

13 September 2019

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## Research Highlights

BURSA	12-Sep	Day chg	% chg
KLCI	1,601.0	-1.3	-0.08%
FTSE EMAS	11,283.1	-8.8	-0.08%
FTSE Smallcap	13,020.3	23.26	0.18%
FTSE MESDAQ	4,528.8	23.1	0.51%
KLSE Mkt Cap (RM'b)	1,609.7	0.0	0.00%

### NEWS HIGHLIGHTS

- Maxis partners with Cisco over joint offerings
- MSM: 'Our sugar products are fully halal-compliant'
- Destini proposes private placement exercise to repay borrowings
- Straits Inter Logistics' unit to buy oil tanker at RM20.5m
- MTAG's IPO oversubscribed by 3.84 times

### BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	24.32	48.02
Local Retail	25.56	19.93
Foreign	-49.88	32.05

### MACRO BITS

- U.S., China tariffs could lower global GDP by 0.8% in 2020: IMF
- Trump: would consider interim trade deal with China
- OPR maintained at 3.00% as expected, dovish signal rising (See *Economic Viewpoint: BNM MPC Decision*)
- Malaysia needs a fiscal buffer to face any contingency — World Bank
- India's review of its ASEAN FTA won't affect RCEP talks - Darell
- Skill shortages, job mismatches may seriously affect economy — Kula
- China, Malaysia to set up South China Sea dialogue mechanism
- Indonesia's economy needs protection from Trump tweets, minister says
- U.S. core inflation exceeds forecasts as medical-care costs jump
- Weekly U.S. jobless claims decline to lowest level since April
- ECB cuts rates, revives QE to lift growth as Draghi era ends
- EU parliament head says backstop must be part of Brexit deal

INDICES	12-Sep	Day chg	% chg
Dow Jones	27,182.5	45.4	0.17%
S&P 500	3,009.6	8.6	0.29%
NASDAQ	8,194.5	24.8	0.30%
FTSE-100	7,344.7	6.6	0.09%
Nikkei 225	21,759.6	161.9	0.75%
SHCOMP	3,031.2	22.4	0.75%
HSI	27,087.6	-71.4	-0.26%
STI	3,195.0	-9.6	-0.30%
KOSPI	N.A.	N.A.	N.A.
TWSE	10,827.6	37.2	0.34%
JCI	6,342.2	-39.8	-0.62%
SET	1,660.7	-13.3	-0.80%

FOREX	12-Sep	11-Sep	% chg
USD/MYR:	4.1650	4.1790	-0.34%
EUR/USD:	1.1024	1.1008	0.15%
GBP/USD:	1.2319	1.2347	-0.23%
USD/YEN:	107.88	107.67	0.20%
USD/SGD:	1.3755	1.3795	-0.29%
USD/HKD:	7.8278	7.8396	-0.15%

### KEY STATS

KLCI Spot			
Vol (m shares):	1,894.3	2,327.1	-18.60%
Value (RMm):	1,742.2	1,780.2	-2.13%
KLCI Future			
September-19	1,590.0	1,594.0	-0.25%
October-19	1,592.0	1,594.5	-0.16%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	895.5	866.5	3.35%
SoyOil (USc/lb)	29.2	28.8	1.14%
Gold (US\$/troy oz)	1,500.8	1,496.6	0.28%
Nymex crude oil (US\$/bbl)	55.1	55.8	-1.18%
Latex (RM/kg)	4.40	4.41	-0.23%
Tin (US\$/mt)	17,139.0	17,791.0	-3.66%

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

- Results Note: ASTRO
- Quick Bites: SUNWAY
- On Our Technical Watch: PENTA, MALAKOF
- Rating Summary
- 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	GENTING	5.86	0.3	13.40	PCHEM	7.51	3.9	10.40	PETDAG	23.10	-3.3	0.37
2	MAYBANK	8.90	0.1	12.70	DIGI	4.72	2.4	4.42	AMBANK	4.05	-1.9	1.98
3	GENM	3.25	1.3	11.30	AIRPORT	8.64	1.7	0.37	IHH	5.69	-1.9	2.05
4	SIME	2.32	0.0	10.80	GENM	3.25	1.3	11.30	SIMEPLT	4.85	-1.6	2.10
5	PCHEM	7.51	3.9	10.40	TOPGLOV	4.79	0.8	3.77	HARTA	5.26	-1.3	1.70
6	DIALOG	3.49	-0.3	8.72	AXIATA	4.23	0.7	4.94	HAPSENG	9.77	-1.2	0.20
7	CIMB	5.00	-0.6	8.70	PETGAS	16.42	0.6	1.19	TENAGA	13.80	-1.0	1.37
8	RHBBANK	5.64	-0.4	7.45	HLBANK	16.48	0.5	1.48	CIMB	5.00	-0.6	8.70
9	AXIATA	4.23	0.7	4.94	GENTING	5.86	0.3	13.40	KLK	23.64	-0.6	0.13
10	DIGI	4.72	2.4	4.42	HLFG	16.68	0.2	0.05	MAXIS	5.57	-0.5	0.73

Notes: # KL Composite Index (FBMKLCI) component stocks

## Corporate News

- **Maxis partners with Cisco over joint offerings**

Maxis Bhd has forged a strategic partnership with a global technology leader, Cisco, through a Memorandum of Understanding (MoU) inked, to jointly deliver a wide range of market-leading technologies for businesses in Malaysia. The first of many planned joint offerings from this partnership for the Malaysian market is the Managed Software-Defined Wide Area Network (SD-WAN) solution for business. Maxis' chief enterprise business officer Paul McManus said the collaboration would empower enterprises in embracing the significant benefits of the next generation of digital network solutions. *(The Edge)*

- **MSM: 'Our sugar products are fully halal-compliant'**

Refined sugar producer MSM Malaysia Holding Bhd has reassured consumers that its sugar products are 100% halal guaranteed and certified by the Malaysian authorities including the Department of Islamic Development Malaysia (JAKIM). In a statement, it said all of its products such as 'Gula Prai' are fully compliant with the highest standards of food safety and the halal certification is comprehensive from farm to table, covering all ingredients from primary sources, the entire manufacturing process, and distribution process. "MSM is able to guarantee its refining process is compliant with Islamic laws as the process of removing colour undertaken using the Ion Exchange Resins (IER) and Granulated Activated Carbon (GAC) is free from all potentially non-halal compliant methods that are commonly used by refiners. *(The Edge)*

- **Destini proposes private placement exercise to repay borrowings**

Destini Bhd has proposed a private placement to raise approximately RM49.7m in funds for the repayment of bank borrowings and working capital purposes. Based on its filing with the bourse, the engineering group intends to issue up to 231.1m shares for the placement exercise, representing up to 20.0% of the total number of issued shares in Destini. Based on an indicative issue price of 21.5 sen per placement share, the exercise is expected to raise RM49.7m in proceeds, of which RM21.0m will be used to repay bank borrowings. Meanwhile, RM22.0m will go towards funding its existing projects, RM5.0m for new projects, while RM1.4m has been earmarked for general requirements. The balance of the proceeds will be used to cover the estimated expenses for the private placement. *(The Edge)*

- **Straits Inter Logistics' unit to buy oil tanker at RM20.5m**

Straits Inter Logistics Bhd's unit has signed a memorandum of agreement (MoA) to acquire a 13 year-old oil tanker named Poseidon for a total of USD4.8m or RM20.5m cash from Hibiscus Fuels Ltd. The proposed acquisition is in line with the group's strategy to enlarge its asset base, in view of the higher business volume and the expansion phase it currently experiences, Straits said. In an exchange filing, Straits said the MoA was signed between SMF Ixora Ltd and Hibiscus Fuels. SMF Ixora is a wholly-owned subsidiary of Straits Marine Fuel & Energy Sdn Bhd, which in turn is a 67.0%-owned subsidiary company of the group. *(The Edge)*

- **MTAG's IPO oversubscribed by 3.84 times**

MTAG Group Bhd, slated for a listing on the ACE Market of Bursa Malaysia on Sept 25, saw its initial public offering oversubscribed by 3.84 times. The printing and materials converting group received 3,518 applications for 164,917,000 new shares, with total value of RM87.4m. "We are delighted with the encouraging interest from the public. This indicates a vote of confidence and belief in MTAG. In addition, this also further validates our decision to list on Bursa Securities," said MTAG group managing director Chaw Kam Shiang. *(The Edge)*



## Macro Bits

### Global

- [U.S., China tariffs could lower global GDP by 0.8% in 2020: IMF](#) Tariffs imposed or threatened by the United States and China could shave 0.8% off global economic output in 2020 and trigger more losses in future years, the International Monetary Fund said on Thursday. *(Reuters)*
- [Trump: would consider interim trade deal with China](#) U.S. President Donald Trump told reporters on Thursday he would consider an interim trade deal with China - a step he said he has seen discussed by analysts - but said he would rather reach a larger agreement on the issues. *(Reuters)*

### Malaysia

- **OPR maintained at 3.00% as expected, dovish signal rising.** OPR held steady. As predicted, Bank Negara Malaysia (BNM) Monetary Policy Committee (MPC) has decided to retain the Overnight Policy Rate (OPR) at 3.00% yesterday. This is the second time the MPC decided to hold the rate steady following a rate cut at May's MPC meeting. The next and the last MPC meeting for the year will take place on 4-5 Nov. *(See Economic Viewpoint: BNM MPC Decision)*
- [Malaysia needs a fiscal buffer to face any contingency — World Bank](#) There is a need for Malaysia to create a fiscal buffer to address any contingency, said World Bank Group (WBG) Representative to Malaysia and Country Manager Dr Firas Raad. *(The Edge Markets)*
- [India's review of its ASEAN FTA won't affect RCEP talks - Darell](#) India's decision to review its free trade agreement (FTA) with ASEAN is not seen as affecting the talks on the Regional Comprehensive Economic Partnership (RCEP), which are expected to be completed by year-end. *(The Edge Markets)*
- [Skill shortages, job mismatches may seriously affect economy — Kula](#) Skill shortages and job mismatches among employees in Malaysia could lead to serious repercussions if left unremedied, says Human Resources Minister M. Kula Segaran. *(The Edge Markets)*

### Asia Pacific

- [China, Malaysia to set up South China Sea dialogue mechanism](#) China and Malaysia have agreed to set up a joint dialogue mechanism for the disputed South China Sea, the Chinese government's top diplomat said on Thursday after meeting Malaysia's foreign minister. *(The Edge Markets)*
- [Indonesia's economy needs protection from Trump tweets, minister says](#) Indonesia needs "a better immune system" to ward off external risks -- including from President Donald Trump's tweets that are rattling the outlook for Southeast Asia's biggest economy, Finance Minister Sri Mulyani Indrawati said. *(Bloomberg)*

### Americas

- [U.S. core inflation exceeds forecasts as medical-care costs jump](#) A measure of underlying U.S. inflation accelerated by more than forecast to a one-year high in August, signaling inflation was already firming ahead of fresh tariffs on Chinese goods this month that may push prices higher for Americans. *(Bloomberg)*
- [Weekly U.S. jobless claims decline to lowest level since April](#) The fewest Americans in almost five months filed for unemployment benefits last week, signaling the broad labor market remains healthy despite cooling in some parts of the economy. *(Bloomberg)*

### Europe

- [ECB cuts rates, revives QE to lift growth as Draghi era ends](#) The European Central Bank cut interest rates further below zero and revived bond purchases after President Mario Draghi overcame critics of his stimulus policies to make a final run at reflating the euro-area economy. *(Bloomberg)*
- [EU parliament head says backstop must be part of Brexit deal](#) The European Parliament chief on Thursday ruled out any Brexit deal without an Irish backstop but said the EU was willing to revive a proposal that would keep only Northern Ireland in the bloc's orbit to maintain a seamless border on the island of Ireland. *(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
DUTCH LADY MILK INDS BHD	60.600	13.03	8.22	1.11	60.000
FIMA CORP BHD	1.760	18.54	13.29	6.84	1.760
MCT BHD	0.210	20.32	15.20	5.81	0.210
TASEK CORP BHD	5.260	21.11	13.11	5.73	5.200
PUBLIC BANK BERHAD	20.140	21.22	22.16	21.84	20.000
BINTULU PORT HOLDINGS BHD	3.750	21.82	17.63	2.05	3.750
TH PLANTATIONS BHD	0.350	23.96	20.61	12.13	0.350
I-BHD	0.305	24.49	20.39	6.71	0.305
STAR MEDIA GROUP BHD	0.555	25.01	24.72	34.32	0.545
PANASONIC MANUFACTURING MALA	37.980	25.66	18.87	3.64	37.900
SP SETIA BHD	1.430	27.04	29.48	48.55	1.390
AXIATA GROUP BERHAD	4.230	27.23	24.57	24.29	4.010
Y.S.P.SOUTHEAST ASIA HOLDING	2.300	27.85	26.29	39.91	2.280
MUHIBBAH ENGINEERING (M) BHD	2.410	28.35	25.99	30.31	2.390
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
AJINOMOTO MALAYSIA BHD	16.800	29.16	23.70	18.47	16.800
MSM MALAYSIA HOLDINGS BHD	1.130	29.46	23.42	30.46	1.100
FGV HOLDINGS BHD	0.930	29.97	26.09	12.35	0.925

\*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
PRG HOLDINGS BHD	0.845	92.49	97.40	99.99	0.850
PINTARAS JAYA BHD	3.340	79.49	81.52	70.13	3.390
UEM EDGENTA BHD	3.500	79.12	84.21	95.67	3.500
MAGNI-TECH INDUSTRIES BHD	5.790	77.88	83.75	93.10	5.850
MALAYSIAN BULK CARRIERS BHD	0.725	77.33	82.21	88.69	0.755
NTPM HOLDINGS BHD	0.435	76.26	86.26	98.92	0.440
ORIENTAL INTEREST BHD	2.180	72.70	80.91	94.49	2.200
ABF MALAYSIA BOND INDEX FUND	1.222	72.61	81.45	99.09	1.222
PETRA ENERGY BHD	0.950	72.37	77.86	87.29	0.960
PENTAMASTER CORP BHD	3.860	71.14	76.23	93.33	3.920
MALAYAN BANKING BHD	8.900	70.78	80.31	98.06	8.980

\*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
AXIATA GROUP-C39	0.060	18.35	11.67	1.84	0.050	31/1/2020
TELEKOM MALAY-C47	0.085	22.34	14.56	3.07	0.075	31/1/2020
HANG SENG IND-5P	0.005	26.01	22.90	34.73	0.005	27/9/2019
GENTING BHD-C72	0.040	26.48	26.83	17.57	0.035	14/2/2020
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
SAPURA ENERGY-C78	0.040	28.85	31.84	33.61	0.040	11/2/2020
HANG SENG IND-6P	0.015	29.05	21.24	3.34	0.010	27/9/2019
AXIATA GROUP-C38	0.110	29.17	18.43	4.67	0.105	30/4/2020
HANG SENG IND-8S	0.450	29.89	25.08	3.25	0.430	30/3/2020

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-WB	0.255	85.81	90.11	98.98	0.255	24/11/2023
MMAG HOLDINGS BHD -WB	0.105	72.52	75.05	70.43	0.120	27/11/2022
OCK GROUP-WA	0.115	72.22	78.36	94.22	0.125	15/12/2020

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.**

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