

04 October 2019

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Research Highlights

BURSA	3-Oct	Day chg	% chg
KLCI	1,564.1	-10.78	-0.68%
FTSE EMAS	11,077.3	-72.6	-0.65%
FTSE Smallcap	13,006.2	-8.84	-0.07%
FTSE MESDAQ	4,555.5	39.5	0.87%
KLSE Mkt Cap (RM'b)	1,583.7	-9.3	-0.58%

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	223.26	49.76
Local Retail	43.28	23.18
Foreign	-266.54	27.06

INDICES	3-Oct	Day chg	% chg
Dow Jones	26,201.0	122.4	0.47%
S&P 500	2,910.6	23.0	0.80%
NASDAQ	7,872.3	87.0	1.12%
FTSE-100	7,077.6	-44.9	-0.63%
Nikkei 225	21,341.7	-436.9	-2.01%
SHCOMP	N.A.	N.A.	N.A.
HSI	26,110.3	67.6	0.26%
STI	3,088.0	-15.5	-0.50%
KOSPI	N.A.	N.A.	N.A.
TWSE	10,875.9	-72.0	-0.66%
JCI	6,038.5	-16.9	-0.28%
SET	1,610.7	-3.0	-0.18%

FOREX	3-Oct	2-Oct	% chg
USD/MYR:	4.1865	4.1945	-0.19%
EUR/USD:	1.0957	1.0921	0.33%
GBP/USD:	1.2295	1.2250	0.37%
USD/YEN:	107.07	107.59	-0.48%
USD/SGD:	1.3809	1.3859	-0.36%
USD/HKD:	7.8423	7.8415	0.01%

KEY STATS

KLCI Spot			
Vol (m shares):	2,178.2	1,853.3	17.53%
Value (RMm):	1,454.5	1,440.8	0.95%
KLCI Future			
September-19	1,560.0	1,573.0	-0.83%
October-19	1,560.0	1,573.5	-0.86%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	911.8	913.8	-0.22%
SoyOil (US\$/lb)	30.1	29.4	2.28%
Gold (US\$/troy oz)	1,513.8	1,507.9	0.39%
Nymex crude oil (US\$/bbl)	52.5	52.6	-0.36%
Latex (RM/kg)	4.25	4.28	-0.58%
Tin (US\$/mt)	16,452.0	16,535.0	-0.50%

NEWS HIGHLIGHTS

- **Maxis and Huawei ink agreement to roll out 5G network in Malaysia (Comment Included in Kenanga Today)**
- **Hibiscus to participate in offshore Gippsland Basin project in Australia**
- **TDM rebuts report Indonesian subsidiary conducted open burning**
- **Eastland Equity to raise up to RM2.7m via private placement**
- **Sedania Innovator ventures into esports business**

MACRO BITS

- **U.S. widens trade war with tariffs on European planes, cheese, whisky to punish subsidies**
- **In blow to U.S., EU pledges quick move on tax for polluting firms**
- **IMF's Georgieva urges countries to make growth-spurring investments: WSJ**
- **Govt to study reintroduction of GST if people want it — Dr Mahathir**
- **FMM: Now's a good time to reintroduce GST**
- **BOJ's Funo stresses pre-emptive policy action, bolstering October easing chance**
- **India protectionist, but U.S. negotiating limited trade deal: Ross**
- **Australian car sales slump again in September as banks tighten lending**
- **Airbus plant in Alabama spared fallout from U.S. tariffs**
- **U.S. services sector growth weakest in three years: ISM**
- **Irish PM: customs, potential veto are obstacles to UK's Brexit offer**
- **UK economy flirting with recession after services shrink unexpectedly**
- **German services lose momentum, leaving private sector in contraction: PMI**

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- **Sector Update: Aviation, Building Materials, Construction, Healthcare, Media, Plantation, Plastic & Packaging, Ports & Logistics**
- **Company Update: CARLSBG**
- **On Our Technical Watch: DAYANG, REDTONE**
- **Rating Summary**

#	Top Volume			Top Gainer				Top Loser				
1	GENM	2.99	-1.3	18.70	AIRPORT	8.66	0.7	0.77	PBBANK	19.28	-2.1	5.10
2	DIALOG	3.38	-0.6	9.64	IHH	5.67	0.5	0.95	PMETAL	4.69	-1.9	0.72
3	MAYBANK	8.48	-0.6	6.57	SIME	2.29	0.4	3.32	GENM	2.99	-1.3	18.70
4	CIMB	5.01	-0.2	6.37	PCHEM	7.47	0.1	2.38	HLFG	15.98	-1.1	0.07
5	DIGI	4.65	-1.1	5.15	TENAGA	13.58	-0.2	2.35	MAXIS	5.41	-1.1	1.09
6	PBBANK	19.28	-2.1	5.10	HARTA	5.19	-0.2	1.01	RHBBANK	5.58	-1.1	3.62
7	MISC	7.80	-0.5	4.67	CIMB	5.01	-0.2	6.37	DIGI	4.65	-1.1	5.15
8	AXIATA	4.27	-0.5	4.09	TOPGLOV	4.48	-0.2	1.61	SIMEPLT	4.70	-1.1	2.21
9	GENTING	5.69	-0.9	3.77	IOICORP	4.28	-0.2	1.25	PPB	17.92	-1.0	0.55
10	RHBBANK	5.58	-1.1	3.62	PETGAS	16.40	-0.4	0.21	AMBANK	4.02	-1.0	1.25

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Maxis and Huawei ink agreement to roll out 5G network in Malaysia**

Maxis Bhd and Huawei Technologies Malaysia have sealed an agreement for the provisioning of the 5G service network in Malaysia. The signing ceremony that took place at the Perdana Leadership Foundation here today, was witnessed by Prime Minister Tun Dr Mahathir Mohamad. Signing on behalf of Maxis was its chief executive officer (CEO), Gokhan Ogut, while Huawei was represented by its CEO, Michael Yuan..

Comment: We are positive with this news as it gives MAXIS a headstart in implementing 5G networks amongst its competitors. However, while beneficial, the 5G landscape in the country is still at its infancy with spectrums yet to be fully assigned. Recall that the MCMC has earmarked the 2300Mhz and 2600Mhz spectrums to complete their (re)assignment processes by 3QCY20. Until then, it is possible that other incumbent celcos could forge similar partnerships with other equipment providers. Hence, we maintain our UNDERPERFORM call and TP of RM4.90 for now. Our TP is based on DCF valuations (WACC: 8.8%, TG: 1.5%) and implies at FY20E EV/EBITDA of 12.0x. (By: Clement Chua)

- **Hibiscus to participate in offshore Gippsland Basin project in Australia**

Hibiscus Petroleum Bhd is participating in an oil exploration project previously awarded to its 11.7%-owned Australian associate 3D Oil Ltd in the offshore Gippsland Basin, Australia. In a filing with Bursa Malaysia, Hibiscus said its indirect wholly-owned subsidiary Carnarvon Hibiscus Pty Ltd (CHPL) has exercised an option to take up a 50% interest in the exploration permit there. The 1,006 square km exploration permit, dubbed VIC/P74, was awarded to Australian Stock Exchange-listed 3D Oil in July by the National Offshore Petroleum Titles Administrator. The permit is located on the southern side of the Gippsland Basin, adjacent to the world-class Kingfish oilfield — the largest ever discovered in Australia and which to date has produced over one billion barrels of oil. (*The Edge*)

- **TDM rebuts report Indonesian subsidiary conducted open burning**

TDM Bhd has rebutted a report that its Indonesian subsidiary PT. Rafi Kamajaya Abadi (PTRKA) allegedly conducted the largest opening burning of 600ha in West Kalimantan. In a statement to Bursa Malaysia, TDM said since 2016, there was neither new development nor land clearing activities within its area of operation. TDM also said it practises the Roundtable on Sustainable Palm Oil (RSPO) principles it was strictly governed by the “no burning” policy. “There shall be no use of fire in the preparation of new planting, replanting or any other developments,” it said. (*The Edge*)

- **Eastland Equity to raise up to RM2.7m via private placement**

Eastland Equity Bhd has proposed to raise up to RM2.7m via a private placement of up to 10% of its total issued shares to third party investor(s) to be identified later. The proposed private placement follows close on the heels of a fundraising exercise in June, which saw the diversified group raise RM4.2m through the issuance of 49.1m shares or 20% of its then total number of shares. Eastland said proceeds from the latest proposed private placement will be used to repay bank borrowings, for working capital and to finance the group’s property development activities. As at Aug 31, its total borrowings stood at RM58.2m. (*The Edge*)



- **Sedania Innovator ventures into esports business**

Sedania Innovator Bhd is venturing into the electronic sports or esports space via a special purpose vehicle that it will take a 42.6% stake in, to launch a global esports tournament and media network. The technology company, which is presently involved in fintech, greentech, the Internet of Things and big data analytics, has inked a share subscription agreement with iCandy Interactive Ltd and the former chief of eSports.com AG, Michael Broda, to take part in the venture. (*The Edge*)

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Macro Bits

Global

- [U.S. widens trade war with tariffs on European planes, cheese, whisky to punish subsidies](#) The US said it would slap 10% tariffs on European-made Airbus (AIR.PA) planes and 25% duties on French wine, Scotch and Irish whiskies, and cheese from across the continent as punishment for illegal EU aircraft subsidies. *(Reuters)*
- [In blow to U.S., EU pledges quick move on tax for polluting firms](#) The European Commission will quickly start work on a tax on foreign polluting firms, the nominee for the EU's economic and tax commissioner said on Thursday, a move that could hit U.S. companies and deepen a trade war with Washington. *(Reuters)*
- [IMF's Georgieva urges countries to make growth-spurring investments: WSJ](#) International Monetary Fund Managing Director Kristalina Georgieva said governments need to make public investments or structural changes to spur growth before economic conditions weaken further, according to the Wall Street Journal. *(Reuters)*

Malaysia

- [Govt to study reintroduction of GST if people want it — Dr Mahathir](#) The government will study the need to reintroduce the GST if that is what the people want, said Prime Minister Tun Dr Mahathir. *(The Edge Markets)*
- [FMM: Now's a good time to reintroduce GST](#) The Federation of Malaysian Manufacturers (FMM) has said this is a good time to reintroduce the Goods and Services Tax (GST) as the country's export industry could use some help amid the weak external environment and current global trade tensions. *(The Edge Markets)*

Asia Pacific

- [BOJ's Furo stresses pre-emptive policy action, bolstering October easing chance](#) A Bank of Japan board member with a casting vote on policy decisions said the central bank must consider "preventive steps" against economic risks, a sign its nine-member board may be tilting toward further easing as global pressures intensify. *(Reuters)*
- [India protectionist, but U.S. negotiating limited trade deal: Ross](#) India is among the world's most protectionist countries but the United States is trying to negotiate a limited trade deal with the South Asian nation to resolve their differences, U.S. Secretary of Commerce Wilbur Ross said on Thursday. *(Reuters)*
- [Australian car sales slump again in September as banks tighten lending](#) New car sales in Australia fell for the 18th consecutive month in September, suggesting back-to-back interest rate cuts in June and July had failed to lift consumer spending as banks contain their lending. *(Reuters)*

Americas

- [Airbus plant in Alabama spared fallout from U.S. tariffs](#) Alabama aerospace workers won an unexpected reprieve from escalating trade tensions on Wednesday when the United States spared an Airbus plant in the state from the impact of tariffs against the European planemaker - at least for now. *(Reuters)*
- [U.S. services sector growth weakest in three years: ISM](#) U.S. services sector growth slowed to its most anemic pace in three years last month, and job growth in the largest slice of the American economy was the weakest in half a decade, a survey of purchasing managers showed on Thursday. *(Reuters)*

Europe

- [Irish PM: customs, potential veto are obstacles to UK's Brexit offer](#) Britain's offer to the EU to come to a deal on Brexit is welcome but customs arrangements and giving a veto to Northern Ireland's assembly over any future regulatory divergence from EU rules are a problem, Irish Prime Minister Leo Varadkar said. *(Reuters)*
- [UK economy flirting with recession after services shrink unexpectedly](#) Britain's economy appears to have slipped into recession as firms brace for the risk of a disruptive Brexit in just a few weeks' time, according to a survey which showed the dominant services sector took an unexpectedly sharp downturn last month. *(Reuters)*
- [German services lose momentum, leaving private sector in contraction: PMI](#) Germany's services sector sharply lost momentum in September as new business fell for the first time since late 2014, a survey showed, fuelling fears that a manufacturing crisis is spilling over to other parts of Europe's largest 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
PUBLIC BANK BERHAD	19.280	12.41	9.21	2.87	19.240
AMANAHRAYA REIT	0.765	14.79	9.19	0.64	0.755
KUMPULAN PERANGSANG SELANGOR	0.645	16.20	10.94	0.25	0.645
PPB GROUP BERHAD	17.920	17.32	11.52	1.87	17.720
BERJAYA CORP BHD	0.235	18.29	10.84	0.60	0.225
AMWAY MALAYSIA HOLDINGS BHD	5.780	22.87	12.26	0.30	5.780
FGV HOLDINGS BHD	0.845	23.60	18.77	6.62	0.845
FIMA CORP BHD	1.730	23.89	20.23	5.41	1.730
MSM MALAYSIA HOLDINGS BHD	0.995	25.36	20.20	15.78	0.980
MAH SING GROUP BHD	0.755	25.43	25.70	37.93	0.745
KERJAYA PROSPEK GROUP BHD	1.290	25.79	16.84	2.03	1.250
TA GLOBAL BHD	0.225	26.57	15.77	0.22	0.225
KUMPULAN FIMA BHD	1.570	26.71	23.20	8.89	1.570
KAREX BHD	0.410	26.94	22.82	13.00	0.405
EKOVEST BHD	0.745	27.47	20.90	13.28	0.735
EASTERN & ORIENTAL BHD	0.665	28.43	29.60	43.14	0.640
GADANG HOLDINGS BHD	0.645	28.46	24.75	20.52	0.640
TUNE PROTECT GROUP BHD	0.565	28.90	26.21	18.00	0.560
MRCB-QUILL REIT	1.000	29.31	23.72	2.42	1.000
AMVERTON BHD	1.010	29.34	19.19	1.70	1.010
UOA DEVELOPMENT BHD	1.900	29.61	24.68	9.18	1.880

*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
MAGNI-TECH INDUSTRIES BHD	6.740	84.30	86.72	92.71	6.760
VITROX CORP BHD	7.960	82.43	87.53	87.48	8.080
DUFU TECHNOLOGY CORP BHD	2.900	80.94	84.32	94.97	2.940
PETRA ENERGY BHD	1.240	79.56	82.70	91.91	1.240
INARI AMERTRON BHD	1.910	77.95	82.33	85.60	1.910
PENTAMASTER CORP BHD	4.680	77.94	80.16	88.84	4.740
GUAN CHONG BHD	4.360	77.14	82.32	93.24	4.380
PIE INDUSTRIAL BHD	1.390	75.94	81.27	87.04	1.400
YEE LEE CORPORATION	2.200	74.30	88.94	99.92	2.200
KARAMBUNAI CORP BHD	0.105	70.75	73.91	70.52	0.110
THONG GUAN INDUSTRIES BHD	2.730	70.66	73.81	73.05	2.770

*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
FGV HOLDINGS-C67	0.065	19.73	14.64	2.46	0.055	31/10/2019
FGV HOLDINGS-C78	0.015	22.33	19.48	5.04	0.015	31/1/2020
GENTING MALAY-C50	0.015	23.34	16.51	3.90	0.015	31/10/2019
AIRASIA GROUP-C92	0.060	23.82	16.98	2.83	0.060	31/3/2020
MY EG SERVICE-C77	0.075	23.98	19.87	2.38	0.075	31/3/2020
DRB-HICOM BHD-C90	0.050	24.82	24.96	22.55	0.050	31/3/2020
TELEKOM MALAY-C53	0.015	25.22	29.35	16.85	0.015	28/2/2020
EKOVEST BHD-CY	0.080	25.54	15.44	0.35	0.075	29/5/2020
ECO WORLD DEV-CV	0.005	25.95	21.59	2.74	0.005	8/5/2020
FGV HOLDINGS-C81	0.085	26.10	23.24	12.13	0.085	31/3/2020
PRINSIPTEK -WA	0.020	27.74	19.83	0.83	0.015	16/11/2019
GENTING BHD-C72	0.025	28.20	27.50	12.16	0.025	14/2/2020

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
PENTAMASTER C-CE	0.370	81.04	84.98	92.93	0.385	28/2/2020
PROLEXUS BHD-WA	0.190	80.92	86.10	97.50	0.210	14/6/2021
VIVOCOM INTERNATIONAL -WE	0.010	77.95	92.76	100.00	0.010	22/8/2023
PENTAMASTER C-CD	0.300	77.09	81.13	89.07	0.300	20/2/2020
INARI AMERTRO-C48	0.125	76.88	77.81	81.27	0.125	31/3/2020
MMAG HOLDINGS BHD -WB	0.150	76.43	79.43	91.97	0.150	27/11/2022
GUAN CHONG BH-CG	0.175	75.85	80.50	91.73	0.180	15/5/2020
LEONG HUP INT-CL	0.220	74.00	80.07	96.79	0.220	28/8/2020
SCGM BHD-WA	0.155	73.59	77.66	80.28	0.170	31/7/2020

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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Published and printed by:

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