

07 October 2019

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Research Highlights

BURSA	4-Oct	Day chg	% chg
KLCI	1,557.7	-6.45	-0.41%
FTSE EMAS	11,048.5	-28.8	-0.26%
FTSE Smallcap	13,075.6	69.35	0.53%
FTSE MESDAQ	4,509.3	-46.2	-1.02%
KLSE Mkt Cap (RM'b)	1,581.4	-2.4	-0.15%

NEWS HIGHLIGHTS

- AirAsia, AAX file RM480.0m suit against MAHB for alleged negligence at klia2 (*Comment included in Kenanga Today*)
- Prestariang unveils initiatives under Microsoft licensing agreement with government
- Sentoria to raise up to RM17.0m via private placement
- Icon Offshore wins RM36.0m contract from Petronas Carigali
- Anzo's RM153.0m Malacca construction contract terminated

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	164.27	50.90
Local Retail	25.43	23.38
Foreign	-189.70	25.72

INDICES	4-Oct	Day chg	% chg
Dow Jones	26,573.7	372.7	1.42%
S&P 500	2,952.0	41.4	1.42%
NASDAQ	7,982.5	110.2	1.40%
FTSE-100	7,155.4	77.7	1.10%
Nikkei 225	21,410.2	68.5	0.32%
SHCOMP	N.A.	N.A.	N.A.
HSI	25,821.0	-289.3	-1.11%
STI	3,078.4	-9.6	-0.31%
KOSPI	2,020.7	N.A.	N.A.
TWSE	10,894.5	18.6	0.17%
JCI	6,061.3	22.7	0.38%
SET	1,606.0	-4.7	-0.29%

MACRO BITS

- Emerging-market calm set to fray as trade and Fed angst deepen
- U.S. trade gap with China narrows as exports hit five-month high
- Strategies recalibrated to new backdrop, focus on tackling income disparity (*See Economic Viewpoint: Shared Prosperity Vision 2030*)
- Exports surprisingly down in August on weak E&E demand (*See Economic Viewpoint: Malaysia External Trade*)
- WKB2030 to unleash new injections towards high-income economy — Azmin
- Short-term rates close stable on BNM operations
- Southeast Asian borrowers can expect lower yields by going green
- Thousands of Hong Kong protesters ignore mask ban as violence resumes
- Fed's Powell repeats U.S. economy "in a good place"
- Factory job losses send new warning signal to Trump on trade war
- ECB's zero interest-rate policy leads to slower growth, Holzmann says
- UK could be flexible on details of Northern Ireland veto, customs plan

FOREX	4-Oct	3-Oct	% chg
USD/MYR:	4.1850	4.1865	-0.04%
EUR/USD:	1.0979	1.0957	0.20%
GBP/USD:	1.2331	1.2295	0.29%
USD/YEN:	106.94	107.07	-0.12%
USD/SGD:	1.3787	1.3809	-0.16%
USD/HKD:	7.8395	7.8423	-0.04%

KEY STATS

KLCI Spot			
Vol (m shares):	2,046.8	2,178.2	-6.03%
Value (RMm):	1,602.1	1,454.5	10.15%
KLCI Future			
October 19	1,558.0	1,560.0	-0.13%
November 19	1,559.0	1,560.0	-0.06%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	916.3	911.8	0.49%
SoyOil (USc/lb)	30.1	30.1	-0.07%
Gold (US\$/troy oz)	1,512.9	1,513.8	-0.06%
Nymex crude oil (US\$/bbl)	52.8	52.5	0.69%
Latex (RM/kg)	4.25	4.24	0.12%
Tin (US\$/mt)	16,448.0	16,452.0	-0.02%

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Company Update: TOPGLOV
- Weekly Technical Review
- Regional News Update
- Economic Viewpoint: Malaysia External Trade, Shared Prosperity Vision 2030

#	Top Volume			Top Gainer			Top Loser					
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	MAYBANK	8.44	-0.5	10.60	GENM	3.07	2.7	7.76	KLK	21.24	-6.8	2.98
2	GENM	3.07	2.7	7.76	HARTA	5.25	1.2	0.79	CIMB	4.86	-3.0	6.07
3	MISC	7.80	0.0	6.91	HLFG	16.14	1.0	0.05	PCHEM	7.31	-2.1	3.89
4	CIMB	4.86	-3.0	6.07	MAXIS	5.46	0.9	0.71	AMBANK	3.97	-1.2	1.58
5	DIALOG	3.36	-0.6	4.85	PMETAL	4.72	0.6	0.36	DIALOG	3.36	-0.6	4.85
6	SIME	2.29	0.0	4.41	SIMEPLT	4.73	0.6	2.34	MAYBANK	8.44	-0.5	10.60
7	PCHEM	7.31	-2.1	3.89	PETGAS	16.50	0.6	0.31	TENAGA	13.52	-0.4	3.19
8	IHH	5.65	-0.4	3.49	IOICORP	4.30	0.5	0.24	IHH	5.65	-0.4	3.49
9	TOPGLOV	4.48	0.0	3.46	AIRPORT	8.70	0.5	1.10	NESTLE	144.10	-0.3	0.06
10	TENAGA	13.52	-0.4	3.19	DIGI	4.67	0.4	1.94	RHBBANK	5.57	-0.2	1.41

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **AirAsia, AAX file RM480.0m suit against MAHB for alleged negligence at klia2**

According to an announcement to Bursa Malaysia, wholly-owned AirAsia Berhad, together with its affiliate AirAsia X Berhad, have on 2 October 2019 filed a Writ of Summons at the Kuala Lumpur High Court against Malaysia Airports (Sepang) Sdn Bhd ("MASSB") for the sum of RM479.8m, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at klia2. *(The Edge)*

Comment: We were not overly surprised by this latest news from AirAsia. We believe the damages AirAsia is asking for is similar to the one earlier this year. We believe the crux of the claim is from loss of customers in the last few years owing to disruptions and poor conditions of the terminal including cancellations and loss of revenue from multiple runway closures, apron defects, damage to two aircraft due to malfunctions in infrastructure and sensors, a fuel line rupture at klia2 Pier P, internet outages, and loss of customer. We are unable to form a view as to whether AirAsia has a good cause of action as the facts of the case are not disclosed. Suffice to postulate, assuming the Court rules in favour of AirAsia, the RM479.8m (14.4 sen/share) damages will increase AirAsia's Book value per share by 8% from RM2.27 as at 30 June 2019 to RM2.41/share. Looking forward, the group expects load factors to remain solid and fares to hold steady in 2H19. However, we expect tough operating environment to persist in 3Q19 and 4Q19 no thanks to: (i) high maintenance cost due to accounting treatment for aircrafts under sales and leaseback arrangements, and (ii) sustained high fuel jet price. TP is RM1.70 based on 10x FY20E EPS (+0.5SD below historical 5-year forward average), which is at a discount to average forward PER of 11x of global peers like Ryanair and Southwest Airlines, to reflect AirAsia's relatively smaller market capitalization. Reiterate MP. (By: Raymond Choo)

- **Prestariang unveils initiatives under Microsoft licensing agreement with government**

Prestariang Bhd, the sole Microsoft licensing solutions provider for the Malaysian government, had unveiled three components under its master licensing agreement (MLA) 3.0 with the Finance Ministry, to encourage digital transformation in the public sector. In a statement, Prestariang said the three components are the MLA web portal, competency enhancement program mobile app, and the treasury active learning centre. Its statement is in conjunction with the launch of the three initiatives in Putrajaya. "The MLA 3.0 also represents Prestariang's dedication to help the government in creating a more competent workforce for the nation in four key focus areas: Upskilling and reskilling civil servants to improve their performance; accessibility to state of the art technology; providing best and latest hardware and last but not least, maximising return of investment for the government. *(The Edge)*

- **Sentoria to raise up to RM17.0m via private placement**

Sentoria Group Bhd, property developer and operator of Bukit Gambang Resort City in Pahang, has proposed to raise up to RM16.6m via a private placement of up to 10.0% of its total issued shares to third party investor(s) to be identified later. Sentoria said proceeds from the proposed private placement will be used for working capital. In a bourse filing, the theme park operator-cum-property developer said the proposed private placement entails the issuance of up to 77.3m new shares, representing not more than 10.0% of its total issued shares at an issue price to be determined later. *(The Edge)*

- **Icon Offshore wins RM36.0m contract from Petronas Carigali**

Icon Offshore Bhd has secured a RM36.0m contract from Petronas Carigali Sdn Bhd to provide an offshore support vessel for petroleum arrangement contractors' production operation. In a filing with Bursa Malaysia, Icon Offshore said the contract has a firm period of 695 days, expiring on Aug 1, 2021, with extension option of "one year plus one year". Icon Offshore managing director Datuk Seri Hadian Hashim said as the industry recovers, the group hopes to secure more contracts through delivering value-added services to clients. (*The Edge*)

- **Anzo's RM153.0m Malacca construction contract terminated**

Anzo Holdings Bhd's RM153.0m construction contract in Melaka has been terminated, citing "financial challenges" as reason. Anzo said the contract involved turnkey design, approval, build and delivery of 120 units of service suites, 24 units of SPA villas, basement consisting of 670 car park bays, 135 motorcycle parking bays and ancillary services, external facilities and services including roadways, sewerage, water reticulation, river embankment and riverfront boardway and landscape being part of the Porto De Melaka Hotel and Resort Development in Melaka. (*The Edge*)

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Macro Bits

Global

- [Emerging-market calm set to fray as trade and Fed angst deepen](#) Emerging markets have rarely been so torn between trade-war tensions and optimism central banks will keep up their stimulus efforts, suggesting a week of greater-than-normal price swings is in prospect. *(Bloomberg)*
- [U.S. trade gap with China narrows as exports hit five-month high](#) The U.S.'s merchandise trade deficit with China narrowed in August as exports rose to a five-month high, a possible sign of goodwill from the Asian nation as the countries try to resolve their trade war. *(Bloomberg)*

Malaysia

- **Strategies recalibrated to new backdrop, focus on tackling income disparity.** Shared Prosperity Vision 2030 (SPV), launched by the Prime Minister on 5th October, signifies an overarching goal in a new era post Vision 2020, as the country transitions towards the 12th Malaysia Plan (12MP) and eventually 13MP. SPV envisages a sustainable growth model, with lofty goals of fair and equitable distribution across income groups, ethnicities, regions and supply chains. The intended outcome is to ensure decent standard of living for all citizens. *(See Economic Viewpoint: Shared Prosperity Vision 2030)*
- **Exports surprisingly down in August on weak E&E demand.** August export growth surprisingly fell by 0.8% YoY (Jul: +1.7%), as house and consensus estimate were expecting a positive growth of 1.1% and 2.7% respectively. On a MoM basis, exports fell even sharper at 7.5% (Jul: +15.5%). The decline was attributed to weak demand from China, Hong Kong, Taiwan and Singapore as well as a decline in shipment for electrical & electronics (E&E). Similarly, imports declined by 12.5% (Jul: -6.0%), beating house and consensus estimate of -11.6% and -8.0% respectively. *(See Economic Viewpoint: Malaysia External Trade)*
- [WKB2030 to unleash new injections towards high-income economy — Azmin](#) The Shared Prosperity Vision 2030 (WKB2030) will unleash new injections to steer the country into a high-income economy, strengthen the people's purchasing power, and bridge the income and development gap between classes, races and regions, Economic Affairs Minister Datuk Seri Mohamed Azmin Ali said. *(The Edge Markets)*
- [Short-term rates close stable on BNM operations](#) Short-term interbank rates ended stable today on Bank Negara Malaysia's (BNM) operations to absorb surplus liquidity from the financial system. *(The Edge Markets)*

Asia Pacific

- [Southeast Asian borrowers can expect lower yields by going green](#) Southeast Asian borrowers are learning a lesson that global bond issuers are also discovering: it pays to go green. *(The Edge Markets)*
- [Thousands of Hong Kong protesters ignore mask ban as violence resumes](#) Violence escalated in Hong Kong as protesters set fires and vandalized train stations and banks, pushing back against government efforts to quell demonstrations when it invoked a colonial-era emergency law. *(Bloomberg)*

Americas

- [Fed's Powell repeats U.S. economy "in a good place"](#) The U.S. economy is chugging along despite the headwinds it faces, Federal Reserve Chair Jerome Powell said on Friday, in remarks that gave little more away about the path of monetary policy. *(Reuters)*
- [Factory job losses send new warning signal to Trump on trade war](#) President Donald Trump lauded a tight labor market Friday as the unemployment rate hit a 50-year low. He didn't mention job losses appearing in manufacturing, a key industry for his base of supporters. *(Bloomberg)*

Europe

- [ECB's zero interest-rate policy leads to slower growth, Holzmann says](#) European Central Bank Governing Council member Robert Holzmann said he has a "critical stance" toward the institution's current zero interest-rate policy. *(Bloomberg)*
- [UK could be flexible on details of Northern Ireland veto, customs plan](#) Britain is open to some flexibility on the proposed mechanism that would allow lawmakers in post-Brexit Northern Ireland to decide whether the British province remains in regulatory alignment with the European Union, its Brexit minister said. *(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	19.200
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	17.900	16.81	11.01	1.66	17.700
BERJAYA CORP BHD	0.235	18.29	10.84	0.60	0.225
KUALA LUMPUR KEPONG BHD	21.240	19.69	14.16	3.67	21.000
UNITED PLANTATIONS BHD	24.600	20.27	10.15	0.29	24.500
MSM MALAYSIA HOLDINGS BHD	0.950	22.10	15.78	5.77	0.950
AMWAY MALAYSIA HOLDINGS BHD	5.780	22.87	12.26	0.30	5.770
EKOVEST BHD	0.730	24.11	17.00	6.95	0.730
TUNE PROTECT GROUP BHD	0.560	27.41	23.99	13.08	0.545
UMW HOLDINGS BHD	4.680	28.05	23.53	11.14	4.640
EASTERN & ORIENTAL BHD	0.665	28.43	29.60	43.14	0.640
UOA DEVELOPMENT BHD	1.890	28.52	23.35	7.96	1.880
LBS BINA GROUP BHD	0.490	28.86	25.21	23.33	0.485
MRCB-QUILL REIT	1.000	29.31	23.72	2.42	1.000
UOA REAL ESTATE INVESTMENT	1.230	29.32	27.68	26.06	1.200
AMVERTON BHD	1.010	29.34	19.19	1.70	1.010
FGV HOLDINGS BHD	0.860	29.72	28.92	35.15	0.845
MALAYAN CEMENT BHD	2.800	29.93	28.27	36.58	2.750

*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
VITROX CORP BHD	8.290	86.83	91.60	94.80	8.400
MAGNI-TECH INDUSTRIES BHD	6.850	85.83	88.66	95.70	6.880
PETRA ENERGY BHD	1.300	82.18	85.81	94.91	1.320
GUAN CHONG BHD	4.530	81.64	86.92	96.14	4.530
DUFU TECHNOLOGY CORP BHD	2.920	81.55	85.12	95.83	2.960
INARI AMERTRON BHD	1.950	80.75	85.62	91.98	1.960
PENTAMASTER CORP BHD	4.800	80.16	82.96	92.81	4.850
THONG GUAN INDUSTRIES BHD	2.870	78.35	82.85	90.71	2.870
REDTONE INTERNATIONAL BHD	0.525	75.13	79.53	95.38	0.525
DAYANG ENTERPRISE HLDGS BHD	1.760	74.31	80.33	92.28	1.760
YEE LEE CORPORATION	2.200	74.30	88.94	99.92	2.200
PIE INDUSTRIAL BHD	1.370	71.88	75.57	73.95	1.400
SCIENTEX BHD	9.050	70.79	73.79	76.48	9.090
KARAMBUNAI CORP BHD	0.105	70.75	73.91	70.52	0.110

*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
AXIATA GROUP-C39	0.055	20.64	17.04	12.70	0.050	31/1/2020
GENTING BHD-C56	0.010	20.68	10.04	0.12	0.005	26/11/2019
AIRASIA GROUP-C92	0.055	20.74	14.09	1.94	0.055	31/3/2020
EKOVEST BHD-CX	0.065	21.47	11.65	0.19	0.065	30/4/2020
PRINSIPTEK -WA	0.010	21.52	13.19	0.27	0.010	16/11/2019
GENTING MALAY-C61	0.025	22.22	21.92	9.26	0.025	30/4/2020
DRB-HICOM BHD-C90	0.045	22.22	20.78	10.67	0.045	31/3/2020
EKOVEST BHD-CY	0.075	22.51	12.22	0.15	0.075	29/5/2020
SAPURA ENERGY-C76	0.020	22.89	19.50	16.96	0.020	31/1/2020
DRB-HICOM BHD-C86	0.060	23.23	14.77	0.20	0.055	31/3/2020
MALAYSIA BUIL-C25	0.030	23.80	24.91	12.50	0.025	28/2/2020
AIRASIA GROUP-C89	0.025	24.58	18.48	3.71	0.025	14/2/2020
SAPURA ENERGY-C78	0.030	27.76	25.93	8.73	0.030	11/2/2020
GENTING BHD-C72	0.025	28.20	27.50	12.16	0.025	14/2/2020
GENTING MALAY-C50	0.020	28.87	27.56	44.92	0.010	31/10/2019
EKOVEST BHDCU	0.025	29.22	27.61	26.65	0.025	20/12/2019
MALAYAN BANKI-C59	0.025	29.28	23.55	4.58	0.025	30/4/2020
WCT HOLDINGS -WE	0.055	29.97	30.01	54.98	0.050	27/8/2020

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
PROLEXUS BHD-WA	0.240	86.13	91.03	99.22	0.250	14/6/2021
PENTAMASTER C-CE	0.400	83.77	87.91	95.91	0.405	28/2/2020
INARI AMERTRO-C48	0.135	80.64	82.82	91.23	0.140	31/3/2020
LEONG HUP INT-CL	0.230	76.80	83.14	97.92	0.240	28/8/2020
GREEN PACKET BHD-WB	0.280	72.92	69.89	68.34	0.280	24/11/2023

Source: Bloomberg

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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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