

16 July 2019

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Research Highlights

NEWS HIGHLIGHTS

- Berjaya Land seeks entry into Iceland's hotel market via acquisition
- ELK-Desa establishes RM1.0b MTN programme to fund expansion
- Omesti sells 16.0% stake in RAM Credit information to CTOS
- Bina Puri lands RM303.0m job in Iraq
- Pegasus Heights sees impact from cancelled RM24.0m project

MACRO BITS

- Trump sees slowing Chinese growth pressuring Beijing on trade
- Oil prices rise on Chinese economic data
- Malaysia budget to account for risk scenarios from trade war
- RM26.0b special dividend received, RM24.7b used to pay tax refunds — Tony Pua
- Customs intentionally delayed GST refund process as govt lacked money, PAC told
- GST refunds kept in consolidated revenue account violated fundamental trust laws, accounting rules
- Thai prime minister declares end of military rule
- China June industrial output up 6.3% year-on-year, beats forecasts, retail sales up 9.8%
- Canadian home sales fall for the first time in four months: CREA
- Brazil 2020 growth forecasts cut to new low, despite pension reform progress: survey
- Germany to face weak economic trend in second quarter - Economy Ministry
- Bank of England can respond to Brexit impact on economy: Carney

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Results Note: LPI
- Quick Bites: AXREIT
- On Our Technical Watch: PENTA, KAREX
- Economic Viewpoint: Indonesia External Trade
- Consensus' Call: CAR

BURSA	15-Jul	Day chg	% chg
KLCI	1,672.4	2.92	0.17%
FTSE EMAS	11,867.4	23.2	0.20%
FTSE Smallcap	13,768.0	65.18	0.48%
FTSE MESDAQ	4,695.6	45.5	0.98%
KLSE Mkt Cap (RM'b)	1,691.2	2.3	0.14%

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-18.57	47.80
Local Retail	0.78	28.35
Foreign	17.79	23.85

INDICES	15-Jul	Day chg	% chg
Dow Jones	27,359.2	27.1	0.10%
S&P 500	3,014.3	0.5	0.02%
NASDAQ	8,258.2	14.0	0.17%
FTSE-100	7,531.7	25.8	0.34%
Nikkei 225	N.A.	N.A.	N.A.
SHCOMP	2,942.2	11.6	0.40%
HSI	28,554.9	83.3	0.29%
STI	3,348.0	-9.4	-0.28%
KOSPI	2,082.5	-4.2	-0.20%
TWSE	10,876.4	52.1	0.48%
JCI	6,418.2	44.9	0.70%
SET	1,728.0	-3.6	-0.21%

FOREX	15-Jul	12-Jul	% chg
USD/MYR:	4.1085	4.1130	-0.11%
EUR/USD:	1.1278	1.1270	0.07%
GBP/USD:	1.2546	1.2572	-0.21%
USD/YEN:	107.92	107.91	0.01%
USD/SGD:	1.3562	1.3570	-0.06%
USD/HKD:	7.8265	7.8249	0.02%

KEY STATS

KLCI Spot			
Vol (m shares):	3,012.3	2,935.2	2.63%
Value (RMm):	1,650.4	2,282.4	-27.69%
KLCI Future			
July-19	1,673.0	1,668.0	0.30%
August-19	1,672.5	1,668.5	0.24%
CPO Price (RM/tonne)	1,988.0	1,973.0	0.76%
Soybean (US\$/bu)	901.8	913.3	-1.26%
SoyOil (US\$/lb)	28.4	28.4	-0.07%
Gold (US\$/troy oz)	1,413.5	1,412.2	0.09%
Nymex crude oil (US\$/bbl)	59.6	60.2	-1.05%
Latex (RM/kg)	4.74	4.72	0.32%
Tin (US\$/mt)	17,845.0	18,163.5	-1.75%

#	Top Volume				Top Gainer				Top Loser			
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	GENM	3.39	3.0	14.00	GENM	3.39	3.0	14.00	PMETAL	4.33	-1.4	0.62
2	DIALOG	3.44	1.8	7.54	DIALOG	3.44	1.8	7.54	HARTA	5.15	-1.3	6.62
3	TOPGLOV	4.68	-1.1	7.21	TENAGA	13.88	1.5	2.43	TOPGLOV	4.68	-1.1	7.21
4	DIGI	5.05	0.0	6.90	MAXIS	5.68	0.9	0.58	IHH	5.74	-0.9	0.79
5	HARTA	5.15	-1.3	6.62	AIRPORT	8.82	0.7	1.32	PCHEM	8.36	-0.7	1.80
6	CIMB	5.18	-0.4	5.31	RHBBANK	5.76	0.5	1.66	IOICORP	4.22	-0.7	1.17
7	SIME	2.30	0.4	3.90	HAPSENG	9.95	0.5	0.08	PETDAG	24.62	-0.6	0.59
8	MAYBANK	8.90	-0.2	3.70	GENTING	6.65	0.5	3.08	CIMB	5.18	-0.4	5.31
9	GENTING	6.65	0.5	3.08	SIME	2.30	0.4	3.90	KLK	24.20	-0.3	0.60
10	TENAGA	13.88	1.5	2.43	SIMEPLT	4.85	0.4	1.12	AMBANK	4.30	-0.2	0.57

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Berjaya Land seeks entry into Iceland's hotel market via acquisition**

Berjaya Land Bhd (BLand), which is controlled by tycoon Tan Sri Vincent Tan, is buying a 75.0% stake in Icelandair Hotels ehf in a USD53.6m (RM222.0m) deal that would allow the group to enter the luxury hotel segment in Iceland. BLand said the proposed acquisition is in line with the group's geographical diversification and revenue expansion. "The luxury hotel segment in Iceland is expected to grow and the proposed acquisition will enable the group to enter this segment with strategically located hotels in the heart of Iceland, as well as certain hotels being operated under the Hilton brand name," it added. *(The Edge)*

- **ELK-Desa establishes RM1.0b MTN programme to fund expansion**

ELK-Desa Resources Bhd has announced its maiden medium term notes (MTN) programme of up to RM1.0b in nominal value to raise funds for the expansion of its used car hire purchase financing business. In a statement, the company said the programme, with tenure of 10 years, will be done via its special vehicle Premier Auto Assets Bhd. The first tranche of senior MTNs totaling RM105.0m, comprising RM85.0m of AAA-rated Class MTNs and RM20.0m of AA3-rated Class B MTNs, is slated to be issued on July 19. *(The Edge)*

- **Omesti sells 16.0% stake in RAM Credit information to CTOS**

Omesti Bhd, through wholly-owned subsidiary Man Yau Holdings Bhd, has effectively sold its 16.0% interest in RAM Credit Information Sdn Bhd (RAMCI) to CTOS Holdings Sdn Bhd for RM26.9m. In a filing with Bursa Malaysia, it said an agreement was signed with CTOS to sell Man Yau's 100% interest in Formis E Solutions Sdn Bhd, which has been dormant since 2014 but holds 16% equity interest in RAMCI. RAMCI is engaged in the credit reporting business and provides credit bureau and information services. *(Bernama)*

- **Bina Puri lands RM303.0m job in Iraq**

Bina Puri Holdings Bhd has secured a contract worth RM303.0m in Iraq. In a filing to Bursa Malaysia, Bina Puri said its unit Bina Puri Sdn Bhd had accepted a letter of award dated June 11, 2019 from Thi Qar Governate, Republic of Iraq, in respect of the proposed Dual Lane Road from Al-Islah Junction to Al-Jabayish at Nasirya City. It said the contract was for a period of 36 months from date of commencement. Bina Puri said with the latest contract, its project book order will increase to RM1.6b. *(The Edge)*

- **Pegasus Heights sees impact from cancelled RM24.0m project**

Pegasus Heights Bhd, formerly known as Naim Indah Corp Bhd, said its contract as a project management consultant for a 30-storey mixed commercial development at Teluk Likas, Sabah, has been terminated. In a filing with Bursa Malaysia, Pegasus said the company and GE Properties Sdn Bhd had (July 15) both mutually agreed to cease the letter of award (LoA) for the job. It added that the cancellation of the LoA would have an impact on the group's revenue and profit. *(The Edge)*

Macro Bits

Global

- [Trump sees slowing Chinese growth pressuring Beijing on trade](#) U.S. President Donald Trump on Monday pointed to slowing economic growth in China amid restarted trade talks, saying U.S. tariffs were having “a major effect” and warning that “possibly much more” were to come. *(Reuters)*
- [Oil prices rise on Chinese economic data](#) Oil prices rose on Monday as Chinese industrial output and retail data topped expectations, though gains were capped by overall figures showing the country’s slowest quarterly economic growth in decades. *(Reuters)*

Malaysia

- [Malaysia budget to account for risk scenarios from trade war](#) Malaysia’s finance minister said the 2020 budget will take into account risk scenarios caused by the continuing US-China trade war even as the nation’s economy shows signs of resilience. *(The Edge Markets)*
- [RM26.0b special dividend received, RM24.7b used to pay tax refunds — Tony Pua](#) The government has used about RM24.7b of the special dividend it has received from Petrolam Nasional Bhd (Petronas) to repay goods and services tax (GST) and income tax refunds, said Damansara lawmaker Tony Pua. *(The Edge Markets)*
- [Customs intentionally delayed GST refund process as govt lacked money, PAC told](#) The Customs Department had intentionally slowed down the Goods and Services Tax (GST) refund process, as the government had run out of money to pay the refunds, the Public Accounts Committee (PAC) was told. *(The Edge Markets)*
- [GST refunds kept in consolidated revenue account violated fundamental trust laws, accounting rules](#) To keep the RM19.4b in goods and services tax (GST) refunds in a consolidated revenue account violated fundamental trust laws and accounting requirements. *(The Edge Markets)*

Asia Pacific

- [Thai prime minister declares end of military rule](#) Thai Prime Minister Prayuth Chan-ocha formally resigned as the head of the military government on Monday, saying the country would function as a normal democracy after five years of military rule. *(Reuters)*
- [China June industrial output up 6.3% year-on-year, beats forecasts, retail sales up 9.8%](#) China’s industrial output grew 6.3% in June from a year earlier, official data showed on Monday, picking up from May’s 17-year low and handily beating market expectations. *(Reuters)*

Americas

- [Canadian home sales fall for the first time in four months: CREA](#) Resales of Canadian homes fell 0.2% in June from the previous month, the Canadian Real Estate Association said on Monday in the first decline reported since home sales plunged in February. *(Reuters)*
- [Brazil 2020 growth forecasts cut to new low, despite pension reform progress: survey](#) Economists cut their 2020 Brazilian economic growth forecasts to a new low, a central bank survey showed on Monday, despite Congress delivering a major breakthrough on pension reform that most analysts say should boost business sentiment and activity. *(Reuters)*

Europe

- [Germany to face weak economic trend in second quarter - Economy Ministry](#) German industrial activity is sluggish and recent data point to slower growth in the service sector, the German Economy Ministry said, adding this suggested Europe’s largest economy would experience a weak general economic trend in the second quarter. *(Reuters)*
- [Bank of England can respond to Brexit impact on economy: Carney](#) Bank of England Governor Mark Carney said on Monday the British central bank had the ability to respond to either slower growth or higher inflation which could follow the country’s departure from the European Union. *(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
HEKTAR REAL ESTATE INVESTMEN	0.980	18.21	12.77	1.59	0.975
I-BHD	0.360	23.33	15.50	0.64	0.350
MCT BHD	0.280	24.73	24.72	37.68	0.270
MSM MALAYSIA HOLDINGS BHD	1.250	25.21	16.70	1.03	1.250
PETRONAS DAGANGAN BHD	24.620	29.36	19.43	2.64	24.580

*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
KNM GROUP BHD	0.385	88.43	91.99	96.76	0.390
FOCUS DYNAMICS GROUP BHD	0.280	87.17	88.15	85.89	0.300
YINSON HOLDINGS BHD	7.170	86.32	88.96	91.95	7.230
PARAMOUNT CORP BHD	2.420	83.14	88.53	98.27	2.500
YNH PROPERTY BHD	2.670	81.80	82.95	74.46	2.730
KSL HOLDINGS BHD	0.885	79.83	90.28	99.71	0.890
PENTAMASTER CORP BHD	3.370	79.52	83.79	86.31	3.390
DATASONIC GROUP BHD	0.725	77.81	75.58	39.68	0.775
ELK-DESA RESOURCES	1.620	77.32	82.25	95.29	1.620
WCT HOLDINGS BHD	1.190	76.20	81.98	92.16	1.200
MAGNI-TECH INDUSTRIES BHD	5.330	76.07	82.37	97.89	5.380
MEGA FIRST CORP BHD	3.840	75.95	83.48	84.59	3.900
ELSOFT RESEARCH BHD	0.950	75.61	83.63	96.57	1.080
MPHB CAPITAL BHD	1.180	75.41	80.30	92.63	1.180
PESTECH INTERNATIONAL BHD	1.490	74.90	76.08	74.40	1.530
MALAYSIA AIRPORTS HLDGS BHD	8.820	74.50	77.26	76.48	8.880
MAGNUM BHD	2.790	74.44	78.84	94.48	2.790
SUNWAY CONSTRUCTION GROUP BH	2.180	74.05	79.29	94.44	2.200
BUMI ARMADA BERHAD	0.250	73.84	79.91	88.78	0.255
OCK GROUP BHD	0.575	73.81	79.54	90.89	0.580
POWER ROOT BHD	1.810	73.56	74.25	67.17	1.870
KUMPULAN FIMA BHD	1.750	73.34	75.70	74.14	1.800
RGB INTERNATIONAL BHD	0.220	73.25	81.07	94.01	0.225
FRONTKEN CORP BHD	1.560	72.92	80.42	95.78	1.620
KARAMBUNAI CORP BHD	0.095	71.78	81.74	99.24	0.095
SOUTHERN STEEL BERHAD	1.020	71.72	80.09	96.49	1.040
DUFU TECHNOLOGY CORP BHD	1.880	71.50	77.42	80.33	1.930
DRB-HICOM BHD	2.450	71.39	73.52	66.67	2.560
RANHILL HOLDINGS BHD	1.300	71.20	74.20	70.72	1.340
MALAYSIAN BULK CARRIERS BHD	0.615	71.15	78.37	92.29	0.620

*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
HARTALEGA HOL-C26	0.120	25.14	18.57	2.69	0.115	29/11/2019
HANG SENG IND-6N	0.010	26.81	20.97	12.36	0.010	30/7/2019

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
DATASONIC GROUP BHD-WA	0.250	91.99	92.49	79.26	0.270	5/7/2023
KNM GROUP-WB	0.235	87.96	89.56	94.61	0.245	21/4/2020
REVENUE GROUP BHD -WA	0.650	85.42	89.20	94.49	0.715	14/1/2024
WCT HOLDINGS-C18	0.190	77.89	80.07	89.85	0.190	30/4/2020
KERJAYA PROSPEK -WB	0.300	75.91	82.32	83.04	0.315	28/2/2023
EDEN INC -WB	0.070	73.46	78.66	90.92	0.080	13/8/2021
TOYO INK GROUP BHD-WB	0.155	71.26	76.79	91.27	0.170	6/11/2023

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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