



AmWatch

Equity Research Team
(603- 2070 2444)

23 June 2020

BURSA MALAYSIA

KLCI	1,511.24 (+3.98)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,588.27
Daily Volume (m shares)	6,525.95
Daily Value (RMmil)	4,999.17

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
BLDPLNT	5.80	1.02
PPB	17.86	0.56
SCOMNET	1.50	0.26
HLFG	14.28	0.26
KLCC	7.95	0.23

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
QL	9.40	-0.40
AIRPORT	5.45	-0.20
CHINTEK	5.50	-0.19
IMASPRO	2.14	-0.19
CARLSBG	22.74	-0.16

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,511.24	0.3	-4.9
Singapore	2,629.69	-0.2	-18.4
Thailand	1,352.18	-1.4	-14.4
Philippines	6,347.43	0.5	-18.8
Indonesia	4,918.83	-0.5	-21.9
Hong Kong	24,511.34	-0.5	-13.0
Korea	2,126.73	-0.7	-3.2
Taiwan	11,572.93	0.2	-3.5
Japan	22,437.27	-0.2	-5.2
Dow Jones	26,024.96	0.6	-8.8
Nasdaq	10,056.47	1.1	12.1

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.2787	0.3	4.6
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	40.46	1.8	-33.7
CPO spot price (RM/tonne)	2,485.00	3.8	-17.6

SECTOR FOCUS OF THE DAY

Plantation Sector: A sigh of relief as CPO prices have stabilised **Neutral**

We upgrade the recommendations on our plantation stocks from **SELL** to **HOLD**. Although we have a **HOLD** on Kuala Lumpur Kepong (KLK), we would recommend KLK (fair value: RM24.40) for investors, who would like exposure to the palm oil sector. This is due to KLK's young oil palm trees in Indonesia and cheaper PE relative to the other large-cap planters.

We are neutral on the plantation sector as we think that there is a balance between the positive and negative factors. Although palm demand from India and China is improving, this is expected to be offset by climbing palm production in Malaysia and Indonesia in 2H2020.

As prospects are not as bleak as before, we have raised the fair values for the companies in our stock universe on higher PE assumptions. Our previous PE assumptions were based on trough market conditions. We have assumed PEs of 27x for large-caps like IOI Corporation and Kuala Lumpur Kepong (vs. 20x previously) and 22x–25x for smaller companies like IJM Plantations and TSH Resources (vs. 18x previously).

We would turn positive on the plantation sector if palm inventory declines. Generally, palm production declines when unfavourable weather affects FFB yields. Currently, palm inventory is forecast to rise on the back of higher production. Malaysia's palm inventory stood at 2.03mil tonnes as at end-May 2020 vs. 1.76mil tonnes as at end-January 2020 and 2.45mil tonnes as at end-May 2019.

RETAIL RESEARCH

Stocks On Radar: Poh Kong, Tek Seng Holdings

NEWS HIGHLIGHTS

Genting Malaysia: Genting SkyWorlds outdoor theme park to open 2Q21

Rubberex: Hextar's ED Ong Choo Meng ups stake, triggers MGO

Malaysia: Freeze on recruitment of foreign workers until year-end

Divestment: SoftBank to sell part of T-Mobile stake in US\$21bil deal

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
AGES-PA	168,990	0.025	4,225
WIDAD	60,610	0.540	32,730
RUBEREX	57,250	1.800	103,050
SERBADK	20,000	1.600	32,000
GPACKET	13,000	0.670	8,710
FOCUSP	4,000	0.405	1,620
KOSSAN	4,000	6.810	27,240
TROP	3,830	0.780	2,987
XINGHE	3,000	0.225	675
ENGAH	1,100	0.750	825
WZSATU	1,010	0.100	101
FBHHD	1,000	0.300	300
ILB	1,000	0.290	290
PRTASCO	1,000	0.280	280
TEKSENG	862	0.555	478
MERIDIAN	600	0.065	39
MTOUCHE	500	0.080	40
PNEPCB	400	1.030	412
GADANG	220	0.500	110
KSSC	215	0.350	75
PNEPCB-WA	200	0.600	120
G3	135	2.620	354
FIHB	50	0.635	32

News Highlights

Genting Malaysia (RM2.70)

Genting SkyWorlds outdoor theme park to open 2Q21

Genting Malaysia Bhd (GENM) is targeting to open its outdoor theme park — which will be named "Genting SkyWorlds" — in the second quarter of 2021 (2Q21).

While "20th Century Fox" has been dropped from the name from its multibillion-ringggit outdoor theme park, the new outdoor theme park will still feature movies from 20th Century Fox as well as other unnamed "international class" movie-themed attractions, GENM chief financial officer Koh Poy Yong told shareholders at the group's 40th annual general meeting that was conducted virtually in compliance with Covid-19-related social-distancing measures. — *The Edge Malaysia CEO Morning Brief*

Rubberex (RM2.92)

Hextar's ED Ong Choo Meng ups stake, triggers MGO

Chemical firm Hextar Global Bhd's executive director Datuk Ong Choo Meng and his 90%-held Hextar Rubber Sdn Bhd have acquired an additional 20.63% stake in Rubberex, raising their collective interest to 50.18% – above the 33% threshold that triggers the mandatory general offer for the remainder shares they do not own in the company.

The stake, comprising 57.25 million shares, was bought at RM1.80 cash per share or RM103.05 million in total from Seng Sheng Enterprise Sdn Bhd, Datuk Seri Chiau Beng Teik and Peh Lian Hwa, via direct business transactions. — *theedgemarkets.com*

Malaysia

Freeze on recruitment of foreign workers until year-end

There will be no new intake of foreign workers in all sectors until the year-end as locals will be given priority to fill up vacancies, said Human Resources Minister Datuk Seri M. Saravanan. He said there are now about two million foreign workers in the country. — *Bernama*

Divestment

SoftBank to sell part of T-Mobile stake in US\$21bil deal

SoftBank Corp, under pressure to shed assets to cover investment losses, is unloading part of its stake in wireless carrier T-Mobile US Inc in a US\$21bil deal involving almost 200 million shares. As part of a complex series of transactions, T-Mobile will hold a public offering of 133.5 million shares of its common stock, the mobile-phone company said in a statement. It also will grant the underwriters 10 million shares of its common stock. Additionally, T-Mobile intends to sell as many as 30 million shares of its common stock to a Delaware statutory trust. — *Bloomberg*

DISCLOSURE AND DISCLAIMER

This report is prepared for information purposes only and it is issued by AmInvestment Bank Berhad (“AmInvestment”) without regard to your individual financial circumstances and objectives. Nothing in this report shall constitute an offer to sell, warranty, representation, recommendation, legal, accounting or tax advice, solicitation or expression of views to influence any one to buy or sell any real estate, securities, stocks, foreign exchange, futures, investment or other products. AmInvestment recommends that you evaluate a particular investment or strategy based on your individual circumstances and objectives and/or seek financial, legal or other advice on the appropriateness of the particular investment or strategy.

The information in this report was obtained or derived from sources that AmInvestment believes are reliable and correct at the time of issue. While all reasonable care has been taken to ensure that the stated facts are accurate and views are fair and reasonable, AmInvestment has not independently verified the information and does not warrant or represent that they are accurate, adequate, complete or up-to-date and they should not be relied upon as such. All information included in this report constitute AmInvestment’s views as of this date and are subject to change without notice. Notwithstanding that, AmInvestment has no obligation to update its opinion or information in this report. Facts and views presented in this report may not reflect the views of or information known to other business units of AmInvestment’s affiliates and/or related corporations (collectively, “AmBank Group”).

This report is prepared for the clients of AmBank Group and it cannot be altered, copied, reproduced, distributed or republished for any purpose without AmInvestment’s prior written consent. AmInvestment, AmBank Group and its respective directors, officers, employees and agents (“Relevant Person”) accept no liability whatsoever for any direct, indirect or consequential losses, loss of profits and/or damages arising from the use or reliance of this report and/or further communications given in relation to this report. Any such responsibility is hereby expressly disclaimed.

AmInvestment is not acting as your advisor and does not owe you any fiduciary duties in connection with this report. The Relevant Person may provide services to any company and affiliates of such companies in or related to the securities or products and/or may trade or otherwise effect transactions for their own account or the accounts of their customers which may give rise to real or potential conflicts of interest.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

If any provision of this disclosure and disclaimer is held to be invalid in whole or in part, such provision will be deemed not to form part of this disclosure and disclaimer. The validity and enforceability of the remainder of this disclosure and disclaimer will not be affected.