

30 August 2019

By Raymond Choo Ping Khoo | pkchoo@kenanga.com.my

Research Highlights

BURSA	29-Aug	Day chg	% chg
KLCI	1,595.2	5.36	0.34%
FTSE EMAS	11,223.2	9.7	0.09%
FTSE Smallcap	12,864.4	-47.93	-0.37%
FTSE MESDAQ	4,510.4	-27.9	-0.61%
KLSE Mkt Cap (RM'b)	1,598.1	1.3	0.08%

NEWS HIGHLIGHTS

- Hengyuan 2Q net profit slumps as weak margins persist
- PUC's 2Q net profit up 13.4% on higher OmniChannel sales
- Grand-Flo's shareholders told to accept takeover offer
- Bina Darulaman halves net loss in 2Q as turnaround plan starts to bear fruit
- Ireka aims to tender for more projects

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-66.78	45.56
Local Retail	18.32	25.17
Foreign	48.46	29.27

MACRO BITS

- China hopes U.S. will create conditions necessary for September trade talks
- EU ministers warn against no-deal Brexit
- Bank Negara Malaysia to revise rules against money laundering
- Affordable housing a shared responsibility, says BNM Governor
- Malaysia July 2019 producer prices down 2.2% on-year
- South Korea proposes aggressive spending as economy faces growing risks
- Thailand can add more economic stimulus if needed - Fin Min
- Indonesia's finance minister revises down 2019 growth outlook to 5.08% year on year
- U.S. economy slows in second quarter; consumer spending robust
- U.S. weekly jobless claims increase slightly
- Retailers howl as U.S. trade agency locks in 15.0% tariffs on September 1
- ECB has room to ease but must consider stability risks: Lagarde
- Collapse us if you can, government dares Brexit opponents

INDICES	29-Aug	Day chg	% chg
Dow Jones	26,362.3	326.2	1.25%
S&P 500	2,924.6	36.6	1.27%
NASDAQ	7,973.4	116.5	1.48%
FTSE-100	7,184.3	69.6	0.98%
Nikkei 225	20,460.9	-18.5	-0.09%
SHCOMP	2,890.9	-2.8	-0.10%
HSI	25,703.5	88.0	0.34%
STI	3,081.8	25.4	0.83%
KOSPI	1,933.4	-7.7	-0.40%
TWSE	10,462.4	28.1	0.27%
JCI	6,289.1	7.5	0.12%
SET	1,639.1	22.2	1.37%

FOREX	29-Aug	28-Aug	% chg
USD/MYR:	4.2172	4.2135	0.09%
EUR/USD:	1.1075	1.1093	-0.16%
GBP/USD:	1.2200	1.2209	-0.07%
USD/YEN:	106.26	105.74	0.49%
USD/SGD:	1.3884	1.3886	-0.01%
USD/HKD:	7.8458	7.8461	0.00%

KEY STATS

KLCI Spot			
Vol (m shares):	1,998.4	1,935.8	3.23%
Value (RMm):	1,665.7	1,541.6	8.05%
KLCI Future			
August-19	1,587.0	1,576.0	0.70%
September-19	1,587.0	1,576.0	0.70%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	856.3	852.8	0.41%
SoyOil (USc/lb)	28.4	28.2	0.46%
Gold (US\$/troy oz)	1,530.5	1,542.8	-0.80%
Nymex crude oil (US\$/bbl)	56.7	55.8	1.67%
Latex (RM/kg)	4.33	4.34	-0.35%
Tin (US\$/mt)	15,798.0	15,760.0	0.24%

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- MidS: AMVERTON, PWROOT
- Results Note: AXIATA, CIMB, GENM, GENTING, IOIPG, KIMLUN, MAYBANK, MITRA, MPI, MUHIBAH, PPB, SKPRES, YTLPOWER
- On Our Technical Watch: MYEG, GENM
- Rating Summary

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	GENM	3.12	2.6	9.83	IOICORP	4.36	3.3	1.55	PICHEM	6.77	-1.9	2.87
2	MAYBANK	8.57	0.5	8.27	HAPSENG	9.90	3.0	0.45	CIMB	4.94	-0.8	7.29
3	SIME	2.23	1.4	7.71	GENM	3.12	2.6	9.83	RHBBANK	5.65	-0.5	6.91
4	CIMB	4.94	-0.8	7.29	HLFG	16.32	1.8	0.35	AMBANK	4.07	-0.5	1.94
5	RHBBANK	5.65	-0.5	6.91	PETDAG	22.22	1.7	0.37	DIGI	5.01	-0.4	3.09
6	DIALOG	3.47	0.0	6.16	HLBANK	16.50	1.5	1.40	GENTING	5.90	-0.3	4.99
7	GENTING	5.90	-0.3	4.99	PETGAS	15.86	1.4	1.31	DIALOG	3.47	0.0	6.16
8	TENAGA	13.80	0.4	4.05	SIME	2.23	1.4	7.71	MAXIS	5.41	0.0	2.55
9	IHH	5.77	0.4	3.94	HARTA	5.11	1.2	1.73	NESTLE	147.00	0.0	0.09
10	AXIATA	5.03	0.6	3.90	AIRPORT	8.55	1.1	0.47	PBBANK	20.32	0.0	3.59

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Hengyuan 2Q net profit slumps as weak margins persist**

Hengyuan Refining Co Bhd's net profit slumped 95.0% to RM3.3m or 1.09 sen per share for the second quarter ended June 30, 2019 (2QFY19) from RM66.6m or 22.2 sen per share a year ago, impacted by weaker refining margins. Revenue fell 8.2% to RM3.3b from RM3.6b, the group said in a stock exchange filing. Hengyuan said the group sold a comparable 10.5m barrels during the quarter, but oil prices had fallen to an average of USD75.0 a barrel versus USD84.0 in 2QFY18. (*The Edge*)

- **PUC's 2Q net profit up 13.4% on higher OmniChannel sales**

PUC Bhd's net profit for the second quarter ended June 30, 2019 (2QFY19) grew 13.4% to RM2.6m, from RM2.3m in the corresponding quarter last year, following higher sales from its OmniChannel segment and RM3.9m write-back on impairment losses on trade receivables. In a bourse filing, the group said earnings per share (EPS) declined to 0.12 sen, from 0.16 sen previously. Quarterly revenue rose 7.2% to RM17.6m, from RM16.5m in the corresponding quarter last year. The group attributed its higher quarterly net profit to higher sales of out-of-home advertisements spaces recorded by its OmniChannel business segment, as well as a write-back on impairment losses on trade receivables amounting to RM3.9m that PUC had managed to collect from previously impaired trade customers. (*The Edge*)

- **Grand-Flo's shareholders told to accept takeover offer**

Minority shareholders of Grand-Flo Bhd have been advised to accept the takeover offer by YBG Yap Consolidated Bhd for the rest of the shares in the information technology solutions provider for 26.0 sen per share. In its independent advice circular to Grand-Flo shareholders on Bursa Malaysia, Mercury Securities Sdn Bhd recommended that shareholders accept the offer as it finds the offer "fair" and "reasonable". According to the independent adviser, the offer is deemed fair as the 26.0 sen offer price is higher than the estimated value and market price of Grand-Flo shares. (*The Edge*)

- **Bina Darulaman halves net loss in 2Q as turnaround plan starts to bear fruit**

Bina Darulaman Bhd's (BDB) net loss contracted 49.0% to RM4.9m for the second quarter ended June 30, 2019, from RM9.5m in the previous year's corresponding quarter. Revenue fell 11.0% to RM47.3m from RM53.0m previously. "The group managed to narrow down its losses as a result of its business turnaround initiatives which focuses on business improvement processes to deliver better margins and cost optimisation exercise," said the property developer in its filing with the bourse. The group's property division's pre-tax loss fell RM2.2m amid better margins from its current development projects, coupled with lower administrative costs. The road building and quarry division posted slightly higher pre-tax profit of RM2.3m, compared with the previous year's RM2.1m, due to lower production costs. (*The Edge*)

- **Ireka aims to tender for more projects**

Ireka Corp Bhd will focus on replenishing its order book this year by tendering for more external and internal projects, says group managing director, Lai Vion Hon. He said over the next three years, the construction division would have about RM850.0m worth of work from the RM1.4b gross development value (GDV) from the current targeted project launches. The outstanding works on hand now stands at about RM250.0m. (*The Edge*)



Macro Bits

Global

- [China hopes U.S. will create conditions necessary for September trade talks](#) China and the United States are discussing the next round of face-to-face trade talks scheduled in September, but hopes for progress hinge on whether Washington can create favorable conditions, China's commerce ministry said on Thursday. *(Reuters)*
- [EU ministers warn against no-deal Brexit](#) European Union ministers on Thursday urged Britain to choose an orderly Brexit, with some openly expressing concern that Prime Minister Boris Johnson's move to suspend parliament increased the risk of a chaotic split. *(Reuters)*

Malaysia

- [Bank Negara Malaysia to revise rules against money laundering](#) Bank Negara Malaysia is finalizing revisions to guidelines against money laundering and terrorism financing. *(The Edge Markets)*
- [Affordable housing a shared responsibility, says BNM Governor](#) Decent affordable housing is fundamental to the health and well-being of people, and to the smooth functioning of economies. Yet around the world, in developing and advanced economies alike, cities are struggling to meet that need. *(The Edge Markets)*
- [Malaysia July 2019 producer prices down 2.2% on-year](#) The Producer Price Index (PPI) for local production decreased 2.2% in July 2019 compared with the same month of the preceding year, said Chief Statistician Malaysia Datuk Seri Dr Mohd Uzir Mahidin. *(The Edge Markets)*

Asia Pacific

- [South Korea proposes aggressive spending as economy faces growing risks](#) South Korea has drafted the most aggressive budget spending plan since the 2008-2009 global financial crisis for next year as its trade-reliant economy is buffeted by growing economic threats both at home and from abroad. *(Reuters)*
- [Thailand can add more economic stimulus if needed - Fin Min](#) Thailand is ready to add further fiscal support if a recently introduced stimulus package is insufficient, the finance minister said on Thursday, as the government tries to revive flagging domestic activity. *(Reuters)*
- [Indonesia's finance minister revises down 2019 growth outlook to 5.08% year on year](#) Indonesia's finance minister Sri Mulyani Indrawati in a parliamentary hearing on Thursday revised down the country's economic growth outlook for 2019 to 5.08% from 5.2% previously. *(Reuters)*

Americas

- [U.S. economy slows in second quarter; consumer spending robust](#) The U.S. economy slowed in the second quarter, but the strongest growth in consumer spending in 4-1/2 years amid a strong labor market could further temper financial market expectations of a recession. *(Reuters)*
- [U.S. weekly jobless claims increase slightly](#) The number of Americans filing applications for unemployment benefits rose moderately, pointing to sustained labor market strength despite slowing economic growth. *(Reuters)*
- [Retailers howl as U.S. trade agency locks in 15.0% tariffs on September 1](#) The Trump administration on Wednesday made official its extra 5.0% tariff on USD300.0b in Chinese imports and set collection dates of Sept. 1 and Dec. 15, prompting hundreds of U.S. retail, footwear, toy and technology companies to warn of price hikes. *(Reuters)*

Europe

- [ECB has room to ease but must consider stability risks: Lagarde](#) The European Central Bank still has room to cut rates if needed but this could pose a challenge to financial stability and a broader review of how policy is conducted may be necessary, Christine Lagarde, the bank's likely future president said. *(Reuters)*
- [Collapse us if you can, government dares Brexit opponents](#) Prime Minister Boris Johnson's government on Thursday challenged opponents of Brexit in parliament to collapse the government or change the law if they want to thwart Britain's exit from the European Union. *(Reuters)*



30 August 2019

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

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
BRITISH AMERICAN TOBACCO BHD	19.500	13.33	7.98	0.36	19.480
AEON CREDIT SERVICE M BHD	14.800	13.35	8.29	1.17	14.700
SP SETIA BHD	1.470	15.18	13.19	9.80	1.470
ANN JOO RESOURCES BHD	1.170	15.35	9.07	0.79	1.160
PUBLIC BANK BERHAD	20.320	16.07	14.13	4.78	20.160
KUMPULAN PERANGSANG SELANGOR	0.720	17.29	15.19	25.13	0.705
Y.S.P.SOUTHEAST ASIA HOLDING	2.300	19.31	10.90	0.37	2.300
CYPARK RESOURCES BHD	1.280	20.00	18.18	5.34	1.250
WAH SEONG CORP BHD	0.615	22.10	16.82	8.58	0.600
UNISEM (M) BERHAD	1.920	22.22	19.68	10.53	1.920
PETRON MALAYSIA REFINING & M	5.230	23.07	20.89	10.74	5.190
SYARIKAT TAKAFUL MALAYSIA KE	5.800	23.12	17.65	2.02	5.750
KARAMBUNAI CORP BHD	0.085	23.29	13.35	0.22	0.085
COUNTRY HEIGHTS HOLDINGS BHD	1.220	23.63	19.08	13.02	1.200
MALAYSIAN RESOURCES CORP BHD	0.720	24.26	22.51	29.95	0.700
STAR MEDIA GROUP BHD	0.575	24.30	21.41	13.83	0.570
KECK SENG (MALAYSIA) BHD	4.330	24.41	20.62	24.22	4.260
TH PLANTATIONS BHD	0.390	25.01	18.46	8.67	0.380
GENTING BHD	5.900	25.16	20.12	14.30	5.830
HIBISCUS PETROLEUM BHD	0.900	25.44	19.88	6.63	0.890
YTL POWER INTERNATIONAL BHD	0.685	25.54	22.85	15.41	0.685
CAHYA MATA SARAWAK BHD	2.270	25.56	23.66	21.41	2.260
BERMAZ AUTO BHD	2.290	25.74	18.66	5.17	2.280
UEM SUNRISE BHD	0.670	25.80	24.01	33.69	0.655
TASEK CORP BHD	5.400	25.93	15.89	0.85	5.400
DUTCH LADY MILK INDS BHD	62.960	26.05	17.93	6.08	62.900
PETRONAS CHEMICALS GROUP BHD	6.770	26.46	23.52	10.95	6.750
HONG LEONG BANK BERHAD	16.500	26.68	27.68	38.68	16.220
TUNE PROTECT GROUP BHD	0.605	27.31	21.84	6.55	0.590
FGV HOLDINGS BHD	0.940	27.64	21.74	5.24	0.925
MALAYSIA SMELTING CORP BHD	0.785	27.77	22.62	4.25	0.785
AIRASIA X BHD	0.175	27.82	25.16	18.28	0.170
ECO WORLD DEVELOPMENT GROUP	0.680	28.02	23.44	6.00	0.680
HONG LEONG FINANCIAL GROUP	16.320	28.19	30.87	42.86	16.000
CRESCENDO CORPORATION BHD	1.160	28.23	20.74	7.14	1.150
MUHIKBAH ENGINEERING (M) BHD	2.470	28.78	24.79	11.82	2.410
I-BHD	0.325	29.22	25.90	6.09	0.315
MALAYAN FLOUR MILLS BHD	0.580	29.44	28.18	13.42	0.570
IOI PROPERTIES GROUP BHD	1.160	29.49	25.08	21.34	1.160
BINTULU PORT HOLDINGS BHD	3.950	29.60	28.87	21.50	3.950
KAWAN FOOD BHD	1.210	29.65	23.01	2.94	1.180

*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
CARING PHARMACY GROUP BHD	2.300	82.17	84.35	70.60	2.300
MBM RESOURCES BERHAD	4.110	75.70	74.28	57.98	4.280
PINTARAS JAYA BHD	2.980	72.00	76.09	84.06	3.000
ABF MALAYSIA BOND INDEX FUND	1.220	71.74	80.43	98.91	1.220
UEM EDGENTA BHD	3.270	70.60	74.18	77.28	3.330

*Only for stocks with market cap >RM300m

Source: Bloomberg

30 August 2019

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
TELEKOM MALAY-C53	0.035	14.85	15.63	13.87	0.030	28/2/2020
AIRASIA GROUP-C87	0.045	20.91	18.03	1.75	0.040	31/1/2020
MY EG SERVICE-C65	0.035	21.26	14.46	5.54	0.035	30/9/2019
HANG SENG IND-7J	0.190	21.70	27.44	44.49	0.130	27/2/2020
HANG SENG IND-5T	0.015	22.39	15.63	5.16	0.010	30/10/2019
TEO SENG CAPITAL BHD -WA	0.085	22.55	16.10	3.20	0.040	29/1/2020
SYARIKAT TAKA-CE	0.105	22.59	17.97	4.19	0.105	31/1/2020
HANG SENG IND-7K	0.415	22.84	27.50	38.12	0.330	27/2/2020
HANG SENG IND-5P	0.005	24.49	18.37	4.65	0.005	27/9/2019
HANG SENG IND-5Q	0.035	25.15	22.99	29.11	0.025	27/9/2019
TELEKOM MALAY-C51	0.085	25.44	21.51	11.45	0.080	30/6/2020
HANG SENG IND-7M	0.415	26.83	28.31	45.43	0.325	28/4/2020
GENTING BHD-C68	0.025	27.21	23.32	28.86	0.025	29/11/2019
TELEKOM MALAY-C50	0.080	27.78	22.48	16.43	0.075	31/1/2020
DRB-HICOM BHD-C86	0.085	29.03	24.18	6.33	0.080	31/3/2020
POS MALAYSIA-C35	0.025	29.11	21.89	9.48	0.025	20/12/2019
AIRASIA GROUP-C89	0.050	29.15	24.44	3.90	0.045	14/2/2020
TELEKOM MALAY-C47	0.125	29.99	23.30	13.34	0.120	31/1/2020

Source: Bloomberg

This section is intentionally left blank.

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.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

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 E-mail: research@kenanga.com.my