

26 November 2019

By Vincent Tee Wee Heng | vincent.tee@kenanga.com.my; Raymond Choo Ping Khoo | pkchoo@kenanga.com.my

BURSA	25-Nov	Day chg	% chg
KLCI	1,591.4	-5.49	-0.34%
FTSE EMAS	11,289.6	-38.9	-0.34%
FTSE Smallcap	13,568.2	-136.55	-1.00%
FTSE MESDAQ	4,851.6	-39.5	-0.81%
KLSE Mkt Cap (RM'b)	1,619.0	-4.0	-0.25%

BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	44.14	43.23
Local Retail	20.63	31.87
Foreign	-64.77	24.90

INDICES	25-Nov	Day chg	% chg
Dow Jones	28,066.5	190.9	0.68%
S&P 500	3,133.6	23.3	0.75%
NASDAQ	8,632.5	112.6	1.32%
FTSE-100	7,396.3	69.5	0.95%
Nikkei 225	23,292.8	179.9	0.78%
SHCOMP	2,906.2	20.9	0.72%
HSI	26,993.0	398.0	1.50%
STI	3,220.6	-5.0	-0.16%
KOSPI	2,123.5	21.5	1.02%
TWSE	11,561.6	-5.2	-0.05%
JCI	6,070.8	-29.5	-0.48%
SET	1,614.8	17.1	1.07%

FOREX	25-Nov	22-Nov	% chg
USD/MYR:	4.1788	4.1710	0.19%
EUR/USD:	1.1013	1.1021	-0.07%
GBP/USD:	1.2883	1.2834	0.38%
USD/YEN:	108.84	108.66	0.17%
USD/SGD:	1.3649	1.3642	0.05%
USD/HKD:	7.8269	7.8255	0.02%

KEY STATS

KLCI Spot			
Vol (m shares):	2,518.1	2,557.2	-1.53%
Value (RMm):	1,540.7	1,995.4	-22.79%
KLCI Future			
November-19	1,586.5	1,598.0	-0.72%
December-19	1,589.0	1,599.0	-0.63%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	892.5	897.0	-0.50%
SoyOil (US\$/lb)	30.6	31.1	-1.51%
Gold (US\$/troy oz)	1,456.9	1,463.6	-0.46%
Nymex crude oil (US\$/bbl)	58.0	57.8	0.42%
Latex (RM/kg)	4.51	4.50	0.22%
Tin (US\$/mt)	N.A.	16,328.0	N.A.

Research Highlights

NEWS HIGHLIGHTS

- Celcom, Maxis to explore infrastructure sharing to accelerate rollout of 5G in Malaysia (*Comment Included in Kenanga Today*)
- Panasonic 2Q net profit down 10%, pays 15 sen dividend
- OSK 3Q net profit surges 70% driven by property, financial services businesses
- Favelle Favco bags eight contracts worth RM68.8m
- WZ Satu bags RM121.5m construction job for Kedah Rubber City

MACRO BITS

- China and U.S. moving closer to trade deal, but no agreement on tariff rollbacks: report
- Malaysia-China trade set to record another new high in 2019
- Matrade identifies products to fill in gaps due to trade conflict
- Malaysia shows interest in South Korea's advancement in aerospace
- China central bank warns high financial risks amid rising economic headwinds
- Chinese importers scoop up Brazilian soybeans amid U.S. trade uncertainty
- South Korea, Japan in fresh spat over intelligence deal
- Japan, China agree to key step towards resumption of Japanese beef exports: Motegi
- U.S.-based chip-tech group moving to Switzerland over trade curb fears
- On Trump impeachment, divisions between urban and rural Democrats
- 'Resilient' Germany heading for fourth quarter growth as business morale rises
- EU close to addressing too-big-to-fail financial clearing house issue
- ECB has made government borrowing 1 percentage point cheaper: Lane

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- MidS: PWROOT
- Results Note: IOIPG, LBS, MEDIAC, MQREIT, POS, RHB, SEM, SERBADK, TSH
- On Our Technical Watch: SERNKOU, KESM

#	Top Volume				Top Gainer				Top Loser			
	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1	GENM	3.15	-1.9	7.58	RHBBANK	5.78	1.4	1.59	SIME	2.30	-2.1	3.97
2	CIMB	5.34	-0.6	6.05	PMETAL	4.75	1.1	0.31	GENM	3.15	-1.9	7.58
3	MAYBANK	8.66	0.2	6.02	HLFG	16.70	0.9	0.01	GENTING	5.95	-1.7	3.13
4	SIME	2.30	-2.1	3.97	HARTA	5.39	0.8	0.62	AXIATA	4.30	-1.4	1.42
5	DIALOG	3.40	-0.9	3.50	HAPSENG	9.96	0.3	0.21	MAXIS	5.25	-1.1	2.23
6	GENTING	5.95	-1.7	3.13	MAYBANK	8.66	0.2	6.02	IOICORP	4.45	-0.9	0.32
7	PCHEM	7.08	-0.4	3.11	PPB	18.30	0.2	0.77	DIALOG	3.40	-0.9	3.50
8	IHH	5.45	0.2	2.72	IHH	5.45	0.2	2.72	PETDAG	23.90	-0.8	0.44
9	MAXIS	5.25	-1.1	2.23	NESTLE	145.00	0.1	0.04	SIMEPLT	5.10	-0.8	0.89
10	TENAGA	13.54	-0.3	2.05	AIRPORT	8.30	0.1	0.75	AMBBANK	4.03	-0.7	0.77

Notes: # KL Composite Index (FBMKLCI) component stocks

Corporate News

- **Celcom, Maxis to explore infrastructure sharing to accelerate rollout of 5G in Malaysia**

Celcom Axiata Bhd (Celcom) and Maxis Bhd have signed a memorandum of understanding to explore a potential partnership for efficient deployment of Malaysia's 5G infrastructure, further supporting the development of the nation's digital ecosystem. In a joint statement today, the telecommunications service providers (telcos) said the collaboration will also enable them to explore possible business opportunities in relation to 5G key strategic areas, to deliver the best 5G innovation to benefit the people and businesses in Malaysia as soon as the necessary spectrum is made available. Celcom and Maxis said this potential collaboration focuses on the joint deployment of 5G infrastructure, which will cover selected areas. *(The Edge)*

*Comment: We view the above as a positive for the telco industry but we remain neutral on the financial impact and prospects towards **AXIATA (OP, TP: RM4.80)** and **MAXIS (UP, TP: RM4.90)**. The combined resources should enable an accelerated rollout of 5G within the country, especially with MAXIS already collaborating with Huawei in building a 5G network. However, the deployment of 5G hangs on the spectrum allocation by MCMC, earmarked to be completed between 2-3QCY20. Putting these two industry players aside, we do not believe that **DIGI (MP, TP: RM4.70)** will lose out in the 5G race as their parent company, Telenor, has already launched running 5G networks in Norway. This could lean towards knowledge and expertise sharing in due course which may also expedite DIGI's 5G journey. **Maintain NEUTRAL on the Telecommunications Sector** and respective TP for AXIATA (SOP-driven, implied EV/EBITDA of 5.5x FY20E), DCF-driven TPs for DIGI (WACC: 7.2%, TG: 1.5%) and MAXIS for now (WACC: 7.2%, TG: 8.8%). (By: Clement Chua)*

- **Panasonic 2Q net profit down 10%, pays 15 sen dividend**

Panasonic Manufacturing Malaysia Bhd's net profit fell 9.8% to RM30.8m in its second financial quarter ended Sept 30, 2019 (2QFY20) from RM34.1m a year ago, on lower sales in the domestic market for both home appliances and fan products. Panasonic also attributed the lower quarterly earnings to the reduction in interest income, as well as a share of losses from the associated company of RM1.1m versus a share of profits of RM1.3m last year. As a result, earnings per share fell to 51 sen for 2QFY20 compared with 56 sen for 2QFY19, a bourse filing showed. Quarterly revenue also declined 6.6% to RM288.6m from RM308.8m in 2QFY19. *(The Edge)*

- **OSK 3Q net profit surges 70% driven by property, financial services businesses**

OSK Holdings Bhd's net profit jumped 69.4% to RM107.6m in the third quarter ended Sept 30, 2019 (3QFY19), from RM63.5m a year ago, mainly contributed by its property and financial services business segments. This resulted in a higher earnings per share of 5.18 sen for 3QFY19 compared with 3.06 sen for 3QFY18. This was despite a 10% drop in quarterly revenue to RM315.7m, from RM351.2m in 3QFY18, it said in a bourse filing. OSK said its property segment enjoyed a 2.15 times jump in pre-tax profit due to the higher share of profit of associated companies and reversal of costs provided no longer required upon completion of certain projects; while the capital financing division improved due to the higher interest income generated from higher loan disbursement. *(The Edge)*



- **Favelle Favco bags eight contracts worth RM68.8m**

Favelle Favco Bhd, which saw its share price hit its all-time high of RM3.02 last week, has bagged eight supply contracts worth a total of RM68.8m. In a filing with the local stock exchange, the group said six out of the eight contracts are for the supply of offshore cranes, while the remainder two are for the provision of compressor system and replacement of flare pips. The contracts were awarded to its wholly-owned Favelle Favco Cranes (M) Sdn Bhd, Favelle Favco Cranes Pte Ltd, Favelle Favco Cranes Pty Ltd and Exact Automation Sdn Bhd, via receipts of letters of intent from Oct 17 until Nov 25. *(The Edge)*

- **WZ Satu bags RM121.5m construction job for Kedah Rubber City**

WZ Satu Bhd has bagged a RM121.5m contract related to earthworks and infrastructure works for Kedah Rubber City (KRC) Phase 1 (Package 1) in Padang Terap, Kedah for the Northern Corridor Implementation Authority. In a bourse filing, the group said its wholly-owned subsidiary WZS BinaRaya Sdn Bhd has accepted the award for the construction of earthworks and infrastructure works for KRC Phase 1 (Package 1). The project is slated to commence on Dec 2 and to be completed by Dec 2, 2021. "WZS BinaRaya's scope of works covers the earthworks, infrastructure works, reservoir tank, bridge works and street lighting services," it said. *(The Edge)*

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Macro Bits

Global

- [China and U.S. moving closer to trade deal, but no agreement on tariff rollbacks: report](#) China and the United States are “moving closer to agreeing” on a “phase one” trade deal, the Global Times, a tabloid run by the ruling Communist Party’s official People’s Daily, reported on Sunday. *(Reuters)*

Malaysia

- [Malaysia-China trade set to record another new high in 2019](#) The Malaysia-China two-way trade is set to record another new high this year, judging by the first nine months of 2019 performance which has reached USD89.75b (USD1 = RM4.17), up 11.3% from the same period in 2018. *(The Edge Markets)*
- [Matrade identifies products to fill in gaps due to trade conflict](#) Malaysia External Trade Development Corporation (Matrade) has identified various Malaysian products which could potentially fill in the gaps arising from the US-China trade conflict. *(The Edge Markets)*
- [Malaysia shows interest in South Korea's advancement in aerospace](#) Malaysia is interested in the progress and development achieved by South Korea in the aerospace industry, Prime Minister Tun Mahathir Mohamad said. *(The Edge Markets)*

Asia Pacific

- [China central bank warns high financial risks amid rising economic headwinds](#) China needs to resolve outstanding financial risks, and must counter risks from “abnormal” market fluctuations that stem from external shocks, said the central bank, as Beijing prioritizes financial stability amid increasing challenges. *(Reuters)*
- [Chinese importers scoop up Brazilian soybeans amid U.S. trade uncertainty](#) Chinese buyers scooped up at least 20 cargoes of Brazilian soybeans last week due to uncertainty over a trade deal with the United States that sent them rushing to lock in supplies, traders said on Monday. *(Reuters)*
- [South Korea, Japan in fresh spat over intelligence deal](#) South Korea and Japan traded fresh barbs on Monday, just days after agreeing to salvage an important intelligence-sharing pact, highlighting the fragile ties between the former wartime foes and allies of the United States. *(Reuters)*
- [Japan, China agree to key step towards resumption of Japanese beef exports: Motegi](#) Japan and China have signed an animal health and quarantine agreement, a key step towards the resumption of Japanese beef exports to its Asian neighbor, Japan’s foreign minister Toshimitsu Motegi said on Monday. *(Reuters)*

Americas

- [U.S.-based chip-tech group moving to Switzerland over trade curb fears](#) A US-based foundation overseeing promising semiconductor technology developed with Pentagon support will soon move to Switzerland after several of the group’s foreign members raised concerns about potential US trade curbs. *(Reuters)*
- [On Trump impeachment, divisions between urban and rural Democrats](#) First-term US congresswoman Axne, back home in her rural Iowa district for the Thanksgiving break, faced a room full of farmers on Saturday who made clear their opposition to the impeachment investigation of Republican President Trump. *(Reuters)*

Europe

- ['Resilient' Germany heading for fourth quarter growth as business morale rises](#) German business morale rose in November and Europe’s largest economy is on track to grow by 0.2% in the fourth quarter as its domestic strength more than offsets a manufacturing recession, the Ifo economic institute said. *(Reuters)*
- [EU close to addressing too-big-to-fail financial clearing house issue](#) European Union governments are close to agreeing new rules for handling failures of clearing houses, increasing the burden on these firms to limit losses that might rock the financial system, EU documents and sources said. *(Reuters)*
- [ECB has made government borrowing 1 percentage point cheaper: Lane](#) The European Central Bank’s bond-buying program has made borrowing over 10 years for Germany, France, Italy and Spain one percentage point cheaper, the ECB’s chief economist Philip Lane said on Monday. *(Reuters)*



26 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	0.275	22.42	23.20	28.50	0.275
CHIN WELL HOLDINGS BHD	1.520	23.66	17.57	5.99	1.520
KNM GROUP BHD	0.375	26.70	15.45	0.80	0.365
STAR MEDIA GROUP BHD	0.435	27.18	31.40	52.07	0.430
BLD PLANTATION BHD	5.440	28.70	24.36	8.05	5.440

*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
MKH BHD	1.570	88.70	92.57	98.97	1.610
TH PLANTATIONS BHD	0.520	86.25	91.06	98.53	0.575
TROPICANA CORP BHD	0.910	84.97	92.75	99.65	0.910
SARAWAK OIL PALMS BERHAD	3.250	84.73	87.11	85.60	3.310
KOTRA INDUSTRIES BHD	2.200	83.94	87.74	97.37	2.200
THONG GUAN INDUSTRIES BHD	3.430	83.87	87.07	85.05	3.580
TA ANN HOLDINGS BERHAD	3.040	83.81	87.78	95.88	3.060
TDM BHD	0.230	80.11	86.62	98.44	0.240
MCT BHD	0.265	79.06	87.41	97.97	0.280
RIMBUNAN SAWIT BHD	0.205	77.36	81.93	93.57	0.215
KIM LOONG RESOURCES BHD	1.370	74.31	77.82	87.49	1.400
INNOPRISE PLANTATIONS BHD	0.835	73.82	81.80	95.47	0.875
SARAWAK PLANTATION BHD	1.760	73.61	80.57	97.96	1.820
FGV HOLDINGS BHD	1.300	73.05	76.36	88.14	1.330
KESM INDUSTRIES BHD	8.720	72.84	77.40	88.19	8.850
KAWAN FOOD BHD	1.600	72.67	74.53	82.62	1.600
GUAN CHONG BHD	2.800	72.06	74.53	66.41	2.980
MGB BHD	0.695	71.64	77.64	86.45	0.695
LII HEN INDUSTRIES BHD	3.200	71.45	81.28	99.05	3.230
CARING PHARMACY GROUP BHD	2.500	71.26	72.58	81.17	2.510
CB INDUSTRIAL PRODUCT HLDG	0.940	70.82	72.18	64.82	0.990
JAYA TIASA HOLDINGS BHD	0.630	70.26	72.97	87.08	0.660
POWER ROOT BHD	2.340	70.05	75.64	95.85	2.340

*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	0.070	14.13	18.98	31.41	0.065	28/8/2020
MMAG HOLDINGS BHD -WB	0.100	25.43	16.35	2.74	0.095	27/11/2022
AXIATA GROUP-C37	0.010	26.86	24.68	28.88	0.005	31/12/2019
KNM GROUP-WB	0.110	29.97	20.21	1.46	0.110	21/4/2020
GD EXPRESS CA-CO	0.015	29.99	27.00	15.85	0.010	28/2/2020

Source: Bloomberg

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

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
ECO WORLD INTERNATIONAL	0.155	76.44	80.45	87.83	0.165	4/4/2022

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.***

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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