

06 September 2019

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

## Research Highlights

### NEWS HIGHLIGHTS

- AXA, Affin mulling options for Malaysian insurance business *(Comment included in Kenanga Today)*
- DNeX hopes Budget 2020 includes more technology-related projects
- Suria Capital appeals for 15%-20% cargo tariff increase
- Johore Tin sees 3.8% of its shares traded off-market
- Heng Huat to become leader in coconut fibre mart via SKT acquisition

### MACRO BITS

- U.S., China agree to resume trade talks, markets jump
- Delay Brexit? I'd rather be dead in a ditch, says PM Johnson
- Dr Mahathir to discuss Samurai bond issue during Kyoto visit
- Malaysia keen to expand export market to Eastern Russia — Dr M
- Malaysia expects higher demand for CPO as India raises refined oil tax
- Indonesia's corporate tax cut to cost up to USD6b: tax chief
- Japan government eyes record budget spending, fiscal reform in doubt
- Thailand to unveil 'relocation package' to woo firms hurt by trade war
- U.S. 30-year mortgage rates hit lowest since October 2016: Freddie Mac
- U.S. services sector suggests economy weathering trade storm
- Over 100 London investment firms get EU licences for Brexit hubs - regulator
- Recession risks rise for Germany as industrial orders plunge
- New Italian coalition sworn in, seeks better ties with Europe

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

- On Our Technical Watch: SALUTICA, BAT
- Rating Summary

BURSA	5-Sep	Day chg	% chg
KLCI	1,599.8	-0.14	-0.01%
FTSE EMAS	11,247.3	-6.4	-0.06%
FTSE Smallcap	12,872.3	-24.50	-0.19%
FTSE MESDAQ	4,448.7	-18.6	-0.42%
KLSE Mkt Cap (RM'b)	1,601.6	-0.5	-0.03%

### BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-7.30	46.64
Local Retail	4.55	22.97
Foreign	2.75	30.39

INDICES	5-Sep	Day chg	% chg
Dow Jones	26,728.2	372.7	1.41%
S&P 500	2,976.0	38.2	1.30%
NASDAQ	8,116.8	139.9	1.75%
FTSE-100	7,271.2	-40.1	-0.55%
Nikkei 225	21,085.9	436.8	2.12%
SHCOMP	2,985.9	28.5	0.96%
HSI	26,515.5	-7.7	-0.03%
STI	3,147.1	16.5	0.53%
KOSPI	2,004.8	16.2	0.82%
TWSE	10,756.9	99.6	0.93%
JCI	6,306.8	37.1	0.59%
SET	1,669.8	11.1	0.67%

FOREX	5-Sep	4-Sep	% chg
USD/MYR:	4.1873	4.2037	-0.39%
EUR/USD:	1.1056	1.1017	0.35%
GBP/USD:	1.2334	1.2205	1.06%
USD/YEN:	106.64	106.22	0.40%
USD/SGD:	1.3836	1.3863	-0.19%
USD/HKD:	7.8394	7.8406	-0.02%

### KEY STATS

KLCI Spot			
Vol (m shares):	1,854.3	2,494.0	-25.65%
Value (RMm):	1,582.6	1,731.4	-8.60%
KLCI Future			
September-19	1,591.0	1,591.5	-0.03%
October-19	1,591.0	1,592.0	-0.06%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	861.5	875.5	-1.60%
SoyOil (USc/lb)	28.6	29.0	-1.21%
Gold (US\$/troy oz)	1,519.0	1,554.0	-2.25%
Nymex crude oil (US\$/bbl)	56.3	56.3	0.07%
Latex (RM/kg)	4.38	4.40	-0.57%
Tin (US\$/mt)	17,458.0	17,185.0	1.59%

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	AXIATA	4.77	-4.6	11.80	MISC	7.49	4.6	4.16	AXIATA	4.77	-4.6	11.80
2	CIMB	5.07	0.0	11.50	AMBANK	4.10	3.3	3.09	DIGI	4.90	-1.6	5.48
3	DIALOG	3.52	1.2	8.35	MAXIS	5.53	1.5	1.95	HAPSENG	9.75	-1.5	0.20
4	MAYBANK	8.74	0.2	8.27	DIALOG	3.52	1.2	8.35	SIME	2.27	-1.3	8.20
5	SIME	2.27	-1.3	8.20	PMETAL	4.90	0.8	1.38	HLFG	16.40	-1.0	0.11
6	GENTING	5.87	0.3	6.56	PCHEM	6.88	0.7	4.67	KLK	23.66	-0.8	1.05
7	DIGI	4.90	-1.6	5.48	PETDAG	22.54	0.7	0.33	SIMEPLT	4.82	-0.6	2.50
8	PCHEM	6.88	0.7	4.67	HLBANK	16.46	0.5	0.77	PPB	18.56	-0.4	0.60
9	IHH	5.76	0.0	4.26	TOPGLOV	4.71	0.4	3.61	NESTLE	147.80	-0.1	0.04
10	MISC	7.49	4.6	4.16	GENTING	5.87	0.3	6.56	PETGAS	15.90	-0.1	0.58

Notes: # KL Composite Index (FBMKLCI) component stocks

## Corporate News

- **AXA, Affin mulling options for Malaysian insurance business**

AXA SA and Affin Bank are exploring a potential sale of their insurance units. Deliberations are at an early stage. The asking price is reportedly to be around US\$650m – US\$500m (RM2.1bn) for AXA AFFIN General Insurance and US\$150m (RM630m) for AXA AFFIN Life Insurance. (*The Edge*)

*Comment: According to Affin Bank's 2018 Annual Report, the book value of AXA AFFIN Life Insurance is RM309.9m while that of AXA AFFIN General Insurance is RM1,125m. Based on the reported asking price, the sellers are hoping to fetch 2.0x PB for the Life unit and 1.9x for the General unit. These multiples are lower compared to some past transactions where AMMB Life Insurance was acquired by Metlife for 3x and CIMB Aviva Assurance was sold at 3.2x, which should help raise chances of a deal materialising. If it does, AFFIN's share of the sales proceed would amount to RM1.37bn translating to close to 70 sen/share. Maintain **OUTPERFORM** with a **Target Price of RM2.45** based on an unchanged FY20 target PBV of 0.50x - implying a 0.5SD below mean (By: Koh Huat Soon).*

- **DNeX hopes Budget 2020 includes more technology-related projects**

Dagang NeXchange Bhd (DNeX) hopes the government would roll out more projects related to technology in the upcoming Budget 2020. Executive deputy chairman said this particularly referred to projects which the DNeX team had the capability and was ready to take on. "For example, (these can be) projects related to blockchain and artificial intelligence where we need workers, especially youth, to have the skills, capability and knowledge to do the services," he told reporters at the MID's Gems Corporate Day Showcase organised by Bursa Malaysia Bhd and the Malaysian Investor Relations Association here. (*The Edge*)

- **Suria Capital appeals for 15%-20% cargo tariff increase**

Suria Capital Holdings Bhd, owner of Sabah Ports Sdn Bhd, has appealed to the Sabah state government to increase cargo tariffs by 15% to 20% at its seven ports in the state. Its chief financial officer said the company submitted the application to the state government last month and hopes they would consider the matter. "In the privatisation agreement, there is a provision that allows us to apply for a revision, after five years into the concession period. (*The Edge*)

- **Johore Tin sees 3.8% of its shares traded off-market**

Johore Tin Bhd saw 3.8% of its shares traded off-market. Bloomberg data showed that the block of 7.5m shares worth RM10.8m, or RM1.40 a share, was traded at 3:11pm. This represents a premium of two sen or 1.5% from the counter's closing price of RM1.38. At the time of writing, the identities of the buyer and seller of the off market deal is not known. As of Aug 30, Johore Tin's largest shareholders were executive director Ng Keng Hoe (a 13.09% stake), chief executive officer Edward Goh Swee Wang (7.6%) and executive director Goh Mia Kwong. (11.47%).(*The Edge*)

- **Heng Huat to become leader in coconut fibre mart via SKT acquisition**

Heng Huat Resources Group Bhd (Heng Huat) has acquired 97% equity interest in Sabut Kelapa Terengganu Sdn Bhd (SKT), which manufactures and trades coconut biomass materials and value-added products, for RM200,000. Its wholly-owned Heng Huat Industries Holdings Sdn Bhd, inked the share sale agreement with the aim of strengthening its market share and boosting its biomass division's financial performance. In a statement, Heng Huat managing director said the acquisition would place Heng Huat on a higher growth trajectory, as it continued to strengthen its position as a regional player in the biomass industry. (*The Edge*)

## Macro Bits

### Global

- [U.S., China agree to resume trade talks, markets jump](#) China and the United States on Thursday agreed to hold high-level talks in early October in Washington, cheering investors hoping for a trade war thaw as new U.S. tariffs on Chinese consumer goods chip away at global growth. *(Reuters)*
- [Delay Brexit? I'd rather be dead in a ditch, says PM Johnson](#) British Prime Minister Boris Johnson promised on Thursday he would never delay Britain's exit from the European Union, due on Oct. 31, saying he would rather be "dead in a ditch" than do so. *(Reuters)*

### Malaysia

- [Dr Mahathir to discuss Samurai bond issue during Kyoto visit](#) Prime Minister Tun Dr Mahathir Mohamad is expected to meet Japan Bank for International Cooperation (JBIC) governor Tadashi Maeda during his visit to Kyoto, Japan, to discuss another possible Samurai bond issuance. *(The Edge Markets)*
- [Malaysia keen to expand export market to Eastern Russia — Dr M](#) Malaysia is keen to expand its market in Russia, particularly in the eastern part of the country, to further boost economic relations between the two nations, Prime Minister Tun Dr Mahathir Mohamad said. *(The Edge Markets)*
- [Malaysia expects higher demand for CPO as India raises refined oil tax](#) Malaysia expects higher demand for crude palm oil from India, as the country has increased the import tax on refined palm oil from Malaysia. *(The Edge Markets)*

### Asia Pacific

- [Indonesia's corporate tax cut to cost up to USD6b: tax chief](#) A planned Indonesian corporate tax cut would cost the government of President Joko Widodo up to USD6b in lost revenue in a fiscal year, the head of the tax department said on Thursday. *(Reuters)*
- [Japan government eyes record budget spending, fiscal reform in doubt](#) Budget requests from Japan's ministries have hit a record amount for the next fiscal year starting in April, highlighting the conflicting need to promote fiscal reform while propping up a flagging economy facing external risks. *(Reuters)*
- [Thailand to unveil 'relocation package' to woo firms hurt by trade war](#) Thailand is planning a "relocation package" of incentives to attract foreign companies looking to move production from China, seeking to compete with Vietnam to woo manufacturers looking to steer clear of the Sino-U.S. trade war. *(Reuters)*

### Americas

- [U.S. 30-year mortgage rates hit lowest since October 2016: Freddie Mac](#) Borrowing costs on U.S. 30-year fixed-rate mortgages fell to their lowest level since October 2016 in step with declining bond yields due to economic and trade worries, Freddie Mac said on Thursday. *(Reuters)*
- [U.S. services sector suggests economy weathering trade storm](#) U.S. services sector activity accelerated in August and private employers boosted hiring, suggesting the economy continued to grow at a moderate pace despite trade tensions which have stoked financial market fears of a recession. *(Reuters)*

### Europe

- [Over 100 London investment firms get EU licences for Brexit hubs - regulator](#) More than one hundred asset managers, trading platforms and investment firms in London have so far obtained licences to run new hubs in the European Union after Brexit, a top EU regulator said on Thursday. *(Reuters)*
- [Recession risks rise for Germany as industrial orders plunge](#) Weaker demand from abroad drove a bigger-than-expected drop in German industrial orders in July, suggesting that struggling manufacturers could tip Europe's biggest economy into a recession in the third quarter. *(Reuters)*
- [New Italian coalition sworn in, seeks better ties with Europe](#) Italy's new government, combining the anti-establishment 5-Star Movement and center-left Democratic Party (PD), was sworn into office on Thursday, promising to reset Rome's often fraught relations with Brussels. *(Reuters)*

06 September 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	18.400	13.05	9.30	4.97	18.340
TASEK CORP BHD	5.250	19.75	11.12	0.39	5.250
KUMPULAN PERANGSANG SELANGOR	0.715	20.59	21.19	37.82	0.700
AEON CREDIT SERVICE M BHD	14.760	20.81	19.27	19.66	14.700
STAR MEDIA GROUP BHD	0.560	22.21	19.39	11.55	0.560
PUBLIC BANK BERHAD	20.240	22.82	25.02	39.40	20.000
KARAMBUNAI CORP BHD	0.085	23.29	13.35	0.22	0.085
SP SETIA BHD	1.440	23.79	24.38	23.17	1.430
TELEKOM MALAYSIA BHD	3.390	25.21	19.01	7.04	3.390
AIRASIA X BHD	0.170	25.35	21.61	7.44	0.170
TH PLANTATIONS BHD	0.365	25.55	22.62	22.26	0.360
BINTULU PORT HOLDINGS BHD	3.850	25.66	23.12	7.99	3.850
CHIN WELL HOLDINGS BHD	1.660	25.97	17.40	1.27	1.650
IBRACO BHD	0.630	26.16	19.01	25.38	0.625
PETRON MALAYSIA REFINING & M	5.260	26.89	27.08	44.24	5.190
BERMAZ AUTO BHD	2.290	27.75	23.25	38.61	2.270
WAH SEONG CORP BHD	0.610	27.82	26.53	27.88	0.600
Y.S.P.SOUTHEAST ASIA HOLDING	2.300	27.85	26.29	39.91	2.280
SKP RESOURCES BHD	1.070	28.39	26.24	16.18	1.060
WCT HOLDINGS BHD	0.935	28.40	21.70	5.28	0.925
MULPHA INTERNATIONAL BHD	1.970	28.80	21.05	0.84	1.900
AJINOMOTO MALAYSIA BHD	16.880	29.24	22.39	9.04	16.820
IOI PROPERTIES GROUP BHD	1.110	29.28	26.56	21.51	1.110
MUHIBBAH ENGINEERING (M) BHD	2.440	29.28	26.40	19.03	2.410
TUNE PROTECT GROUP BHD	0.605	29.35	26.08	35.07	0.590

\*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
PINTARAS JAYA BHD	3.270	82.74	88.42	98.28	3.380
KOSSAN RUBBER INDUSTRIES	4.300	79.64	86.04	97.79	4.320
POWER ROOT BHD	2.100	79.03	84.51	94.94	2.120
DUFU TECHNOLOGY CORP BHD	2.460	77.00	79.76	86.84	2.530
MBM RESOURCES BERHAD	4.190	76.33	75.20	64.38	4.280
MALAYSIAN BULK CARRIERS BHD	0.665	75.51	84.55	98.82	0.675
UEM EDGENTA BHD	3.380	73.69	77.19	82.00	3.420
SLP RESOURCES BHD	1.400	72.70	80.17	95.50	1.400
ABF MALAYSIA BOND INDEX FUND	1.222	72.61	81.45	99.09	1.222
GREEN PACKET BHD	0.660	72.17	75.53	94.90	0.660
ORIENTAL INTEREST BHD	2.160	71.79	80.88	97.81	2.200

\*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
TELEKOM MALAY-C53	0.020	12.27	11.25	4.68	0.015	28/2/2020
MALAYSIA AICA BHD -WA	0.025	13.37	4.56	0.00	0.005	22/7/2020
TELEKOM MALAY-C50	0.050	20.39	13.92	4.57	0.050	31/1/2020
TELEKOM MALAY-C47	0.090	23.24	15.55	4.05	0.090	31/1/2020
SAPURA ENERGY-C78	0.045	25.00	29.67	65.68	0.040	11/2/2020
AIRASIA GROUP-C87	0.045	26.02	27.34	34.58	0.040	31/1/2020
GENTING BHD-C72	0.040	26.48	26.83	17.57	0.040	14/2/2020
GFM SERVICES BHD-WC	0.085	26.60	22.43	16.36	0.085	28/1/2022
YINSON HOLDIN-C3	0.090	27.17	25.26	12.42	0.090	20/2/2020
GENTING BHD-C68	0.020	27.71	24.81	19.49	0.020	29/11/2019
HANG SENG IND-5T	0.030	29.79	33.53	80.91	0.010	30/10/2019

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
GREEN PACKET BHD-WB	0.225	80.13	83.77	94.94	0.230	24/11/2023
BUMI ARMADA B-C51	0.145	70.37	80.42	97.60	0.160	30/6/2020

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.**

---

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](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)