

12 September 2019

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Research Highlights

BURSA	11-Sep	Day chg	% chg
KLCI	1,602.3	6.45	0.40%
FTSE EMAS	11,291.9	50.1	0.45%
FTSE Smallcap	12,997.1	114.06	0.89%
FTSE MESDAQ	4,505.7	26.2	0.59%
KLSE Mkt Cap (RM'b)	1,609.7	8.1	0.50%

NEWS HIGHLIGHTS

- Inari Amertron partners with Taiwanese firm to make optical transceiver in Penang
- Tadmax gets green light for Pulau Indah power plant
- Hubline acquires 75.0% of property investment company for RM16.4m
- Sarawak Cable gets CDRC help to mediate with its lenders
- Shareholding change could trigger MGO at Khee San

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-104.53	47.03
Local Retail	4.81	19.89
Foreign	99.72	33.08

MACRO BITS

- Trump ups pressure on Fed, seeking rates of zero 'or less'
- OPEC downgrades forecast for oil demand growth in 2019 and 2020, citing economic slowdown
- China starts tariff exemptions, keeps pressure on U.S. farms
- Output softens in July on dwindling mining production (See *Economic Viewpoint: Malaysia Industrial Production*)
- Slows in July amid slowing domestic demand and high base effect (See *Economic Viewpoint: Malaysia Distributive Trade*)
- Manufacturing sales up 6.0% to RM74.2b in July
- China bank loans up in August, more stimulus expected
- China to introduce measures to ease negative impact of trade war: Global Times
- U.S. producer prices unexpectedly rise in August
- Trump's approval on the economy slides as recession fears grow
- Brexit in chaos after court rules PM's suspension of parliament was unlawful
- Merkel: U.S.-China trade conflict hitting Germany

INDICES	11-Sep	Day chg	% chg
Dow Jones	27,137.0	227.6	0.85%
S&P 500	3,000.9	21.5	0.72%
NASDAQ	8,169.7	85.5	1.06%
FTSE-100	7,338.0	70.1	0.96%
Nikkei 225	21,597.8	205.7	0.96%
SHCOMP	3,008.8	-12.4	-0.41%
HSI	27,159.1	475.4	1.78%
STI	3,204.5	48.8	1.55%
KOSPI	2,049.2	17.1	0.84%
TWSE	10,790.4	36.8	0.34%
JCI	6,382.0	45.3	0.71%
SET	1,674.0	8.1	0.49%

FOREX	11-Sep	10-Sep	% chg
USD/MYR:	4.1790	4.1710	0.19%
EUR/USD:	1.1008	1.1039	-0.28%
GBP/USD:	1.2347	1.2336	0.09%
USD/YEN:	107.67	107.38	0.27%
USD/SGD:	1.3795	1.3800	-0.04%
USD/HKD:	7.8396	7.8415	-0.02%

KEY STATS

KLCI Spot			
Vol (m shares):	2,327.1	2,191.2	6.20%
Value (RMm):	1,780.2	1,924.6	-7.50%
KLCI Future			
September-19	1,594.0	1,588.0	0.38%
October-19	1,594.5	1,588.5	0.38%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	866.5	872.0	-0.63%
SoyOil (USc/lb)	28.8	28.5	1.05%
Gold (US\$/troy oz)	1,496.6	1,492.7	0.26%
Nymex crude oil (US\$/bbl)	55.8	57.4	-2.87%
Latex (RM/kg)	4.40	4.41	-0.23%
Tin (US\$/mt)	17,791.0	17,430.0	2.07%

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Company Update: SIME
- On Our Technical Watch: CARIMIN, DAYANG
- Economic Viewpoint: Malaysia Industrial Production, Malaysia Distributive Trade

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	DIALOG	3.50	-0.6	13.30	PETDAG	23.88	7.6	0.51	AMBANK	4.13	-1.2	2.07
2	MAYBANK	8.89	0.3	11.20	PCHEM	7.23	3.3	6.99	SIME	2.32	-0.9	7.90
3	AXIATA	4.20	2.2	10.50	AXIATA	4.20	2.2	10.50	AIRPORT	8.50	-0.8	3.09
4	DIGI	4.61	0.2	9.68	HLFG	16.64	2.1	0.19	DIALOG	3.50	-0.6	13.30
5	CIMB	5.03	0.6	8.52	HAPSENG	9.89	2.0	0.38	MAXIS	5.60	-0.5	2.61
6	SIME	2.32	-0.9	7.90	SIMEPLT	4.93	0.8	3.71	TENAGA	13.94	-0.4	3.17
7	PCHEM	7.23	3.3	6.99	TOPGLOV	4.75	0.6	6.54	IOICORP	4.40	-0.2	2.38
8	GENTING	5.84	0.0	6.94	CIMB	5.03	0.6	8.52	MISC	7.79	-0.1	4.28
9	TOPGLOV	4.75	0.6	6.54	IHH	5.80	0.5	3.04	GENM	3.21	0.0	5.34
10	GENM	3.21	0.0	5.34	KLK	23.78	0.5	0.41	GENTING	5.84	0.0	6.94

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Inari Amertron partners with Taiwanese firm to make optical transceiver in Penang**

Inari Amertron Bhd signed an agreement with PCL Technologies Inc to set up a joint-venture to secure, manage and manufacture optical transceivers and other related products in Penang. Under the shareholders' subscription agreement, Inari Amertron said the entity to be formed will have an initial capital of RM20.9m. Inari and PCL would subscribe to 30.0% and 70.0% stake in the entity respectively, the semiconductor group said in a filing with Bursa Malaysia. Inari Amertron said the entity will carry out business operations at Plant 34 in Penang or other plants owned by the company. Inari Amertron also said the proposed subscription represents an opportunity to invest in a business relationship with PCL with a view to collaborating on a good business opportunity. *(The Edge)*

- **Tadmax gets green light for Pulau Indah power plant**

Tadmax Resources Bhd has received government approval to proceed with the development of a 1000-1200 MW combined cycle gas and turbine power plant in Pulau Indah. In a filing to Bursa Malaysia, Tadmax said its wholly-owned subsidiary Tadmax Indah Power Sdn Bhd received a letter from the Energy Commission (EC), notifying that the government of Malaysia had agreed on Aug 29 for the development of the project to proceed. *(The Edge)*

- **Hubline acquires 75.0% of property investment company for RM16.4m**

Ship owner and charterer Hubline Bhd is acquiring a 75.0% stake in property investment company Absolute Privilege Sdn Bhd for RM16.4m to secure tenancy for its dry bulk operations. In a filing with Bursa Malaysia, Hubline said it had entered into a share sale agreement with Absolute Privilege's director Pau Chiong Ching for the proposed acquisition of all of his 1.5m ordinary shares in the company, representing 75.0% equity interest, for RM16.4m. Absolute Privilege's principal assets are two pieces of land in Miri, Sarawak, occupying 8,218.2 sqm and 6,074 sqm, worth RM21.6m and RM16.4m respectively. Hubline said it is acquiring the stake in the company because the warehouse and approximately 30.0% of the properties' office space are presently tenanted by its subsidiaries for business operations in dry bulk shipping. *(The Edge)*

- **Sarawak Cable gets CDRC help to mediate with its lenders**

Loss-making Sarawak Cable Bhd (SCable) says it has received approval from the Corporate Debt Restructuring Committee (CDRC) to help the company and certain of its subsidiaries resolve debt issues with their respective lenders. This follows a report by The Edge weekly on Sept 9 that Sarawak Cable had sought assistance from CDRC, which comes under the purview of Bank Negara Malaysia, to better manage its borrowings. Sarawak Cable said notwithstanding this, the operations of the company and its subsidiaries will remain as usual. *(The Edge)*

- **Shareholding change could trigger MGO at Khee San**

A mandatory general offer could be triggered at sweets and confectionary products manufacturer Khee San Bhd (KSB) following its signing of a Heads of Agreement (HoA) with Wah Kong Corp Sdn Bhd to negotiate the proposed acquisition of equity in one or more of the Wah Kong's subsidiaries. In a bourse filing, Khee San said that if the negotiations are successful, the purchase will be satisfied via the issuance and allotment of new Khee San shares at an indicative issue price of 33 sen per share. Khee San said the HoA will enable both companies to exclusively negotiate the terms of the conditional share agreement for the proposed acquisition. *(The Edge)*



Macro Bits

Global

- [Trump ups pressure on Fed, seeking rates of zero 'or less'](#) President Donald Trump urged the Federal Reserve to lower interest rates to a level typically reserved for recessions or periods of persistently weak growth, suggesting that such a setting could allow the government to refinance Treasury debt at a lower cost. *(Bloomberg)*
- [OPEC downgrades forecast for oil demand growth in 2019 and 2020, citing economic slowdown](#) OPEC downwardly revised its forecast for oil demand growth for the second consecutive month on Wednesday, building the case for another round of production cuts from the Middle East-dominated group of producers. *(CNBC)*
- [China starts tariff exemptions, keeps pressure on U.S. farms](#) China announced a range of U.S. goods to be exempted from 25.0% extra tariffs put in place last year, as the government seeks to ease the impact from the trade war without lifting charges on major agricultural items like soybeans and pork. *(Bloomberg)*

Malaysia

- **Output softens in July on dwindling mining production.** The Industrial Production Index (IPI) charted a five-month low expansion of 1.2% YoY in July (Jun: 3.9%), underperforming consensus and house estimate of 3.5% and 4.2%, respectively. The weaker performance was attributable to a slump in mining output. On a MoM basis, the IPI remained in contraction, albeit at a slower pace of -0.4% (Jun: -0.6%). Likewise, on a seasonally adjusted basis, the IPI narrowed its decline to -0.4% MoM (Jun: -1.1%). Year-to-date, the IPI growth softened to 3.0% YoY (Jan-Jul 2018: 3.2%), in line with our view of a moderating economic growth trend. *(See Economic Viewpoint: Malaysia Industrial Production)*
- **Slows in July amid slowing domestic demand and high base effect.** July's distributive trade sales YoY growth value continued to slow in July to 5.7% (Jun: 5.9%). On a MoM basis, growth eased to 0.2% (Jun: 1.4%). The slower growth was attributed to a higher base effect brought by the zerorisation and removal of Goods & Services Tax (GST) between June and August 2018 and slower external demand. *(See Economic Viewpoint: Malaysia Distributive Trade)*
- [Manufacturing sales up 6.0% to RM74.2b in July](#) The country's manufacturing sales continued to grow in July 2019, rising six per cent to RM74.2b from RM70.0b a year earlier, said the Department of Statistics Malaysia (DoS). *(The Edge Markets)*

Asia Pacific

- [China bank loans up in August, more stimulus expected](#) China's banks extended new yuan loans in August as policymakers ratcheted up support for the slowing economy, and further policy easing is expected in coming weeks as the Sino-U.S. trade dispute takes a bigger toll on the economy. *(Reuters)*
- [China to introduce measures to ease negative impact of trade war: Global Times](#) China will introduce important measures to ease the negative impact of the trade war with United States, Hu Xijin, the editor in chief of the Global Times newspaper, said on Wednesday, without citing a source. *(Reuters)*

Americas

- [U.S. producer prices unexpectedly rise in August](#) U.S. producer prices unexpectedly rose in August and underlying producer prices rebounded, but that data will not change financial market expectations that the Federal Reserve will cut interest rates again next week to support a slowing economy. *(Reuters)*
- [Trump's approval on the economy slides as recession fears grow](#) Voters may have started to sour on what they consider the best part of President Donald Trump's White House tenure. *(CNBC)*

Europe

- [Brexit in chaos after court rules PM's suspension of parliament was unlawful](#) Prime Minister Boris Johnson's suspension of the British parliament was unlawful, a Scottish court ruled on Wednesday, prompting immediate calls for lawmakers to return to work as the government and parliament battle over the future of Brexit. *(Reuters)*
- [Merkel: U.S.-China trade conflict hitting Germany](#) Chancellor Angela Merkel said on Wednesday that the trade conflict between the United States and China was hitting Germany, which has traditionally relied on exports to propel its economy. *(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
IBRACO BHD	0.605	18.77	11.67	8.75	0.605
TASEK CORP BHD	5.250	19.75	11.12	0.39	5.250
DUTCH LADY MILK INDS BHD	62.000	20.60	14.91	3.73	62.000
MCT BHD	0.215	21.47	16.44	7.04	0.210
PUBLIC BANK BERHAD	20.160	21.57	22.82	26.62	20.000
FIMA CORP BHD	1.790	21.76	16.41	10.03	1.780
SP SETIA BHD	1.400	21.84	21.45	13.40	1.390
DIGI.COM BHD	4.610	22.20	16.42	7.37	4.300
BINTULU PORT HOLDINGS BHD	3.780	23.00	19.31	3.44	3.780
BRITISH AMERICAN TOBACCO BHD	18.800	23.50	25.82	40.20	18.340
STAR MEDIA GROUP BHD	0.555	25.01	24.72	34.32	0.545
AXIATA GROUP BERHAD	4.200	25.63	22.49	19.66	4.010
MUHIBBAH ENGINEERING (M) BHD	2.400	25.93	21.81	9.22	2.400
TH PLANTATIONS BHD	0.360	26.20	23.94	21.60	0.360
PANASONIC MANUFACTURING MALA	38.200	27.11	20.30	4.45	38.200
CHIN TECK PLANTATIONS BHD	6.030	27.52	19.62	3.57	6.030
MSM MALAYSIA HOLDINGS BHD	1.120	27.77	20.06	10.07	1.100
Y.S.P.SOUTHEAST ASIA HOLDING	2.300	27.85	26.29	39.91	2.280
CHIN WELL HOLDINGS BHD	1.660	28.45	22.78	21.47	1.650
SKP RESOURCES BHD	1.060	29.07	27.75	27.16	1.050
I-BHD	0.315	29.38	26.77	13.77	0.310
GENTING BHD	5.840	29.42	28.53	25.82	5.810
TAN CHONG MOTOR HOLDINGS BHD	1.360	29.71	22.83	3.44	1.360

*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
PRG HOLDINGS BHD	0.845	92.49	97.40	99.99	0.845
PINTARAS JAYA BHD	3.380	84.75	89.88	96.68	3.390
MBM RESOURCES BERHAD	4.390	78.99	79.54	85.72	4.470
MAGNI-TECH INDUSTRIES BHD	5.780	77.64	83.51	92.87	5.850
UEM EDGENTA BHD	3.450	77.01	81.60	92.46	3.460
NTPM HOLDINGS BHD	0.435	76.26	86.26	98.92	0.435
MALAYSIAN BULK CARRIERS BHD	0.700	74.38	79.02	84.08	0.710
POWER ROOT BHD	2.080	73.20	74.88	69.28	2.120
ABF MALAYSIA BOND INDEX FUND	1.222	72.61	81.45	99.09	1.222
BUMI ARMADA BERHAD	0.285	72.11	76.57	85.10	0.295
PETRA ENERGY BHD	0.935	71.21	76.47	84.05	0.960
DELEUM BERHAD	1.000	71.05	79.30	95.51	1.000
HARTALEGA HOLDINGS BHD	5.330	71.04	79.18	93.09	5.380
KOSSAN RUBBER INDUSTRIES	4.280	70.60	71.63	69.20	4.350
OCK GROUP BHD	0.650	70.39	75.18	93.14	0.660
MALAYAN BANKING BHD	8.890	70.19	79.70	97.85	8.910

*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
TELEKOM MALAY-C53	0.020	12.27	11.25	4.68	0.015	28/2/2020
AXIATA GROUP-C39	0.060	18.35	11.67	1.84	0.050	31/1/2020
HANG SENG IND-5P	0.005	26.01	22.90	34.73	0.005	27/9/2019
TELEKOM MALAY-C50	0.055	26.99	25.20	39.64	0.050	31/1/2020
MY EG SERVICE-C77	0.090	27.17	28.28	41.23	0.085	31/3/2020
HANG SENG IND-6P	0.015	29.05	21.24	3.34	0.015	27/9/2019
PESONA METRO HOLDINGS -WC	0.010	29.21	22.56	2.96	0.005	27/1/2020
HANG SENG IND-8S	0.450	29.89	25.08	3.25	0.450	30/3/2020
AIRASIA GROUP-C87	0.045	29.99	32.84	31.57	0.040	31/1/2020

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
MMAG HOLDINGS BHD -WB	0.115	85.63	93.05	99.95	0.120	27/11/2022
GREEN PACKET BHD-WB	0.245	84.16	88.39	98.30	0.250	24/11/2023
MBM RESOURCES-CJ	0.335	79.96	80.50	84.11	0.365	30/4/2020
OCK GROUP-WA	0.115	72.22	78.36	94.22	0.120	15/12/2020
MESB BHD-WA	0.185	71.54	76.09	90.38	0.190	30/12/2022

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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