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Research Highlights

| BURSA | 1-Oct | Day chg | % chg |
|---------------------|----------|---------|--------|
| KLCI | 1,524.5 | -13.32 | -0.87% |
| FTSE EMAS | 11,224.2 | -86.9 | -0.77% |
| FTSE Smallcap | 16,051.5 | -27.18 | -0.17% |
| FTSE MESDAQ | 7,064.4 | -94.5 | -1.32% |
| KLSE Mkt Cap (RM'b) | 1,712.2 | -12.1 | -0.70% |

NEWS HIGHLIGHTS

- Velesto bags US\$12.4 mil contract from Petronas Carigali (Comment included in Kenanga Today)
- Hong Seng to acquire 51% stake in Covid-19 antibody testing kit distributor
- Landmarks sells lands in Indonesia's Treasure Bay Bintan for RM195m to Singapore's Blumont
- T7 Global terminates MoU with Mitsui E&S to supply ships in Vietnam
- TH Heavy Engineering executive director Mohamed Niza resigns

BURSA DAILY TRADING PARTICIPATION

| Participation | Net (RM'm) | Value (%) |
|-------------------|------------|-----------|
| Local Institution | 142.73 | 40.08 |
| Local Retail | 90.92 | 36.20 |
| Foreign | -233.65 | 23.72 |

MACRO BITS

- EU postpones trade talks with Australia amid sub deal anger
- Merck's Covid-19 pill results raise hopes for developing world
- Emerging market 'cryptoization' threatens financial stability - IMF
- Manufacturing downturn eased in September (See *Economic Viewpoint: Malaysia Manufacturing PMI*)
- May continue to appreciate amid reopening optimism, but minor technical correction likely (See *Economic Viewpoint: Ringgit Weekly Outlook*)
- MGS/GII yields to rise, on loosened restriction measures and higher UST yields (See *Economic Viewpoint: Bond Market Weekly Outlook*)
- Budget 2022 to focus on tourism, retail and SME sectors, says Tengku Zafrul
- Inflation rises slightly in September, but remain below BI's target (See *Economic Viewpoint: Indonesia Consumer Price Index*)
- Asean manufacturing conditions stabilised in September — IHS Markit
- Thailand to rely more on bonds to bridge USD68.0b funding gap
- US consumer spending increases; inflation eroding households' buying power
- US manufacturing expands further in September; shortages, prices rising, says ISM
- Euro zone inflation jumps to 13-year high, worsening ECB headache
- UK factories face mounting supply problems, staff shortages -PMI

| INDICES | 1-Oct | Day chg | % chg |
|------------|----------|---------|--------|
| Dow Jones | 34,326.5 | 482.5 | 1.43% |
| S&P 500 | 4,357.0 | 49.5 | 1.15% |
| NASDAQ | 14,566.7 | 118.1 | 0.82% |
| FTSE-100 | 7,027.1 | -59.4 | -0.84% |
| Nikkei 225 | 28,771.1 | -681.6 | -2.31% |
| SHCOMP | N.A. | N.A. | N.A. |
| HSI | N.A. | N.A. | N.A. |
| STI | 3,051.1 | -35.6 | -1.15% |
| KOSPI | 3,019.2 | -49.6 | -1.62% |
| TWSE | 16,570.9 | -363.9 | -2.15% |
| JCI | 6,228.8 | -58.098 | -0.92% |
| SET | 1,605.2 | -0.5 | -0.03% |

| FOREX | 1-Oct | 30-Sep | % chg |
|----------|--------|--------|--------|
| USD/MYR: | 4.1790 | 4.1862 | -0.17% |
| EUR/USD: | 1.1596 | 1.1571 | 0.22% |
| GBP/USD: | 1.3546 | 1.3434 | 0.83% |
| USD/YEN: | 111.05 | 112.04 | -0.88% |
| USD/SGD: | 1.3571 | 1.3615 | -0.32% |
| USD/HKD: | 7.7858 | 7.7888 | -0.04% |

KEY STATS

| KLCI Spot | | | |
|----------------------------|-----------|----------|---------|
| Vol (m shares): | 3,968.3 | 4,388.1 | -9.57% |
| Value (RMm): | 2,726.3 | 3,336.7 | -18.29% |
| KLCI Future | | | |
| Oct-21 | 1,520.0 | 1,538.0 | -1.17% |
| Nov-21 | 1,519.0 | 1,538.0 | -1.24% |
| CPO Price (RM/tonne) | | | |
| Soybean (US\$/bu) | 1,246.5 | 1,256.0 | -0.76% |
| SoyOil (US\$/lb) | 58.7 | 58.7 | 0.00% |
| Gold (US\$/troy oz) | 1,758.4 | 1,755.3 | 0.18% |
| Nymex crude oil (US\$/bbl) | 75.9 | 75.0 | 1.13% |
| Latex (RM/kg) | 5.01 | 5.04 | -0.60% |
| Tin (US\$/mt) | 35,060.00 | 35,271.0 | -0.60% |

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Sector Update: Banking, Consumer, Plantation, Property, Telecommunications
- Weekly Technical Review
- Regional News Update
- Economic Viewpoint: MY Manufacturing PMI, ID CPI, Ringgit Weekly Outlook, Bond Market Weekly Outlook

| # | Top Volume | | | | Top Gainer | | | | Top Loser | | | |
|----|------------|-------|------------|---------|------------|--------|------------|---------|-----------|-------|------------|---------|
| | Stock | Price | %Chg (+/-) | Vol (m) | Stock | Price | %Chg (+/-) | Vol (m) | Stock | Price | %Chg (+/-) | Vol (m) |
| 1 | PBBANK | 4.04 | -0.7 | 18.00 | SIMEPLT | 3.64 | 1.7 | 7.50 | TOPGLOV | 2.70 | -6.3 | 17.10 |
| 2 | TOPGLOV | 2.70 | -6.3 | 17.10 | HLBANK | 19.10 | 1.1 | 1.49 | MAXIS | 4.54 | -3.2 | 3.04 |
| 3 | GENM | 2.99 | -0.3 | 13.70 | RHBBANK | 5.49 | 0.6 | 2.02 | DIALOG | 2.32 | -2.9 | 7.45 |
| 4 | CIMB | 4.70 | -1.7 | 12.30 | PCHEM | 8.74 | 0.5 | 3.54 | MRDIY | 3.80 | -2.6 | 3.34 |
| 5 | SIMEPLT | 3.64 | 1.7 | 7.50 | PETGAS | 16.86 | 0.2 | 0.46 | HARTA | 6.00 | -2.4 | 5.14 |
| 6 | DIALOG | 2.32 | -2.9 | 7.45 | TM | 5.71 | 0.2 | 4.60 | CIMB | 4.70 | -1.7 | 12.30 |
| 7 | MAYBANK | 8.05 | 0.0 | 7.23 | MAYBANK | 8.05 | 0.0 | 7.23 | PMETAL | 5.65 | -1.6 | 4.98 |
| 8 | TENAGA | 9.60 | -0.8 | 6.99 | NESTLE | 132.70 | -0.3 | 0.08 | GENTING | 4.97 | -1.4 | 3.61 |
| 9 | HARTA | 6.00 | -2.4 | 5.14 | PPB | 18.30 | -0.3 | 0.54 | KLK | 19.88 | -1.2 | 0.70 |
| 10 | PMETAL | 5.65 | -1.6 | 4.98 | GENM | 2.99 | -0.3 | 13.70 | MISC | 6.83 | -1.2 | 1.73 |

Notes: # KL Composite Index (FBM KLCI) component stocks

Corporate News

- **Velesto bags US\$12.4 mil contract from Petronas Carigali**

Velesto announced that it has received a letter of award from Petronas for the provision of services for the Naga 2 jack-up rig, with an estimated contract value of USD12.4m. The contract is for 5 wells, with the extension option of 1+1 well. Expected commencement date is in December 2021. *(The Edge)*

Comment: We are positive on the contract win, giving VELESTO the much-needed order book replenishment to revive its rig utilisation visibility. While duration of the contract was not disclosed, based on the job scope, we estimate the duration of the contract to be ~5-6 months, assuming options are exercised. Charter rates should be within the range of ~USD70-75k/day, in-line with recent historical rates, with the contract expected to fetch EBITDA margins of ~45%, also similar to the group's historical range. Moving forward in the short-term, we expect rig utilisation outlook to still remain challenging; albeit in a slow and gradual recovery – with only 3 out of the group's 6 rigs having any amounts of secured jobs at hand for 2022. No changes to our UP call, TP of RM0.13 (pegged to 0.5x PBV) and FY21E/FY22E numbers, as the contract win is deemed to be well within our rig utilisation assumption of 50%/65% for FY21E/FY22E. (By: Steven Chan Zhi Wen)

- **Hong Seng to acquire 51% stake in Covid-19 antibody testing kit distributor**

Hong Seng Consolidated Bhd announced on Friday that it will be acquiring a 51% stake in Covid-19 antibody testing kit distributor RZAC Immunesafe Sdn Bhd for RM20m. In a statement, Hong Seng said that its wholly-owned subsidiary HS Bio Sdn Bhd has entered into a shares sale agreement with Datuk Seri Shahril Mokhtar, Datuk Wan Khalik Wan Muhammad and RZAC Business Sdn Bhd to undertake the proposed acquisition. *(The Edge)*

- **Landmarks sells lands in Indonesia's Treasure Bay Bintan for RM195m to Singapore's Blumont**

Landmarks Bhd is selling its entire stakes in five of its subsidiaries to Singapore's Blumont Group Ltd for a combined S\$63.4m (RM195.1m), which would be fully satisfied via the issuance of new shares in Blumont. The transaction is deemed a related party transaction as Landmark's executive deputy chairman, chief executive officer and substantial shareholder Mark Wee Liang Yee is also the controlling shareholder of Blumont, with a 51.37% stake as at April 5. *(The Edge)*

- **T7 Global terminates MoU with Mitsui E&S to supply ships in Vietnam**

T7 Global Bhd said the memorandum of understanding (MoU) it entered into with Japanese's Mitsui E&S Shipbuilding Co Ltd, under which the groups planned to collaborate and explore opportunities for the supply of ships in Vietnam, has been mutually terminated. In a Friday bourse filing, T7 Global said termination of the MoU took effect the same day. It entered the MoU via its wholly-owned subsidiary, T7 Marine Sdn Bhd. "The termination of the MoU does



not have any material financial impact to the company for the financial year ending Dec 31, 2021," it said. *(The Edge)*

- **TH Heavy Engineering executive director Mohamed Niza resigns**

TH Heavy Engineering Bhd (THHE) executive director Mohamed Niza Abu Bakar has resigned from his position effective immediately, citing his intention to pursue other interests or opportunities. Mohamed Niza, 46, has served in his current role as executive director for 14 months. In a bourse filing on Friday, THHE said the executive committee of the company will be overseeing its operations and will take over the responsibilities of Mohamed Niza for the time being. *(The Edge)*

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Macro Bits

Global

- [EU postpones trade talks with Australia amid sub deal anger](#) Australia's trade minister said on Friday talks with the European Union over a trade deal have been postponed, as a row over Canberra's decision to cancel a USD40.0b deal with France escalated. *(The Edge Markets)*
- [Merck's Covid-19 pill results raise hopes for developing world](#) As Merck & Co. races ahead with an experimental pill that could play a pivotal role in the fight against Covid-19, efforts are intensifying to bring the drug to developing countries that have struggled to vaccinate their populations. *(The Edge Markets)*
- [Emerging market 'cryptoization' threatens financial stability - IMF](#) The advent of digital currencies in emerging markets could spark "cryptoization" of local economies, potentially undermining exchange and capital controls and upsetting financial stability, the International Monetary Fund said on Friday. *(Reuters)*

Malaysia

- **Manufacturing downturn eased in September** Manufacturing PMI rose to 48.1 in September (Aug: 43.4) but remained at a contraction level (below 50-level). Pandemic restrictions continue to impede production capacity and demand. Nonetheless, external demand moderated at a slower pace, supported by demand from the Middle East and the US. *(See Economic Viewpoint: Malaysia Manufacturing PMI)*
- **May continue to appreciate amid reopening optimism, but minor technical correction likely** MYR may strengthen around the 4.17 level against the USD as the government is expected to allow more social and economic activities this week as Malaysia is approaching the target of fully vaccinating 90.0% of its adult population. *(See Economic Viewpoint: Ringgit Weekly Outlook)*
- **MGS/GII yields to rise, on loosened restriction measures and higher UST yields** Domestic yields may return to an uptrend this week, as local restriction measures continue to be relaxed and tracking a potential rise in UST yields, as the US debt ceiling issue persists. *(See Economic Viewpoint: Bond Market Weekly Outlook)*
- [Budget 2022 to focus on tourism, retail and SME sectors, says Tengku Zafrul](#) He said the government is optimistic that the country's economy will recover next year in line with the positive growth projections made by the International Monetary Fund (IMF) and World Bank for 2022. *(The Edge Markets)*

Asia Pacific

- **Inflation rises slightly in September, but remain below BI's target** Headline inflation edged up slightly in September (1.60%; Aug: 1.59%), but lower than consensus of 1.69%, and remained below Bank Indonesia's (BI) inflation target band of 2.0-4.0% for the sixteenth straight month. *(See Economic Viewpoint: Indonesia Consumer Price Index)*
- [Asean manufacturing conditions stabilised in September — IHS Markit](#) Following marked decreases in August, both output and new orders declined at noticeably slower rates, with the latter broadly stable in September as the respective seasonally adjusted index posted only just below the neutral 50.0 level. *(The Edge Markets)*
- [Thailand to rely more on bonds to bridge USD68.0b funding gap](#) Thailand plans to significantly increase the share of long-dated sovereign bonds to meet its financing needs as Southeast Asia's second-largest economy continues to reel from the coronavirus pandemic. *(The Edge Markets)*

Americas

- [US consumer spending increases; inflation eroding households' buying power](#) US consumer spending surged in August, but outlays adjusted for inflation were weaker than initially thought in the prior month, reinforcing expectations that economic growth slowed in the third quarter as Covid-19 infections flared up. *(The Edge Markets)*
- [US manufacturing expands further in September; shortages, prices rising, says ISM](#) US manufacturing activity picked up further in September, but factories experienced longer delays getting raw materials delivered and paid higher prices for inputs. *(The Edge Markets)*

Europe

- [Euro zone inflation jumps to 13-year high, worsening ECB headache](#) Euro zone inflation hit a 13-year high last month and looks likely to jump higher still, further clouding the European Central Bank's benign view of the biggest price spike since before the global financial crisis. *(The Edge Markets)*
- [UK factories face mounting supply problems, staff shortages -PMI](#) British factories in September suffered their weakest month since February when the country was still largely locked down, according to a survey which underscored the impact of supply chain problems and staff shortages for manufacturers. *(Reuters)*

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

| NAME* | LAST PRICE | RSI 14D | RSI 9D | RSI 3D | LOW 30D |
|----------------------------|------------|---------|--------|--------|---------|
| EURO HOLDINGS BHD | 0.425 | 15.57 | 9.83 | 2.07 | 0.425 |
| MGB BHD | 0.750 | 18.41 | 10.87 | 1.08 | 0.750 |
| GEORGE KENT (MALAYSIA) BHD | 0.655 | 24.28 | 14.18 | 0.18 | 0.650 |
| POS MALAYSIA BERHAD | 0.690 | 25.61 | 19.87 | 5.28 | 0.685 |
| HUME CEMENT INDUSTRIES BHD | 1.040 | 26.69 | 14.24 | 0.10 | 1.040 |
| N2N CONNECT BHD | 0.720 | 26.80 | 19.80 | 10.84 | 0.720 |
| COMFORT GLOVE BHD | 1.300 | 27.00 | 29.25 | 42.88 | 1.250 |
| TITIJAYA LAND BHD | 0.315 | 27.39 | 20.31 | 10.63 | 0.305 |
| KAREX BHD | 0.425 | 27.65 | 19.81 | 1.80 | 0.420 |

*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 |
|-----------------------------|------------|---------|--------|--------|---------|
| HARBOUR-LINK GROUP BHD | 1.440 | 86.79 | 91.93 | 98.87 | 1.490 |
| HONG LEONG CAPITAL BHD | 6.700 | 84.02 | 88.68 | 98.42 | 6.700 |
| HONG LEONG CAPITAL BHD | 6.700 | 84.02 | 88.68 | 98.42 | 6.700 |
| ANCOM BHD | 2.300 | 81.90 | 83.72 | 90.13 | 2.310 |
| CAN-ONE BHD | 4.580 | 79.98 | 82.88 | 90.44 | 4.800 |
| SURIA CAPITAL HOLDINGS BHD | 1.250 | 79.86 | 85.19 | 94.04 | 1.300 |
| DAIBOCHI BHD | 2.750 | 79.49 | 85.42 | 99.41 | 2.780 |
| RCE CAPITAL BHD | 3.340 | 76.43 | 81.26 | 93.78 | 3.350 |
| YINSON HOLDINGS BHD | 5.510 | 76.29 | 81.27 | 91.94 | 5.700 |
| SAM ENGINEERING & EQUIPMENT | 20.040 | 74.05 | 75.63 | 64.46 | 21.880 |
| BAHVEST RESOURCES BHD | 0.520 | 71.11 | 77.72 | 97.41 | 0.530 |

*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 |
|------------------------------------|------------|---------|--------|--------|---------|-------------|
| COMFORT GLOVE BHD-WB | 0.320 | 27.54 | 20.06 | 11.35 | 0.315 | 26/6/2026 |
| DAGANG NEXCHANGE BHD-CA | 0.055 | 28.89 | 22.46 | 4.52 | 0.055 | 28/3/2022 |
| HANG SENG INDEX-IF | 0.010 | 29.48 | 24.67 | 12.12 | 0.010 | 28/10/2021 |
| ECO WORLD DEVELOPMENT GROUP BHD-WA | 0.015 | 29.80 | 20.07 | 0.40 | 0.010 | 26/3/2022 |

Source: Bloomberg

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

| NAME | LAST PRICE | RSI 14D | RSI 9D | RSI 3D | LOW 30D | EXPIRY DATE |
|-------------------------------|------------|---------|--------|--------|---------|-------------|
| HONG SENG CONSOLIDATED BHD-CF | 0.640 | 91.66 | 93.87 | 98.31 | 0.640 | 18/7/2022 |
| ANCOM BHD-WB | 1.300 | 80.65 | 81.09 | 84.56 | 1.360 | 9/9/2025 |
| KELINGTON GROUP BHD-WB | 0.950 | 79.61 | 77.45 | 56.92 | 1.090 | 24/7/2026 |
| MESB BHD-WA | 0.255 | 78.66 | 83.84 | 94.14 | 0.325 | 30/12/2022 |
| ECOFIRST CONSOLIDATED BHD-WD | 0.145 | 76.97 | 82.76 | 96.89 | 0.145 | 22/7/2026 |
| MESTRON HOLDINGS BHD-WA | 0.155 | 74.08 | 81.35 | 99.00 | 0.160 | 17/8/2026 |

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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