



AmWatch

Equity Research Team
(603- 2070 2444)

1 June 2020

BURSA MALAYSIA

KLCI	1,473.25 (+15.75)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,574.46
Daily Volume (m shares)	9,314.76
Daily Value (RMmil)	9,383.96

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
CARLSBG	28.88	2.60
PETDAG	23.48	2.02
PETGAS	19.00	1.70
HARTA	12.54	1.40
QL	10.12	0.80

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
TENAGA	11.26	-0.64
NESTLE	139.00	-0.60
TIMECOM	10.70	-0.54
PBBANK	14.66	-0.52
MPI	11.00	-0.46

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,473.25	1.1	-7.3
Singapore	2,510.75	-0.2	-22.1
Thailand	1,342.85	0.4	-15.0
Philippines	5,838.84	4.8	-25.3
Indonesia	4,753.61	0.8	-24.5
Hong Kong	22,961.47	-0.7	-18.5
Korea	2,029.60	0.1	-7.6
Taiwan	10,942.16	0.0	-8.8
Japan	21,877.89	-0.2	-7.5
Dow Jones	25,383.11	-0.1	-11.1
Nasdaq	9,489.87	1.3	5.8

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.3465	-0.2	6.2
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	35.49	5.3	-41.9
CPO spot price (RM/tonne)	2,273.00	0.0	-24.6

STOCK FOCUS OF THE DAY

RHB Bank: Sizeable FVTOCI reserves to mitigate NIM pressure **Buy**

We maintain our BUY recommendation on RHB Bank with a revised fair value of RM5.80/share (previously: RM5.70/share). We continue to peg the stock to an FY20 P/BV of 0.9x supported by an ROE of 8.6%. We fine-tune our 20/21 earnings by +0.4%/-0.8 to reflect slower loan growth of 2%/3% and a moderation in deposit growth.

1Q20 earnings were RM571mil (-9.4% YoY), a flat total income of +0.2% YoY. Higher net interest income was offset by lower non-interest income attributed to unrealised marked-to-market (MTM) losses on FVTPL securities from swings in MGS yields. In April 2020, yields have turned more favourable, and this has reversed the losses, turning into gains. Net profit was within expectations, making up for 25.0% of ours and 25.2% of consensus estimate.

Valuation continues to be appealing with the stock trading at FY20 P/BV of 0.7x. Its capital position remains strong compared to its peers with a high CET1 ratio at the group and bank entity levels. With its higher FVTOVCI reserves and low interest rate environment sustaining, there is room for the group to further dispose of a portion of its securities to realised gains from the favourable movement in yields.

Others:

Guan Chong: Ivory Coast expansion plans delayed to 2H2021 **Buy**

Hong Leong Bank: Gradually building up preemptive provisioning **Buy**

HLFG: Slower contributions from all divisions in 3QFY20 **Buy**

IOI Properties: Weaker 9MFY20 but outlook stable as conditions improve **Buy**

Mah Sing Group: A soft patch in 1QFY20, expects stronger 2HFY20 **Buy**

Pecca Group: 3QFY20 dampened by MCO **Underweight**

Star Media Group: Covid-19 hastens decline in print **Underweight**

QUICK TAKE

Plantation Sector: News flow for week 25 – 29 May **Underweight**

RETAIL RESEARCH

Stocks On Radar: DRB-Hicom, Can-One

NEWS HIGHLIGHTS

Construction: Deferment of KL-Singapore HSR project extended to Dec 31, 2020

Green Packet: To install thermal scanners in 63 schools

Technology: Chip industry seeks billions to expand US manufacturing

US: Retailers already hit by coronavirus board up as protests rage

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
MYSCM-PA	199,860	0.050	9,993
HSPLANT	27,070	1.650	44,670
AEM	7,700	0.015	119
MUIIND	7,500	0.145	1,088
ECONBHD	6,000	0.590	3,540
SERBADK	5,000	1.640	8,200
XINGHE	5,000	0.135	675
MMAG	4,400	0.340	1,496
SEG	4,200	0.650	2,730
TDEX	3,700	0.005	19
JAKS	2,000	0.885	1,770
CHGP-WA	1,840	0.060	110
ETH	1,300	0.190	247
SDS	900	0.235	212
AFFIN	244	1.430	349
KPOWER	163	2.070	338

News Highlights

Construction

Deferment of KL-Singapore HSR project extended to Dec 31, 2020

The Malaysian and Singaporean governments have agreed to resume discussions on the Kuala Lumpur-Singapore High-Speed Rail (HSR) infrastructure project in the near future, said Senior Minister cum International Trade and Industry Minister Datuk Seri Mohamed Azmin Ali. In a statement yesterday, he said the discussions would encompass some of the proposed changes in the commercial and technical aspects of the project. — *theedgemarkets.com*

Green Packet (RM0.835)

To install thermal scanners in 63 schools

Green Packet Bhd has inked a deal with United Chinese School Committees' Association of Malaysia (Dong Zong) to deploy its KipleLive thermal scanners in 63 independent Chinese secondary schools nationwide. "Starting from this week, Green Packet will install KipleLive thermal scanners at schools located in the Klang Valley, and over the next 2 weeks, the scanners will be fully installed in all 63 schools, including the ones in Sabah and Sarawak," KipleLive chief executive officer Ti Lian Seng said in a statement yesterday. — *theedgemarkets.com*

Technology

Chip industry seeks billions to expand US manufacturing

The American semiconductor industry is gearing up for a lobbying push to obtain billions of dollars in federal funding for factory building and research to keep the US ahead of China and other countries that heavily subsidize their chip industries. The US\$37 billion in proposals from the Semiconductor Industry Association, a trade group, includes subsidies for the construction of a new chip factory, aid for states seeking to attract semiconductor investment and an increase in research funding, according to a draft of the proposals viewed by The Wall Street Journal. — *WSJ.com*

US

Retailers already hit by coronavirus board up as protests rage

Retail giant Target Corp said on Sunday it shuttered stores across the US as retailers already reeling from closures because of the coronavirus pandemic shut outlets amid protests that included looting in many US cities. In Los Angeles, protests led to the looting of the Alexander McQueen clothing store on Rodeo Drive, and a Gucci store. In the nearby Grove Shopping Center, which houses 51 upscale stores, Nordstrom, Ray Ban and Apple were broken into. — *Reuters*

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