



PublicInvest Research Daily

KDN PP17686/03/2013(032117)

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,594.75	1.20	0.1
DOW	28,004.89	222.93	0.8
S&P 500	3,120.46	23.83	0.8
NASDAQ	8,540.83	61.81	0.7
FTSE-100	7,302.94	10.18	0.1
SHANGHAI	2,891.34	-18.53	-0.6
HANG SENG	26,326.66	2.97	0.0
STI	3,238.86	7.01	0.2
NIKKEI 225	23,303.32	161.77	0.7
JCI	6,128.35	29.40	0.5

MARKET ACTIVITY

VOL(m)	VAL(RMm)
2,689.22	1,694.77

BURSA'S MARKET SHARE (%)

Retail	26.6%
Institutional	50.7%
Foreign	22.7%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Nov)	1,596.00	0.50	0.0
OIL - BRENT (USD/b)	63.30	1.02	1.6
CPO FUTURE (RM/ton)	2,571.00	-35.00	-1.3
RUBBER (RM/kg)	437.00	-5.50	-1.2
GOLD (USD/Ounce)	1,468.30	-3.10	-0.2

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.15	-0.1
MYR/SGD	3.05	0.0
YUAN/MYR	1.69	-0.1
YEN/MYR	26.12	-0.1
MYR/EURO	4.58	0.1
MYR/GBP	5.35	0.2

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
SAPURA ENERGY BH	0.30	351.00
BUMI ARMADA BHD	0.53	220.36
DGB ASIA BHD	0.15	80.95
PWORTH	0.04	72.33
MLABS SYSTEMS	0.07	66.44

TOP 5 GAINERS	LAST CLOSE	RM (+)
FRASER & NEAVE	34.86	0.26
HEINEKEN MALAYSI	26.30	0.16
APEX HEALTHCARE	2.45	0.14
IHH HEALTHCARE B	5.35	0.11
BATU KAWAN BHD	15.50	0.10

TOP 5 LOSERS	LAST CLOSE	RM (-)
NESTLE (MALAY)	143.70	-1.30
PETRONAS DAGANGA	23.76	-0.20
BRIT AMER TOBACC	17.00	-0.18
AYER HOLDINGS BH	4.11	-0.14
KUALA LUMPUR KEP	22.40	-0.12

Gainers – 382 Losers – 423 Unchanged – 457

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Monday, November 18, 2019

HIGHLIGHTS

Economics: 3Q19 GDP – Moderating Growth

Malaysia's 3Q19 GDP growth came in at 4.4% YoY from 4.9% in 2Q as resilient private consumption offset weaker exports. On a QoQ basis, 3Q GDP rose by a seasonally-adjusted 0.9% after rising by 1.0% in 2Q. Private consumption and services sectors sustained as the primary growth drivers on the back of a steady 3Q momentum that was in line with historical average. 3Q19 GDP came in below our expectation. Full-year growth is now expected to only hit 4.7%, a notch lower than the previous projection of 4.8%. This is broadly consistent with BNM's 2019 growth expectations of 4.3%-4.7%. 2020 growth expectation is also lowered to 4.8%.

Economics: 3Q19 Balance of Payment – Current Account Surplus Improves

Malaysia's 3Q19 balance of payment (BOP) position improved on the back of an increase in the current account surplus-to-GNI (3Q19: 3.1%; 3Q18: 1.1%), driven by a resilient trade surplus that offset selling pressure in capital markets. Trade surplus expanded by 33.3% YoY to RM33.5bn in 3Q thanks to our favourable trade mix. Marked slowdown in capital and intermediate goods imports helped the trade surplus, reflected by the higher surplus in the goods account in 3Q (RM30.7bn; 3Q18: RM26.3bn).

Technicals: WCE Holdings – Possible For Upside (3565, Technical Buy)

WCEHB is attempting to establish a new uptrend. Improving RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM0.420 be broken, it may continue to lift price higher to subsequent resistance level of RM0.455. However, failure to hold on to support level of RM0.355 may indicate weakness in the share price and hence, a cut-loss signal.

Technicals: CUSCAPI – Possible For Upside (0051, Technical Buy)

CUSCAPI is well-supported following its recent pullback. Slightly improved RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in near term. Should resistance level of RM0.190 be genuinely broken, it may continue to lift price higher to subsequent resistance levels of RM0.200 and RM0.210. However, failure to hold on to support level of RM0.180 may indicate weakness in the share price and hence, a cut-loss signal.

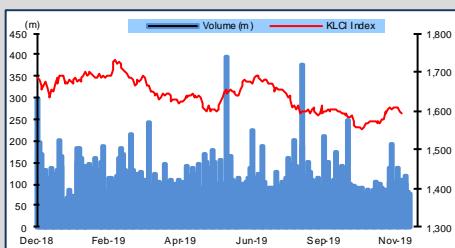
HEADLINES

Economy

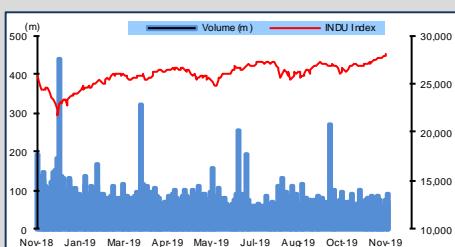
§ **US: Retail sales rise modestly, factory output tumbles.** US retail sales rebounded moderately in Oct although consumers did cut back on purchases of big-ticket household items like furniture and discretionary spending, which could temper expectations for a strong holiday shopping season. Signs from the Commerce Department report that consumer spending was slowing faster than economists had expected, and news that production at factories tumbled again in Oct. (Reuters)



FBM KLCI



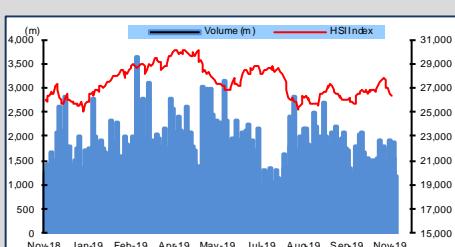
DOW JONES



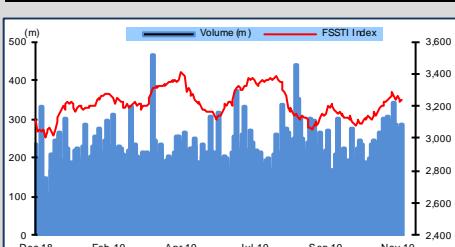
S&P 500



HANG SENG



STRAITS TIMES



Source: Bloomberg, PublicInvest Research

§ **US: Business inventories unexpectedly unchanged in Sept.** A report released by the Commerce Department showed business inventories in the US were virtually unchanged in the month of Sept. The business inventories came in unchanged in Sept after edging down by 0.1% in Aug. Economist had expected inventories to inch up by 0.1%. Business inventories came in unchanged as wholesale inventories fell by 0.4%, offsetting increases in retail and manufacturing inventories, which rose by 0.2% and 0.3%, respectively. (RTT)

§ **US: Industrial production slumps due to strike at GM.** Industrial production in the US fell by much more than expected in the month of Oct, according to a report released by the Federal Reserve, with manufacturing production showing a notable decrease due to the since-resolved strike at General Motors (GM). The industrial production tumbled by 0.8% in Oct after falling by a revised 0.3% in Sept. The steep drop reflected the biggest decrease in production since May of 2018. (RTT)

§ **US: Import prices fall 0.5% in Oct amid steep drop in fuel prices.** Import prices in the US fell by much more than expected in the month of Oct, according to a report released by the Labor Department. The import prices slid by 0.5% in Oct after inching up by a revised 0.1% in Sept. Economists had expected import prices to dip by 0.2% compared to the 0.2% uptick originally reported for the previous month. The bigger than expected decrease in import prices was driven by lower petroleum prices which plummeted by 3.7%. (RTT)

§ **EU: ECB's Muller says more assets could join stimulus list in slump.** European Central Bank policy maker Madis Muller said the central bank could broaden its asset-purchase program, if the economic situation in the euro area deteriorates significantly. Muller cited the Japanese and Swiss central banks as examples of policy makers pursuing wider stimulus efforts than in the eurozone. The comments come as the ECB struggles to revive inflation through stimulus measures. (Bloomberg)

§ **China: Major cities drag on new home prices in Oct.** China's new home prices maintained steady growth in Oct but soft patches emerged in the country's larger cities where momentum slowed, suggesting local authorities could relax some anti-speculative measures to prop up faltering demand. Average new home prices in China's 70 major cities rose 0.5% in Oct from the previous month, in line with Sept's growth and marking the 54th straight month of gains, based on National Bureau of Statistics (NBS) data. Most of the 70 cities surveyed by the NBS still reported monthly price increases for new homes. (Reuters)

§ **Hong Kong: Confirms economy fell into recession amid protests, trade war.** Hong Kong sank into recession for the first time in a decade in the 3Q, government data confirmed, weighed down by increasingly violent anti-government protests and the escalating US-China trade war. The economy shrank by 3.2% in July-Sept from the previous quarter on a seasonally adjusted basis, revised government data showed, in line with a preliminary reading. GDP contracted for the second consecutive quarter, meeting the technical definition of a recession. (Reuters)

§ **Singapore: Home sales fall in October.** Singapore private home sales decreased sharply in October, the Urban Redevelopment Authority reportedly said on Friday. Home sales totaled 928 units in October compared to 1,270 units in September. However, this was around 85% higher than in the same period of last year. Developers launched 892 units for sale, which was below 1,714 units launched in September. Including executive condominiums, developers moved 955 units in October versus 1,298 units a month ago. (RTT)



Markets

§ **IHH (Outperform, TP: RM7.00): Fortis takeover faces fresh legal hurdle after court order.** India's Supreme Court refused to remove a barrier to the takeover of embattled hospital chain Fortis Healthcare Ltd by Malaysian operator IHH Healthcare. (The Edge)

Comments: To recap, after acquiring 31.1% controlling stake in Fortis, IHH aims to obtain another 26% stake in Fortis through an open offer. However, the Supreme Court of India has halted the open offer due to legal proceedings between Daiichi Sankyo and Fortis' previous promoters, the Singh brothers. We do not expect this to impact IHH nor Fortis significantly as IHH has already gained board control over Fortis. However, we expect a further delay in IHH obtaining the remaining 26% stake in Fortis. Maintain **Outperform**, with a TP of RM7.00.

§ **Dayang (Neutral, TP: RM1.80): Issues RM682.5m sukuk murabahah.** Dayang Enterprise Holdings (DEHB) has completed its issuance of RM682.5m in nominal value of Sukuk Murabahah in two tranches. "Tranche 1 Sukuk Murabahah of RM455m is secured by a list of specified securities while Tranche 2 Sukuk Murabahah of RM227.5m is unsecured but is guaranteed by Danajamin Nasional," it said. DEHB said the proceeds shall be utilised to part finance the settlement sum, including the principal and profit/interest amounts due for certain specified financing facilities of DEHB and its group of companies. (SunBiz)

§ **Press Metal: Acquires 25% stake in Indonesian alumina firm for RM333m.** Press Metal Aluminium Holdings inked an agreement to take up a 25% stake in PT Bintan Alumina Indonesia (PT BAI) for USD80.2m (RM333.36m). PT BAI is building a million-tonne alumina refinery plant in Indonesia's Bintan island, with plans for a second phase. It said the USD66.2m of purchase consideration will be secured through bank borrowings, and the remaining USD14m via internally-generated funds. (The Edge)

§ **GDB: Secures RM67.9m Autohaus contract.** GDB Holdings has secured a RM67.9m construction contract as it has been appointed as the main contractor for Hap Seng Star Mercedes-Benz Autohaus in Setia Alam, Selangor. The contract entails the construction of a 3S (sales, service and spare parts) Autohaus, comprising a seven-story block, which consists of a ground floor and six storeys with two mezzanine floors and a rooftop. The contract will be for a duration of 15 months, to Feb 27, 2021. (SunBiz)

§ **SunCon: Sued by property developer over LRT3 project.** Sunway Construction Group's (SunCon) wholly-owned subsidiary Sunway Construction SB (SCSB) and Prasarana Malaysia have been served a writ of summon and a statement of claim by property developer PNSB Acmar SB for over RM711.4m in damages due to the LRT3 project. "SunCon is currently seeking the professional advice of its solicitors on the matter and will make further announcement on the developments in due course," the group said. (The Edge)

§ **Coastal Contracts: To sell two low-end vessels and charter two offshore support vessels.** Coastal Contracts said its wholly-owned subsidiaries Coastal Marine Pte Ltd and Coastal International Marine Inc have secured contracts for the sale of two units of low-end vessels. Coastal Marine and another subsidiary, Coastal Dynamic Pte Ltd, have also been awarded with charter contracts for two units of offshore support vessels, the group said. The tenure for the charter contract is less than one year, Coastal Contracts said. (The Edge)



MARKET UPDATE

§ The FBM KLCI might open higher today as the Dow Jones Industrial Average marked history last Friday by finishing at a round-number milestone at 28,000, but the blue-chip benchmark couldn't have scaled the thousand-point milestone without a rally in Apple and shares of Home Depot. The Dow closed up 222.93 points, or 0.8%, to help it finish at a record 28,004.89, representing the blue-chip index's 11th record close of 2019 and its first 1,000-point milestone since July 11. The moves for the Dow on Friday came as the S&P 500 index added 0.8% and the Nasdaq Composite rose 0.7%, which also finished at all-time closing highs. For the full year so far, the Dow is up about 20%, the S&P 500 has gained 24.5%, while the Nasdaq has climbed nearly 29% in the year to date. European markets finished higher with the CAC 40 added 0.65% while Germany's DAX rose 0.47% and London's FTSE 100 tacked on 0.14%.

Back home, the FBM KLCI index gained 1.20 points or 0.08% on Friday. Trading volume increased to 2.69bn worth RM1.69bn. Market breadth was negative with 382 gainers as compared to 423 losers. The regional markets finished mixed with the Hang Seng gained 0.01%, while China's Shanghai Composite was off 0.64%. Shares in Japan were unchanged with the Nikkei 225 at 23,303.30..



TECHNICAL OUTLOOK

FBM KLCI: 1594.75 (+1.20; +0.07%)

Resistance: 1600, 1622, 1636

Support: 1500, 1551, 1580

FBM KLCI Daily Chart



The local benchmark inched up last Friday. At the close, the FBM KLCI was up 1.20 points to end at 1594.75. Market breadth remained negative as losers outnumbered gainers 423 to 382. The FBM KLCI is anticipated to trend sideways within the 1580 and 1600 marks in the near term. Notably, outlook for the FBM KLCI is still deemed healthy should the index retrace but remain above the 1580 horizon at this juncture. Support levels for the index are at 1500, 1551 and 1580, while the resistance levels are at 1600, 1622 and 1636.

**ECONOMIC MONITOR** (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
18-Nov-19	China FDI YoY	Oct	--	3.8%
19-Nov-19	US Housing Starts	Oct	1320K	1256K
20-Nov-19	Malaysia CPI YoY	Oct	1.0%	1.1%
21-Nov-19	Euro-Zone Consumer Confidence	Nov	-7.2	-7.6
21-Nov-19	US Initial Jobless Claims	16-Nov	218K	225K
21-Nov-19	US Existing Home Sales	Oct	5.49m	5.38m
22-Nov-19	Euro-Zone Markit PMI Manufacturing	Nov	46.4	45.9
22-Nov-19	Euro-Zone Markit PMI Services	Nov	52.4	52.2
22-Nov-19	US Markit PMI Manufacturing	Nov	51.5	51.3
22-Nov-19	Malaysia Foreign Reserves	15-Nov	--	USD103.2bn

CORPORATE MONITOR**RESULTS**

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Mega First Corporation	3QFY19	18-Nov-19
Sarawak Plantation	3QFY19	19-Nov-19
KLK	4QFY19	19-Nov-19
Hock Seng Lee	3QFY19	18-19-Nov-19
Ta Ann	3QFY19	20-Nov-19
CCK Consolidation	3QFY19	21-Nov-19
Wah Seong Corporation	3QFY19	21-Nov-19
WCT Holdings	3QFY19	21-Nov-19
E.A. Technique	3QFY19	21-Nov-19
Kossan	3QFY19	21-Nov-19
Apex Healthcare	3QFY19	21-Nov-19
Dayang Enterprise	3QFY19	25-Nov-19
TSH Resources	3QFY19	25-Nov-19
IOI Corporation	1QFY20	26-Nov-19
IJM Corporation	2QFY20	26-Nov-19
Serba Dinamik	3QFY19	26-28-Nov-19
D&O	3QFY19	27-Nov-19
Genting Plantation	3QFY19	27-Nov-19
KPJ Healthcare	3QFY19	27-28-Nov-19
Genting Malaysia	3QFY19	28-Nov-19
Genting Bhd	3QFY19	28-Nov-19
FGV Holdings	3QFY19	28-Nov-19
Sime Darby Plantation	3QFY19	29-Nov-19
IHH Healthcare	3QFY19	29-Nov-19
QL Resources	2QFY19	29-Nov-19

**CORPORATE MONITOR****COMPANY VISITS / BRIEFING**

<u>Company</u>	<u>Date</u>	<u>Time</u>
WCT Holdings	22-Nov-19	10.00am
IJM Corporation	26-Nov-19	4.30pm

IPO LISTING

<u>Company</u>	<u>Listing Sought</u>	<u>Issue Price (RM/Share)</u>	<u>No. Of Shares</u>		<u>Closing Application Date</u>		<u>Listing Date</u>
			<u>Public Issue</u>	<u>Offer For Sale</u>	<u>Retail</u>	<u>Institutional</u>	
Solarvest Holdings	ACE Market	RM0.35	98,828,000	-	11-Nov-19	11-Nov-19	26-Nov-19

OFF-MARKET TRANSACTIONS (>1,000,000)

15-Nov-2019

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Sentoria Group	13,333,334	2,000,000	0.15
Gopeng	2,453,870	1,600,000	0.65
Dialog Group	1,672,000	5,730,000	3.43
Green Packet	6,000,000	4,350,000	0.73
Leweko Resources	14,000,000	2,800,000	0.20

ENTITLEMENTS

<u>Company</u>	<u>Particulars</u>	<u>Gross DPS (RM)</u>	<u>Announcement Date</u>	<u>Ex-Date</u>	<u>Lodgement Date</u>	<u>Payment Date</u>
Sunway REIT	First Income Distribution 2.50 Sen per unit	0.025	5-Nov	19-Nov	20-Nov	4-Dec
Nylex (Malaysia)	FINAL SINGLE-TIER DIVIDEND 1 SEN	0.010	24-Sep	20-Nov	21-Nov	5-Dec
Dayang Enterprise Holdings	Rights Issue		7-Nov	20-Nov	21-Nov	
ACME Holdings	BONUS ISSUE OF WARRANTS		7-Nov	20-Nov	21-Nov	
DIGI.com	Third Interim T.E. (single-tier) Dividend 4.5 Sen	0.045	18-Oct	21-Nov	22-Nov	19-Dec
United Plantations	An Interim Dividend of 20 sen	0.200	11-Nov	22-Nov	25-Nov	6-Dec
United Plantations	A Special Dividend of 10 sen	0.100	11-Nov	22-Nov	25-Nov	6-Dec

TE- Tax Exempt



RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.zxc
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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