



AmWatch

Equity Research Team
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3 June 2020

BURSA MALAYSIA

KLCI	1,507.69 (+17.55)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,593.51
Daily Volume (m shares)	9,840.98
Daily Value (RMmil)	6,247.16

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
PBBANK	15.64	1.06
AIRPORT	5.79	0.72
GENTING	4.43	0.43
HAPSENG	7.79	0.42
BURSA	8.35	0.32

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
CARLSBG	25.18	-1.00
HEIM	21.50	-0.90
NESTLE	139.20	-0.80
TOPGLOV	14.80	-0.74
RUBEREX	3.80	-0.74

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,507.69	1.2	-5.1
Singapore	2,611.63	2.4	-19.0
Thailand	1,374.18	1.6	-13.0
Philippines	6,025.17	1.6	-22.9
Indonesia	4,847.51	2.0	-23.0
Hong Kong	23,995.94	1.1	-14.9
Korea	2,087.19	1.1	-5.0
Taiwan	11,127.93	0.4	-7.2
Japan	22,325.61	1.2	-5.6
Dow Jones	25,742.65	1.1	-9.8
Nasdaq	9,608.38	0.6	7.1

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.2765	-0.9	4.5
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	36.81	3.9	-39.7
CPO spot price (RM/tonne)	2,368.50	3.7	-21.5

SECTOR FOCUS OF THE DAY

Gloves Sector: Selling prices soar as demand outstrips supply **Overweight**

We are keeping our **OVERWEIGHT** call for the glove sector. We believe that selling prices will continue to soar for the next 12 months as lead time stretches up to 12 months. The glove companies' earnings will be further pushed by expanded margins as raw material prices remain low, selling prices continue to grow, USD continues to strengthen over MYR and expansion plans remain intact for the glove producers.

Our house projection for the USD/MYR rate is an average of RM4.29 in 2020 and RM4.25 in 2021. We think that a stronger ringgit will even help further expand net margins for glove companies because unlike pre-Covid-19 times, cost savings are not passed through to customers due to supply constraints.

Glovemakers are now expecting glove demand to increase by roughly 30–50% (8–10% pre-Covid-19). The higher demand has resulted in a shortage of supply, pushing up average selling prices for these medical gloves. ASPs are trending upwards and glovemakers now guide for around 5–15% QoQ gradual increases while spot selling prices for gloves skyrocketed 100–400% in the past few months as panic buying of gloves ensues. We raise our ASP assumptions for the glovemakers by around 2–9%. We believe selling prices will continue to grow in 2021 as a vaccine for Covid-19 is expected to take roughly 12–18 months to create.

Others:

Dialog Group: Counter-cyclical growth momentum

Padini Holdings: Putting online platform into focus

Buy

Buy

QUICK TAKE

TSH Resources: Another fire at Ekowood's plant in Gopeng **Sell**

RETAIL RESEARCH

Stocks On Radar: Hibiscus Petroleum, Scientex

NEWS HIGHLIGHTS

Takeovers & Mergers: TA Enterprise should have considered risks before announcing offer — SC

Singapore: Authorities begin joint investigation into Hyflux

Technology: Zoom sees sales boom amid pandemic

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
AT-WC	100,000	0.050	5,000
AGES	48,450	0.157	7,624
DWL-PA	21,950	0.115	2,515
JASKITA	19,340	0.070	1,354
GPACKET	15,600	0.770	12,010
SERBADK	5,000	1.650	8,250
TOMYPAK-WA	1,500	0.020	30
OMESTI	1,000	0.500	500
HIBISCS	700	0.628	440
SEG	650	0.500	325
CFM	646	1.060	685
DELEUM	500	0.740	370
ECOWLD	170	0.565	96
PGLOBE	165	0.800	132
IJM	161	1.910	307
AMTEL	100	0.450	45

News Highlights

Takeovers & Mergers

TA Enterprise should have considered risks before announcing offer — SC

Any announcement of a firm offer should be made only after careful and responsible consideration, the Securities Commission (SC) said yesterday in rejecting TA Enterprise Bhd's (TAE) application to withdraw its takeover offer for TA Global Bhd shares. The SC said it decided not to approve the withdrawal application after taking into consideration several factors, including the justifications provided by the applicant and precedents from other jurisdictions. — *theedgemarkets.com*

Singapore

Authorities begin joint investigation into Hyflux

The authorities have launched a joint investigation into troubled water treatment firm Hyflux Ltd and its current and former directors for suspected false and misleading statements and breaches of disclosure requirements. The authorities involved are the Commercial Affairs Department (CAD) of the Singapore Police Force, the Monetary Authority of Singapore (MAS) and the Accounting and Corporate Regulatory Authority (ACRA). — *Bernama*

Technology

Zoom sees sales boom amid pandemic

When it comes to its growth rate, video conference company Zoom has lived up to its name. Use of the firm's software jumped 30-fold in April, as the coronavirus pandemic forced millions to work, learn and socialise remotely.

At its peak, the firm counted more than 300 million daily participants in virtual meetings, while paying customers have more than tripled.

Its newfound popularity has boosted the firm's finances, despite rising costs. On Tuesday, Zoom said it expects sales as high as US\$1.8bil this year — roughly double what it forecast in March. — *BBC.com*

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