

19 November 2019

By Koh Huat Soon / hskoh@kenanga.com.my

BURSA	18-Nov	Day chg	% chg
KLCI	1,604.4	9.61	0.60%
FTSE EMAS	11,370.8	57.1	0.50%
FTSE Smallcap	13,691.1	50.94	0.37%
FTSE MESDAQ	4,937.6	17.6	0.36%
KLSE Mkt Cap (RM'b)	1,628.4	6.9	0.43%

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-47.56	44.98
Local Retail	-13.83	30.54
Foreign	61.39	24.48

INDICES	18-Nov	Day chg	% chg
Dow Jones	28,036.2	31.3	0.11%
S&P 500	3,122.0	1.6	0.05%
NASDAQ	8,549.9	9.1	0.11%
FTSE-100	7,307.7	4.8	0.07%
Nikkei 225	23,416.8	113.4	0.49%
SHCOMP	2,909.2	17.9	0.62%
HSI	26,681.1	354.4	1.35%
STI	3,258.7	19.8	0.61%
KOSPI	2,160.7	-1.5	-0.07%
TWSE	11,599.8	74.2	0.64%
JCI	6,122.6	-5.7	-0.09%
SET	1,608.0	5.8	0.36%

FOREX	18-Nov	15-Nov	% chg
USD/MYR:	4.1560	4.1525	0.08%
EUR/USD:	1.1058	1.1051	0.06%
GBP/USD:	1.2957	1.2897	0.47%
USD/YEN:	109.05	108.80	0.23%
USD/SGD:	1.3607	1.3605	0.01%
USD/HKD:	7.8286	7.8262	0.03%

KEY STATS

KLCI Spot

Vol (m shares):	2,345.0	2,689.2	-12.80%
Value (RMm):	1,421.3	1,694.8	-16.14%

KLCI Future

November 19	1,603.5	1,596.0	0.47%
December 19	1,604.5	1,597.0	0.47%
CPO Price (RM/tonne)	2,597.0	2,607.0	-0.38%
Soybean (US\$/bu)	910.3	918.3	-0.87%
SoyOil (US\$/lb)	30.8	30.6	0.72%
Gold (US\$/troy oz)	1,471.9	1,468.5	0.23%
Nymex crude oil (US\$/bbl)	57.1	57.7	-1.16%
Latex (RM/kg)	4.40	4.37	0.57%
Tin (US\$/mt)	N.A.	16,073.5	N.A.

Research Highlights

NEWS HIGHLIGHTS

- GDeX 1Q net profit down 26.4% no thanks to margin squeeze
- DNeX 3Q net profit soars 42.6% boosted by lower income tax
- Reach Energy obtains 'positive results' from K-16 exploration well test
- Apex Equity shareholders reaffirm JF Apex-Mercury merger
- HeiTech Padu strengthens presence in Indonesia

MACRO BITS

- Trade tensions to hit goods growth in fourth quarter as tariffs bite: WTO
- Lawmakers urge U.S. government to tighten export controls amid China threat
- China tells U.S. and Britain to stop interfering in Hong Kong affairs
- Foreign interest in Malaysian bonds subdued in October
- Fitch research unit predicts Malaysia's economy to grow 4.5% next year
- Circular economy roadmap for policy on plastics to be launched by 2020
- Southeast Asian nations compete to redraw supply-chain map
- China cuts short-term funding rate for first time since 2015
- Taiwan sees chance to reclaim high-end industries lost to China
- Trump says 'cordial' talk with Fed's Powell covered negative interest rates, trade
- Fed's Mester: U.S. monetary policy 'in a good spot'
- UK's Johnson drops corporate tax cut plan in bid to woo voters
- ECB has not reached limits of monetary policy: Lane

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- On Our Technical Watch: MASTER, UTDPLT

#	Top Volume	Price	%Chg (+/-)	Vol (m)	Top Gainer	Price	%Chg (+/-)	Vol (m)	Top Loser	Price	%Chg (+/-)	Vol (m)
	Stock				Stock				Stock			
1	GENM	3.22	0.0	5.69	IHH	5.56	3.9	1.40	HLBANK	16.80	-1.2	1.16
2	MAYBANK	8.66	0.0	5.25	DIGI	4.73	3.3	1.87	PICHEM	7.36	-1.1	4.62
3	CIMB	5.35	2.5	5.22	CIMB	5.35	2.5	5.22	SIME	2.35	-0.4	2.85
4	PICHEM	7.36	-1.1	4.62	AXIATA	4.37	2.3	1.60	MAXIS	5.35	-0.4	1.33
5	DIALOG	3.43	-0.3	4.24	PETDAG	24.30	2.3	0.15	DIALOG	3.43	-0.3	4.24
6	MISC	8.25	0.1	3.49	PETGAS	16.68	1.6	0.22	AMBANK	4.19	-0.2	0.74
7	SIMEPLT	5.13	0.4	3.42	PPB	18.26	1.3	0.21	PMETAL	4.76	-0.2	0.40
8	SIME	2.35	-0.4	2.85	AIRPORT	8.33	1.1	0.75	PBBANK	19.88	-0.1	1.60
9	HARTA	5.35	0.4	2.24	TOPGLOV	4.55	0.9	1.08	GENM	3.22	0.0	5.69
10	GENTING	6.15	0.5	2.16	KLK	22.54	0.6	0.46	HLFG	17.10	0.0	0.07

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **GDeX 1Q net profit down 26.4% no thanks to margin squeeze**

GD Express Carrier Bhd's (GDeX) net profit shrunk 26.4% to RM4.8m in the first quarter ended Sept 30, 2019 (1QFY20), from RM6.5m in the same period last year, due to margin squeeze. Earnings per share, accordingly, was down to 0.08 sen, from 0.12 sen, a filing with Bursa Malaysia showed. GDex attributed the narrower profit margin to investment into human capital to build a stronger regional team, investment in IT and other infrastructure. The company also blamed increasingly intense competition to lower pricing to win market share, as another factor. *(The Edge)*

- **DNeX 3Q net profit soars 42.6% boosted by lower income tax**

Dagang Nexchange Bhd's (DNeX) net profit grew 42.6% to RM9.5m in the third quarter ended Sept 30, 2019 (3QFY19), from RM6.7m in the previous corresponding quarter, thanks to lower income tax. The company paid lower income tax of RM831,000 in the quarter under review, compared with RM3.4m last year, due to the over provision in the prior year. DNeX also posted improved profit before tax from its energy segment of RM6.8m, 69.8% higher from RM4.0m in 3QFY18. Earnings per share expanded to 0.54 sen, from 0.38 sen. *(The Edge)*

- **Reach Energy obtains 'positive results' from K-16 exploration well test**

Reach Energy Bhd obtains "positive results" from testing the exploration well K-16 in its Emir Oil Concession Block onshore Kazakhstan. Reach Energy told Bursa Malaysia that K-16 is currently in extended well testing to further ascertain its commercial viability. "As part of Emir-Oil exploration commitment, the K-16 vertical exploration well spudded on Oct 9 2018 and reached Target Depth at 3983m on Feb 6, 2019. The well penetrated the target Mid-Triassic carbonate reservoirs, reaching a total depth of 3,957m. "The well was perforated in November 2019, after extensive study of the well data and obtaining necessary approvals for perforation of the well. This well identified highly graded hydrocarbon trap near the west flank of Kariman field and allowed to understand the geological structure in whole," it said. *(The Edge)*

- **Apex Equity shareholders reaffirm JF Apex-Mercury merger**

As expected by many, shareholders of locally listed Apex Equity Holdings Bhd have reaffirmed their approval of the merger between its Kajang-based stockbroking unit JF Apex Securities Bhd and Mercury Securities Sdn Bhd, after an earlier vote had previously been invalidated. At Apex Equity's extraordinary general meeting (EGM), the merger resolution was passed with shareholders and proxies attending the meeting holding 55.3% voting in favour. Meanwhile, the remaining 44.7% voted against. Based on the polling results, ACE Investment Bank Ltd and the Chan family are believed to have voted for the merger, whereas Lim Siew Kim — daughter of the late Tan Sri Lim Goh Tong — and her alleged associates are believed to have voted against the deal. *(The Edge)*

- **HeiTech Padu strengthens presence in Indonesia**

HeiTech Padu Bhd (HeiTech) has strengthened its presence in Indonesia with the establishment of PT Desa Tech Nusantara to provide Shariah Compliance Cooperative System -- Baitulmal Wat Tamwil, ready to be deployed to the Indonesian cooperative sector. PT Desa Tech Nusantara, a joint-venture (JV) company between HeiTech and PT Kirana Investama Nusantara on 49:51 basis respectively, is formed with the purpose of developing and deploying the BMT system to be used by cooperatives in Indonesia as a platform to support the republic's national programme called Gerakan Desa Emas (GDE). GDE is aimed at helping to drive domestic economic growth and expedite the development of the halal industry and Islamic financial institutions, especially for Indonesia's rural economic sustainability. *(Bernama)*



Macro Bits

Global

- [Trade tensions to hit goods growth in fourth quarter as tariffs bite: WTO](#) The World Trade Organization (WTO) said on Monday that growth in global goods trade is expected to remain “below trend” in the fourth quarter amid tensions and rising tariffs in key sectors. *(Reuters)*
- [Lawmakers urge U.S. government to tighten export controls amid China threat](#) Top Senate Democrat Chuck Schumer and Republican Senator Tom Cotton on Monday in a letter urged the U.S. government to swiftly issue rules to make it harder to export sophisticated technologies to China that Beijing can use to boost its military. *(Reuters)*
- [China tells U.S. and Britain to stop interfering in Hong Kong affairs](#) China’s ambassador to London on Monday accused foreign countries including the United States and Britain of interfering in Chinese internal affairs through their reactions to the violent clashes taking place in Hong Kong. *(Reuters)*

Malaysia

- [Foreign interest in Malaysian bonds subdued in October](#) Foreign interest in Malaysian bond market was somewhat muted in October, according to RAM Rating Services Bhd (RAM Ratings), with a net outflow of RM541.31m compared to September’s net inflow of RM908.0m. *(The Edge Markets)*
- [Fitch research unit predicts Malaysia’s economy to grow 4.5% next year](#) Malaysia’s economic growth is likely to dip to 4.5% for 2020 due to the prolonged effects of a slow global economy, according to a forecast by Fitch Solutions Macro Research (FSMR). *(Malay Mail)*
- [Circular economy roadmap for policy on plastics to be launched by 2020](#) A CIRCULAR economy roadmap (CER) for plastics will be introduced by 2020, as part of the 2018-2030 roadmap towards zero single-use plastics. *(The Malaysian Reserve)*

Asia Pacific

- [Southeast Asian nations compete to redraw supply-chain map](#) Thailand and Malaysia are actively courting manufacturers fleeing China to escape the trade war, aiming to become major production hubs as rising labor costs threaten Vietnam’s status as an alternative destination. *(Nikkei Asian Review)*
- [China cuts short-term funding rate for first time since 2015](#) China’s central bank unexpectedly trimmed a closely watched lending rate on Monday, the first such cut in more than four years and a signal to markets that policymakers are ready to act to prop up slowing growth. *(Reuters)*
- [Taiwan sees chance to reclaim high-end industries lost to China](#) Taiwan sees the opportunity to revitalize its economy as a center for advanced manufacturing, reversing decades of investment and know-how outflows across the Taiwan Strait, as the trade war forces technology suppliers to rethink their reliance on China. *(Bloomberg)*

Americas

- [Trump says 'cordial' talk with Fed's Powell covered negative interest rates, trade](#) U.S. President Donald Trump said he met with U.S. Federal Reserve Chairman Jerome Powell on Monday and discussed a wide range of topics including negative interest rates, monetary policy easing, dollar strength and U.S. trade with China and the European Union. *(Reuters)*
- [Fed's Mester: U.S. monetary policy 'in a good spot'](#) The current level of interest rates is appropriate for the U.S. economy and the Federal Reserve should now pause as it monitors how the economy evolves, Cleveland Fed President Loretta Mester said on Monday. *(Reuters)*

Europe

- [UK's Johnson drops corporate tax cut plan in bid to woo voters](#) British Prime Minister Boris Johnson said on Monday he was putting on hold further cuts in corporation tax and told voters he would use the money for spending on health and other priorities. *(Reuters)*
- [ECB has not reached limits of monetary policy: Lane](#) The European Central Bank has not reached the limit of what it can do on monetary policy, its chief economist Philippe Lane said on Monday. *(Reuters)*



19 November 2019

List of Oversold Stocks (14-Day RSI<30-mark)

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
MEDIA PRIMA BHD	0.295	17.59	15.05	8.43	0.285
STAR MEDIA GROUP BHD	0.440	19.18	18.92	14.85	0.430
PERUSAHAAN SADUR TIMAH MALAY	4.230	23.38	16.31	1.57	4.230
POS MALAYSIA BERHAD	1.420	24.19	16.46	8.97	1.400
EXCEL FORCE MSC BHD	0.545	25.00	16.40	1.29	0.540
RANHILL HOLDINGS BHD	1.140	25.83	16.80	1.45	1.130
MSM MALAYSIA HOLDINGS BHD	0.890	26.56	18.90	0.77	0.890
CHIN WELL HOLDINGS BHD	1.560	27.49	20.85	4.53	1.560

*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
RCE CAPITAL BHD	1.750	84.32	88.58	94.36	1.780
FAVELLE FAVCO BHD	3.020	83.75	89.85	98.43	3.020
WAH SEONG CORP BHD	1.300	82.11	84.35	96.68	1.330
MKH BHD	1.440	80.22	83.01	84.17	1.450
JAKS RESOURCES BHD	1.380	79.56	80.52	80.31	1.430
TROPICANA CORP BHD	0.880	77.04	85.92	97.21	0.880
MGB BHD	0.695	76.05	84.92	95.28	0.695
THONG GUAN INDUSTRIES BHD	3.090	75.26	79.97	93.70	3.140
NOTION VTEC BHD	0.965	74.81	77.01	86.61	0.970
JHM CONSOLIDATION BHD	1.470	74.18	79.20	93.33	1.480
BUMI ARMADA BERHAD	0.525	72.88	77.21	92.88	0.530
KAWAN FOOD BHD	1.530	72.67	75.04	74.90	1.600
COASTAL CONTRACTS BHD	1.270	72.31	74.95	89.32	1.280
SARAWAK OIL PALMS BERHAD	2.610	72.03	74.44	87.65	2.620
PIE INDUSTRIAL BHD	1.520	71.47	77.94	96.78	1.550
MEGA FIRST CORP BHD	4.750	71.40	69.42	48.23	4.840
CARING PHARMACY GROUP BHD	2.500	71.26	72.58	81.17	2.500
APEX HEALTHCARE BHD	2.410	70.56	71.37	66.49	2.500

*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
BRITISH AMERI-CT	0.080	5.22	6.17	7.20	0.070	28/8/2020
TELEKOM MALAY-C55	0.055	23.49	23.80	10.58	0.055	26/3/2020
AXIATA GROUP-C37	0.015	26.03	22.66	10.85	0.005	31/12/2019

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
WIDAD GROUP BHD-WA	0.240	90.82	91.51	82.18	0.250	5/8/2023
MLABS SYSTEMS BHD-WA	0.015	81.93	93.88	100.00	0.015	26/4/2020
JAKS RESOURCES BHD-WB	1.120	80.30	80.96	80.99	1.140	13/12/2023
NOTION VTEC-WC	0.665	76.76	78.46	81.37	0.690	14/3/2023
PROLEXUS BHD-WA	0.365	74.00	75.88	65.49	0.395	14/6/2021
PA RESOURCES-WB	0.045	70.82	76.86	92.04	0.045	17/12/2022

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.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my