreement with Prasarana Malaysia Bhd being terminated. (*Bernama*)

*Comments: We are neutral on the termination of LRT3 contract as we have stopped recognising any LRT contribution from its outstanding order-book since cost review for LRT3 took place. No changes to our FY20-21E earnings. Maintain UP, with an unchanged SoP-driven TP of RM1.80, which implies FY20E PER of 14.1x (vs. KLCON's 10-year average of 13.3x). (by:Adrian Ng)*

- **PUC keen to become digital banking player**

PUC Bhd is keen to explore opportunities to participate in the digital or virtual banking business, said group managing director and chief executive officer. "We are eager and look forward to Bank Negara Malaysia's announcement on the digital banking framework. "We have to look at the details first and evaluate the possibilities, but certainly it's in line with our group's direction," he told *Bernama* on the sidelines of the Malaysian Institute of Accountants (MIA) AccTech Conference 2019. (*The Edge*)

- **Pensonic sells PJ property for RM19.5m**

Pensonic Holdings Bhd said it is selling its commercial property in Petaling Jaya, comprising a land plot with buildings, for RM19.5m cash. Part of the sale proceeds will be used to repay borrowings (RM10.0m) and reduce them to 0.6x from 0.7x as at end-May 2018. Another RM9.2m will be used for working capital, the group said in a filing. The property comprises a 43,560 sq ft leasehold land, together with a four-storey building and a three-storey annex with built-up floor area measuring 67,035 sq ft. Pensonic said its wholly-owned unit Pensonic Sales & Service Sdn Bhd (PSS) signed the sale and purchase agreement with the buyer Chua Trading Company Sdn Bhd. (*The Edge*)

- **TFP Solutions inks product co-branding deal with Tune Talk**

TFP Solutions Bhd has inked a product co-branding agreement with mobile virtual network operator Tune Talk Sdn Bhd. In a filing with Bursa Malaysia, TFP said its unit MBP Solutions Sdn Bhd has entered into the agreement with Tune Talk to promote and market the latter's product and services through TFP's co-branded mobile fintech product, OneCALL. TFP said OneCall, which targets the "un-banked" population (people without bank accounts) in Malaysia, contains unique features such as remittance, virtual ATM, game PINS, Lifestyle tools, Bill Payments together with B40 entrepreneur programme. (*The Edge*)



- **Asdion proposes RM30.8m share capital reduction**

Asdion Bhd's board has proposed to undertake a capital reduction to cancel RM30.8m of its issued share capital, to eliminate the company's accumulated losses. In an exchange filing, the ACE Market-listed company said the credit of RM30.8m arising from the exercise will be used to reduce the accumulated losses, while the surplus after the elimination will be used to set off any future losses, or other purposes deem fit. Asdion said the share capital reduction will enable the company to rationalise its statement of financial position, which may enhance its credibility with bankers, customers, suppliers, and investors. It said the proposed exercise would not have any effect on the group's earnings, net assets, or substantial shareholders' shareholdings. (*The Edge*)

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## Macro Bits

### Global

- [Germany, France, UK, EU urge Iran to revert to upholding nuclear deal](#) The foreign ministers of Germany, France, Britain and the European Union said on Tuesday that they were concerned about Iran scaling up its uranium enrichment and urged Tehran to revert to upholding the 2015 nuclear deal. *(Reuters)*
- [U.S., China to relaunch talks with little changed since deal fell apart](#) The United States and China are set to relaunch trade talks this week after a two-month hiatus, but a year after their trade war began there is little sign their differences have narrowed. *(Reuters)*

### Malaysia

- **Rates unchanged as predicted, scope to cut if growth signal falters programmes** Bank Negara Malaysia (BNM) Monetary Policy Committee (MPC) has decided to maintain the Overnight Policy Rate (OPR) at 3.00% yesterday, in line with house and market expectation after a decision to cut in May. The statutory reserve requirement ratio (SRR) was kept unchanged at 3.50%. The next MPC meeting will take place on 11 and 12 of September. *(See Economic Viewpoint: BNM MPC Decision)*
- [ECRL may be re-launched on July 25](#) The East Coast Rail Link (ECRL) project may be re-launched on July 25, Transport Minister Anthony Loke said yesterday. In a report by The Star, Loke also said Malaysian companies will “play a larger role” in the ECRL “as they will take on 40% of the project’s civil works”. *(The Edge Markets)*
- [Govt to issue bonds to pay for highway takeover, says Guan Eng](#) The government will fund its takeover of four Klang valley highways via bond issuances. *(The Edge Markets)*
- [Guan Eng: Highway congestion charge by Jan 1, 2020 if Cabinet approves](#) Finance Minister Lim Guan Eng says today the government plans to implement the highway congestion charge on Jan 1, 2020 if the Cabinet approves the move. *(The Edge Markets)*

### Asia Pacific

- [Hong Kong leader says extradition bill is dead, but critics unconvinced](#) Hong Kong leader Carrie Lam said the extradition bill that sparked the Chinese-ruled city’s biggest crisis in decades is dead and that government work on the legislation had been a “total failure”, but critics accused her of playing with words. *(Reuters)*
- [Japan real wages fall for a fifth straight month in May](#) Inflation-adjusted real wages in Japan fell in May from a year earlier, a fifth straight month of decline that raises worries about the strength of consumer spending. *(Reuters)*
- [Japan, South Korea raise the stakes in dispute over forced labor](#) Japan and South Korea raised the stakes on Tuesday in a diplomatic dispute that threatens to disrupt global supplies of smartphones and chips, with South Korea denouncing Japanese reports that it had transferred a key chemical to North Korea. *(Reuters)*

### Americas

- [U.S. to provide licenses for sales to Huawei if national security protected](#) The U.S. Department of Commerce will issue licenses to U.S. companies seeking to sell to Chinese telecoms equipment giant Huawei Technologies Co Ltd where there is no threat to national security, Commerce Secretary Ross said. *(Reuters)*
- [U.S. expects China to buy farm products amid ongoing trade talks: Kudlow](#) White House economic adviser Larry Kudlow on Tuesday said China was expected to move forward with agriculture purchases from the United States even as trade talks continued between the two countries. *(Reuters)*

### Europe

- [UK shops suffer slowest growth on record in 12 months to June: BRC](#) Sales at British retailers rose at their slowest average pace on record over the past year as worries about Brexit weighed on consumers, a survey showed on Tuesday. *(Reuters)*
- [France to tax flights from its airports, airline shares fall](#) France will introduce a tax on airlines flying from its airports to help support the environment, the transport minister said on Tuesday, in a move expected to raise around EUR180m (USD202m) from 2020. *(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
MCT BHD	0.285	21.92	18.59	3.36	0.270
YEE LEE CORPORATION	2.150	22.29	16.11	8.81	2.150
TONG HERR RESOURCES BERHAD	2.630	22.90	24.11	9.32	2.610
HEKTAR REAL ESTATE INVESTMEN	1.010	26.28	24.21	14.64	1.000

\*Only for stocks with market cap &gt;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	0.275	93.24	96.74	99.94	0.285
DATASONIC GROUP BHD	0.740	90.03	94.65	99.41	0.750
YINSON HOLDINGS BHD	7.000	85.34	88.12	95.73	7.010
KESM INDUSTRIES BHD	8.240	84.12	92.60	99.78	8.300
KNM GROUP BHD	0.315	83.68	88.25	93.51	0.325
PENTAMASTER CORP BHD	3.330	82.69	89.95	99.21	3.360
KUMPULAN FIMA BHD	1.750	82.02	89.35	99.46	1.800
YNH PROPERTY BHD	2.590	81.87	84.17	80.94	2.600
PESTECH INTERNATIONAL BHD	1.370	76.62	80.10	89.46	1.390
DRB-HICOM BHD	2.460	76.18	81.75	92.14	2.500
MEGA FIRST CORP BHD	3.770	74.73	85.04	98.94	3.780
MALAYSIA AIRPORTS HLDGS BHD	8.730	74.25	78.06	83.89	8.850
PANASONIC MANUFACTURING MALA	40.000	73.46	77.75	93.44	40.160
POS MALAYSIA BERHAD	1.900	73.10	79.09	87.35	1.920
HONG LEONG INDUSTRIES BHD	11.440	73.07	76.19	78.99	11.600
POWER ROOT BHD	1.710	72.28	73.60	64.88	1.780
TELEKOM MALAYSIA BHD	4.420	72.26	72.51	77.65	4.430
TEO SENG CAPITAL BHD	1.270	71.75	83.25	99.18	1.270
RANHILL HOLDINGS BHD	1.270	71.49	77.40	86.08	1.290
INSAS BHD	0.810	70.78	77.52	66.48	0.840

\*Only for stocks with market cap &gt;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
FTSE Bursa Ma-6V	0.060	16.55	10.92	2.31	0.060	31/7/2019
FGV HOLDINGS-C71	0.015	25.67	19.40	2.34	0.015	30/9/2019
WEGMANS HOLDINGS BHD -WA	0.105	29.17	22.08	2.32	0.105	13/1/2022
HANG SENG IND-6N	0.030	29.98	26.59	64.43	0.015	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	0.255	5/7/2023
YINSON HOLDIN-CY	0.385	85.73	87.17	96.23	0.390	14/10/2019
DRB-HICOM BHD-C81	0.135	82.89	84.73	90.23	0.140	20/12/2019
YINSON HOLDIN-CW	0.530	79.79	81.45	90.25	0.530	31/12/2019
POS MALAYSIA-C35	0.100	78.02	79.00	82.50	0.100	20/12/2019
REVENUE GROUP BHD -WA	0.555	76.18	79.24	73.52	0.600	14/1/2024
DRB-HICOM BHD-C70	0.340	75.60	81.30	92.01	0.345	31/10/2019
KNM GROUP-WB	0.120	74.76	73.15	44.50	0.150	21/4/2020
POS MALAYSIA-C33	0.080	73.67	83.08	95.76	0.085	31/10/2019
DRB-HICOM BHD-C75	0.185	71.65	77.24	90.33	0.190	31/12/2019
DRB-HICOM BHD-C79	0.150	70.56	79.80	92.24	0.150	28/2/2020
DRB-HICOM BHD-C74	0.135	70.49	76.24	85.64	0.140	30/9/2019

Source: Bloomberg

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**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:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

