



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,507.04 (-4.20)
52-Week Range	1,207.80 – 1,694.55
Mkt Cap (RMb)	1,589.99
Daily Volume (m shares)	6,677.31
Daily Value (RMmil)	3,329.74

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
NESTLE	139.90	0.90
CARLSBEG	23.50	0.76
PETDAG	22.68	0.32
MFCB	6.28	0.29
GENP	10.20	0.25

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
ALLIANZ	14.54	-0.40
HLFG	13.90	-0.38
PBBANK	16.40	-0.38
SAM	7.04	-0.17
HAPSENG	8.74	-0.15

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,507.04	-0.3	-5.1
Singapore	2,634.92	0.2	-18.2
Thailand	1,356.43	0.3	-14.1
Philippines	6,297.78	-0.8	-19.4
Indonesia	4,879.13	-0.8	-22.5
Hong Kong	24,907.34	1.6	-11.6
Korea	2,131.24	0.2	-3.0
Taiwan	11,612.36	0.3	-3.2
Japan	22,549.05	0.5	-4.7
Dow Jones	26,156.10	0.5	-8.3
Nasdaq	10,131.37	0.7	12.9

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.2752	-0.1	4.5
OPR (%)	2.00	0.0	-33.3
BLR (% Maybank)	5.65	0.0	-15.0
NYMEX Crude oil			
US spot (US\$/barrel)	40.27	-0.5	-34.0
CPO spot price (RM/tonne)	2,489.00	0.2	-17.5

STOCK FOCUS OF THE DAY

V.S. Industry: MCO hits 3Q earnings; low order visibility

Underweight

We downgrade our recommendation to **UNDERWEIGHT** from **HOLD** on V.S. Industry (VSI) with a lower fair value of RM0.80/share (previously RM0.83/share), pegged to an unchanged FY21F target PE of 10x following a recent run-up in its share price. We slash FY20F earnings by 19% to account for the impact of the movement control order (MCO) on its margins and reduce FY21F–FY22F forecasts by 3–6%.

VSI's 3QFY20 came in beneath expectations, at a core loss of RM15mil, bringing 9MFY20 core profit to RM63mil after excluding one-off net losses amounting RM1mil as forex losses were slightly offset by a gain on disposal of PPE.

Overall FY20F group revenue is expected to be lower YoY, with its longer term prospects remaining intact. Its Indonesian segment is expected to still reach breakeven while China operations losses will continue to narrow YoY. We expect to gain more clarity on the group's FY21F outlook at VSI's upcoming results conference call. Despite VSI's positive longer term prospects, its FY20F outlook has been weighed down by the impact of the Covid-19 pandemic while we reckon that the stock's upside has already been factored in at its current price.

RETAIL RESEARCH

Stocks On Radar: Pentamaster Corporation, MI Technovation

NEWS HIGHLIGHTS

Oil & Gas: Withdrawal of appeal against new tax puts Petronas on the back foot

Uzma: Unit gets RM27mil contract from Petronas Carigali

E-wallet: Malaysia leads mobile wallet usage in Southeast Asia

Global Economy: Shows signs of pulling out of its slump

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
AGES-PA	101,000	0.029	2,970
T7GLOBAL	17,000	0.390	6,630
MIECO	8,400	0.250	2,100
MQTECH	7,020	0.075	527
AGES	7,000	0.140	980
MAGNA	3,040	0.690	2,098
PWROOT	2,650	2.200	5,830
MERIDIAN	1,600	0.065	104
DIALOG	1,000	3.620	3,620
PWROOT-WA	1,000	0.645	645
Y&G	710	0.720	511
ENRA	700	0.860	602
SHL	100	2.000	200

News Highlights

Oil & Gas

Withdrawal of appeal against new tax puts Petronas on the back foot

Petroleum Nasional Bhd (Petronas) will withdraw its legal action against the 5% petroleum product sales tax imposed by the Sarawak state government by Aug 3, as part of a wider agreement announced in May on future management of the state's oil and gas (O&G) assets. With the undertaking, Petronas is seen as opening the floodgates to similar claims by other states. It also raises the question about Petronas' future control over the nation's O&G assets under the Petroleum Development Act (PDA 1974). — *The Edge Malaysia CEO Morning Brief*

Uzma (RM0.62)

Unit gets RM27mil contract from Petronas Carigali

Uzma Bhd's wholly-owned subsidiary Uzma Engineering Sdn Bhd has secured a RM27 million contract from Petronas Carigali Sdn Bhd for the provision of portable water injection module (PWIM) for the Sepat platform. In a filing with Bursa Malaysia today, the group said the scope of the project involves design, engineering, procurement, fabrication, installation, hook-up, commissioning, operation and maintenance of the PWIM at Sepat platform. — *theedgemarkets.com*

E-wallet

Malaysia leads mobile wallet usage in Southeast Asia

Malaysia leads other countries in Southeast Asia in the usage of mobile/digital wallets at 40%, ahead of the Philippines (36%), Thailand (27%) and Singapore (26%), according to a Mastercard Impact Study 2020. As the Malaysia market edition results showed, Covid-19, which led to wide movement restrictions, had driven momentum in Southeast Asia towards the digital economy by necessitating rapid adoption of e-commerce, digital payments and preference for online activities. — *Bernamea*

Global Economy

Shows signs of pulling out of its slump

The global economy is gradually pulling out of its stall as businesses reopen after pandemic-induced lockdowns, with output contracting at a slower pace in the U.S., Europe and Asia this month, according to surveys of purchasing managers. A composite index produced by data firm IHS Markit pointed to a more gradual decline in business activity in the US, suggesting a possible rebound in the coming months. — *WSJ.com*

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