

28 August 2019

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Research Highlights

BURSA	27-Aug	Day chg	% chg
KLCI	1,590.8	-9.69	-0.61%
FTSE EMAS	11,228.3	-74.5	-0.66%
FTSE Smallcap	12,989.6	-28.22	-0.22%
FTSE MESDAQ	4,493.0	-20.7	-0.46%
KLSE Mkt Cap (RM'b)	1,598.5	-10.0	-0.62%

NEWS HIGHLIGHTS

- Cahya Mata's 2Q net profit more than halves to RM41.3m
- Favelle Favco's 2Q profit more than doubled
- Selangor Dredging has sold up to 97.0% of property inventory
- Yong Tai reports first annual loss in five years after major impairment
- ManagePay 2Q net loss widens on higher costs

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	280.63	34.05
Local Retail	12.97	15.58
Foreign	-293.60	50.37

MACRO BITS

- Wary of Trump's flip-flops, China prepares for worst on trade
- China says it hopes U.S. can create conditions for trade talks
- Trade talks between Europe, U.S. will be difficult - Germany's Altmaier
- PM's adviser: Malaysia needs to change how it measures poverty rates
- Guan Eng : Malaysia needs to diversify financing ecosystem to help SMEs
- Virtual banking is happening now — BNM Governor
- ASEAN members agree to promote circular economy
- Indonesia c.bank's policy easing to go beyond 2 rate cuts -senior deputy governor
- China considers relaxing auto purchase curbs to boost consumption
- U.S. house prices rise in June, but momentum slowing
- U.S. consumer confidence dips in August: Conference Board
- German GDP growth stagnates year-on-year in Q2, foreign trade weighs in on economic activity
- Asked about negative rates, de Guindos says ECB must act with determination

INDICES	27-Aug	Day chg	% chg
Dow Jones	25,777.9	-120.9	-0.47%
S&P 500	2,869.2	-9.2	-0.32%
NASDAQ	7,826.9	-26.8	-0.34%
FTSE-100	7,089.6	N.A.	N.A.
Nikkei 225	20,456.1	195.0	0.96%
SHCOMP	2,902.2	38.6	1.35%
HSI	25,664.1	-16.3	-0.06%
STI	3,067.5	2.2	0.07%
KOSPI	1,924.6	8.3	0.43%
TWSE	10,387.2	32.7	0.32%
JCI	6,278.2	63.7	1.02%
SET	1,615.5	-7.3	-0.45%

FOREX	27-Aug	26-Aug	% chg
USD/MYR:	4.2048	4.2032	0.04%
EUR/USD:	1.1107	1.1120	-0.12%
GBP/USD:	1.2255	1.2242	0.11%
USD/YEN:	105.81	105.82	-0.01%
USD/SGD:	1.3882	1.3879	0.02%
USD/HKD:	7.8451	7.8444	0.01%

KEY STATS

KLCI Spot			
Vol (m shares):	2,114.4	2,211.2	-4.38%
Value (RMm):	2,617.5	1,814.5	44.26%
KLCI Future			
August-19	1,585.0	1,592.5	-0.47%
September-19	1,577.5	1,584.5	-0.44%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	846.3	853.8	-0.88%
SoyOil (USc/lb)	28.1	28.5	-1.09%
Gold (US\$/troy oz)	1,545.6	1,530.9	0.96%
Nymex crude oil (US\$/bbl)	54.9	53.6	2.40%
Latex (RM/kg)	4.34	4.35	-0.12%
Tin (US\$/mt)	N.A.	N.A.	N.A.

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- MidS: PWROOT
- Results Note: ABMB, AFFIN, DLADY, KERJAYA, MMCCORP, NESTLE, PADINI, PESTECH, PETGAS, SEM, SIME, SPRITZER, UMW, WCT
- On Our Technical Watch: KNM, SCIENTX

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	RHBBANK	5.72	1.8	16.90	RHBBANK	5.72	1.8	16.90	HLFG	16.24	-4.4	0.68
2	MAYBANK	8.55	-0.5	14.10	SIME	2.11	1.0	9.16	MISC	6.96	-4.3	3.95
3	DIALOG	3.47	0.6	14.00	PMETAL	4.78	0.6	5.57	AMBANK	3.98	-3.4	8.15
4	IHH	5.73	0.5	12.80	HARTA	5.04	0.6	3.65	PETDAG	21.62	-3.1	1.52
5	GENM	3.07	0.3	11.40	DIALOG	3.47	0.6	14.00	HLBANK	16.48	-2.9	2.76
6	PBBANK	20.70	-0.5	11.00	IHH	5.73	0.5	12.80	PETGAS	15.36	-2.2	3.55
7	SIMEPLT	4.81	0.0	10.70	TOPGLOV	4.68	0.4	4.28	IOICORP	4.25	-1.9	6.93
8	TENAGA	13.60	-0.7	10.70	GENM	3.07	0.3	11.40	AXIATA	5.02	-1.2	7.78
9	CIMB	5.05	-0.2	9.95	NESTLE	148.60	0.2	0.17	TENAGA	13.60	-0.7	10.70
10	SIME	2.11	1.0	9.16	DIGI	5.00	0.0	8.89	AIRPORT	8.50	-0.7	5.93

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Cahaya Mata's 2Q net profit more than halves to RM41.3m**

Cahaya Mata Sarawak Bhd's net profit more than halved to RM41.3m or 3.85 sen per share in its second quarter ended June 30, 2019, from RM91.6m or 8.53 sen per share a year ago. This was despite higher revenue of RM399.2m versus RM395.3m in the year-ago second quarter. Cumulative six-month net profit came in at RM82.1m down 37.0% from RM130.6m in the previous corresponding period, while revenue rose 8.9% on year to RM817.4m from RM750.3m. CMS said in its exchange filing the lower earnings during the period was due to higher imported clinker cost and coal cost at its cement division, besides the arrears received for works at its construction and road maintenance division. (*The Edge*)

- **Favelle Favco's 2Q profit more than doubled**

Crane manufacturer Favelle Favco Bhd's net profit more than doubled for the second quarter ended June 30, 2019 (2QFY19) to RM16.5m from RM7.3m in the previous corresponding quarter as its sales ballooned. Quarterly revenue also more than doubled to RM199.3m from RM89.8m in 2QFY18. Earnings per share significantly jumped to 7.43 sen per share from 3.28 sen previously. In a filing with Bursa Malaysia, Favelle Favco said despite the challenging outlook in the current market, the group has an outstanding order book of approximately RM562.0m as at August 21, 2019 from the global oil and gas, shipyard, construction and wind turbine industries, and intelligent automation. (*The Edge*)

- **Selangor Dredging has sold up to 97.0% of property inventory**

Selangor Dredging Bhd has sold up to 97.0% of its property inventory on the back of greater take-up of its developments. At a press conference after its annual general meeting, managing director Teh Lip Kim said the group had sold 95.0% to 97.0% of its inventory. "We are looking to sell our current stock and inventories. We have sold 95.0% to 97.0%, so we only have a little percent left to sell," Teh said while adding that some of the group's projects have seen 70.0% of the units offered sold. (*The Edge*)

- **Yong Tai reports first annual loss in five years after major impairment**

Melaka-centric township property developer Yong Tai Bhd announced its first annual net loss in five years, due to losses incurred at its Encore Melaka theatre and after booking a one-off impairment loss in relation to the Terra Square retail mall. In an exchange filing, the group posted a net loss of RM79.3m for the financial year ended June 30, 2019 (FY19), compared to a net profit of RM15.5m in FY18, while revenue fell 23.0% to RM100.4m from RM130.1m. This came after the group recorded a net loss of RM62.9m in its fourth quarter (4QFY19), compared to a net profit of RM5.5m in 4QFY18, as revenue slumped 65.0% to RM10.0m from RM28.3m. (*The Edge*)

- **ManagePay 2Q net loss widens on higher costs**

ManagePay Systems Bhd's net loss for the second quarter ended June 30, 2019 widened to RM3.0m from RM1.8m a year earlier, on the back of an increase in direct cost from the set-up costs the group had incurred for several of its projects. Revenue for the quarter increased to RM3.6m from RM3.0m a year earlier, while loss per share was 0.43 sen versus 0.25 sen previously. For the six months ended June 30, ManagePay said its net loss rose to RM4.7m from RM4.1m in the previous year, while revenue rose to RM7.8m from RM5.8m a year earlier. (*The Edge*)



Macro Bits

Global

- [Wary of Trump's flip-flops, China prepares for worst on trade](#) Perhaps nobody was more surprised to hear that China had called President Donald Trump's administration to restart trade talks than the government in Beijing itself. *(Bloomberg)*
- [China says it hopes U.S. can create conditions for trade talks](#) China's foreign ministry reiterated on Tuesday that it had not heard of any recent telephone call between the United States and China on trade, and said it hopes Washington can stop its wrong actions and create conditions for talks. *(Reuters)*
- [Trade talks between Europe, U.S. will be difficult - Germany's Altmaier](#) Trade negotiations between the United States and Europe will be difficult but the global economic downturn increases the chances for the parties to reach a deal, German Economy Minister Peter Altmaier said on Tuesday. *(Reuters)*

Malaysia

- [PM's adviser: Malaysia needs to change how it measures poverty rates](#) There is a need for Malaysia to change the current method to measure poverty rates, as it is outdated, says the Prime Minister's economic adviser, Dr Muhammed Abdul Khalid. *(The Star Online)*
- [Guan Eng : Malaysia needs to diversify financing ecosystem to help SMEs](#) Malaysia needs to help diversify the financing ecosystem in order to help the small and medium enterprises (SMEs) obtain funds for business growth, beyond the orthodox banking system, said Finance Minister Lim Guan Eng. *(The Edge Markets)*
- [Virtual banking is happening now — BNM Governor](#) Virtual banking is already happening in Malaysia, although the digital bank licensing framework will be issued for industry consultation by year-end, Bank Negara Malaysia governor (BNM) Datuk Nor Shamsiah Mohd Yunus said. *(The Edge Markets)*

Asia Pacific

- [ASEAN members agree to promote circular economy](#) International representatives from the government and private sectors across Southeast Asia vowed to co-operate to address the resource constraints through the circular economy with a focus on "resource maximisation, waste separation and proper disposal" in the manufacturing and consumption cycle at a symposium in Bangkok on Monday. *(Viet Nam News)*
- [Indonesia c.bank's policy easing to go beyond 2 rate cuts -senior deputy governor](#) Indonesia's central bank, which surprisingly cut interest rates last week, will keep easing monetary policy to fend off any negative impact on its economy from slowing global growth, its new senior deputy governor said on Tuesday. *(Reuters)*
- [China considers relaxing auto purchase curbs to boost consumption](#) China unveiled measures on Tuesday to help boost consumption, including the possible removal of restrictions on auto purchases, as growth in the world's second-biggest economy falters amid mounting U.S. trade pressures. *(Reuters)*

Americas

- [U.S. house prices rise in June, but momentum slowing](#) U.S. house prices rose solidly in June, but the pace of appreciation is slowing, which together with declining mortgage rates could boost the struggling housing market. *(Reuters)*
- [U.S. consumer confidence dips in August: Conference Board](#) U.S. consumer confidence retreated a bit in August as optimism on the present situation improved to its highest since late 2000, offsetting a weakening in the outlook on economic conditions, the Conference Board said on Tuesday. *(Reuters)*

Europe

- [German GDP growth stagnates year-on-year in Q2, foreign trade weighs in on economic activity](#) The German real GDP growth was down 0.1% in the second quarter from the first quarter. *(Econo Times)*
- [Asked about negative rates, de Guindos says ECB must act with determination](#) European Central Bank Vice President Luis de Guindos said on Tuesday that the ECB had to act with determination when he was asked about the prospects for negative interest rates. *(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
BRITISH AMERICAN TOBACCO BHD	20.060	14.89	9.66	0.71	20.020
KUMPULAN PERANGSANG SELANGOR	0.720	15.41	11.79	5.12	0.705
AEON CREDIT SERVICE M BHD	15.200	17.44	12.06	2.83	15.180
HONG LEONG BANK BERHAD	16.480	19.07	15.91	5.42	16.480
HONG LEONG FINANCIAL GROUP	16.240	19.92	19.91	19.40	16.240
PUBLIC BANK BERHAD	20.700	20.86	21.42	19.84	20.360
PETRONAS DAGANGAN BHD	21.620	20.86	18.73	8.49	21.520
ANN JOO RESOURCES BHD	1.260	21.08	14.71	3.10	1.250
MALAYSIAN RESOURCES CORP BHD	0.720	21.54	17.86	7.29	0.720
UEM SUNRISE BHD	0.670	21.88	16.90	3.80	0.670
SP SETIA BHD	1.620	22.11	22.85	38.10	1.570
PETRON MALAYSIA REFINING & M	5.260	23.85	21.88	12.20	5.260
PARAMOUNT CORP BHD	1.290	24.28	21.58	19.74	1.280
CYPARK RESOURCES BHD	1.310	24.32	25.03	20.15	1.300
Y.S.P.SOUTHEAST ASIA HOLDING	2.340	24.40	15.80	1.04	2.300
HIBISCUS PETROLEUM BHD	0.900	25.44	19.88	6.63	0.900
KECK SENG (MALAYSIA) BHD	4.350	25.84	22.67	36.53	4.260
GENTING BHD	5.920	25.90	21.26	20.00	5.900
IOI PROPERTIES GROUP BHD	1.160	25.94	18.12	2.58	1.160
STAR MEDIA GROUP BHD	0.580	26.50	24.59	23.25	0.570
PETRONAS GAS BHD	15.360	26.86	24.38	12.75	14.740
COUNTRY HEIGHTS HOLDINGS BHD	1.290	27.27	22.23	7.45	1.200
TH PLANTATIONS BHD	0.400	27.50	22.11	29.26	0.390
BERMAZ AUTO BHD	2.310	27.50	20.84	8.24	2.280
YTL POWER INTERNATIONAL BHD	0.695	27.58	25.60	23.15	0.690
BATU KAWAN BHD	15.700	28.13	24.15	16.46	15.600
PETRONAS CHEMICALS GROUP BHD	6.880	28.29	26.04	12.69	6.750
CAHYA MATA SARAWAK BHD	2.380	29.15	28.33	33.18	2.270
WAH SEONG CORP BHD	0.640	29.21	26.04	30.96	0.635
YEE LEE CORPORATION	2.110	29.30	24.71	9.14	2.110
KAWAN FOOD BHD	1.210	29.65	23.01	2.94	1.210

*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
KLCCP STAPLED GROUP	8.400	83.84	89.99	98.80	8.400
MBM RESOURCES BERHAD	4.170	83.26	84.19	73.56	4.280
CARING PHARMACY GROUP BHD	2.280	80.87	82.49	47.53	2.300
TASEK CORP BHD	5.800	79.98	87.40	85.07	5.840
DUFU TECHNOLOGY CORP BHD	2.270	74.74	77.51	80.26	2.280
FRASER & NEAVE HOLDINGS BHD	35.780	72.36	80.46	98.03	35.800
UEM EDGENTA BHD	3.270	72.22	77.11	90.30	3.270
ABF MALAYSIA BOND INDEX FUND	1.220	71.75	80.43	98.91	1.220
POWER ROOT BHD	1.960	71.59	76.71	92.81	1.980
PANASONIC MANUFACTURING MALA	40.900	71.12	76.10	93.61	40.980
PINTARAS JAYA BHD	2.950	70.37	73.84	75.70	3.000

*Only for stocks with market cap >RM300m
Source: Bloomberg

28 August 2019

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
MALAYSIAN RES-C41	0.035	14.99	11.02	12.56	0.010	29/11/2019
HANG SENG IND-7J	0.180	18.86	22.74	22.33	0.130	27/2/2020
AIRASIA GROUP-C87	0.045	20.91	18.03	1.75	0.045	31/1/2020
HANG SENG IND-7K	0.405	21.01	24.37	21.47	0.330	27/2/2020
PETRONAS CHEM-C32	0.005	22.56	22.47	13.59	0.005	31/1/2020
HANG SENG IND-5T	0.020	23.02	16.63	7.59	0.020	30/10/2019
MY EG SERVICE-C65	0.040	23.10	16.66	9.53	0.040	30/9/2019
HANG SENG IND-7M	0.400	24.45	24.03	21.60	0.325	28/4/2020
HANG SENG IND-5P	0.005	24.49	18.37	4.65	0.005	27/9/2019
GENTING BHD-C68	0.025	24.55	17.03	0.63	0.025	29/11/2019
HANG SENG IND-5Q	0.040	24.69	21.71	18.00	0.025	27/9/2019
HANG SENG IND-7C	0.050	25.26	21.28	9.95	0.040	28/11/2019
FGV HOLDINGS-C78	0.040	25.75	22.11	8.57	0.040	31/1/2020
FGV HOLDINGS-C76	0.030	25.75	19.98	4.01	0.030	28/2/2020
GENTING BHD-C72	0.045	25.80	26.26	22.59	0.045	14/2/2020
PETRONAS CHEM-C36	0.045	26.67	25.02	17.33	0.045	7/2/2020
HIBISCUS PETROLEUM BHD -WC	0.280	27.17	22.25	6.80	0.280	18/3/2021
HANG SENG IND-7N	0.700	27.23	26.73	23.61	0.585	28/4/2020
HANG SENG IND-7F	0.315	28.51	31.56	23.84	0.210	30/12/2019
PETRONAS CHEM-C34	0.025	29.57	26.85	10.56	0.020	30/6/2020

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
GREEN PACKET BHD-CW23	0.185	70.20	70.69	69.43	0.185	24/11/2023

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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