



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,591.48 (+1.87)
52-Week Range	1,207.80 – 1,653.77
Mkt Cap (RMb)	1,678.57
Daily Volume (m shares)	9,933.79
Daily Value (RMmil)	5,206.89

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
KOSSAN	16.70	2.90
KLK	23.88	1.18
BURSA	10.42	0.62
HARTA	18.30	0.62
CAREPLS	3.04	0.58

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
NESTLE	139.10	-0.90
AJI	15.30	-0.42
PETDAG	20.30	-0.32
ALLIANZ	13.78	-0.30
GENP	10.00	-0.24

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,591.48	0.1	0.2
Singapore	2,575.79	-0.1	-20.1
Thailand	1,340.92	-1.4	-15.1
Philippines	5,860.94	-2.4	-25.0
Indonesia	5,116.67	0.7	-18.8
Hong Kong	24,603.26	-0.4	-12.7
Korea	2,217.86	0.8	0.9
Taiwan	12,588.30	2.3	4.9
Japan	22,715.85	-0.2	-4.0
Dow Jones	26,584.77	0.4	-6.8
Nasdaq	10,536.27	1.7	17.4

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.2520	-0.3	3.9
OPR (%)	1.75	0.0	-41.7
BLR (% Maybank)	5.40	0.0	-18.8
NYMEX Crude oil			
US spot (US\$/barrel)	41.60	1.1	-31.9
CPO spot price (RM/tonne)	2,805.50	2.0	-7.0

SECTOR FOCUS OF THE DAY

EMS: *Cautious on recovery amid second wave fears*

Underweight

We have an **UNDERWEIGHT** recommendation on the Electronics Manufacturing Services (EMS) sector for 2H20 as we believe that the demand for its customers' end products — household consumer products such as floor care and personal care products, coffee machines, and pool cleaners — might see a slower-than-expected recovery due to fears of a second wave of Covid-19 infections globally impacting consumer sentiments.

This is despite the sector's positive longer term prospects arising from: (i) ties to a key UK customer's growth prospects supported by its product launches; and (ii) a potential to diversify the manufacturers' customer base with opportunities to be secured following the US-China trade war diversion and changes in global supply chain following Covid-19 shocks.

Stocks under our coverage are V.S. Industry (**UNDERWEIGHT**, FV RM0.80), and ATA IMS (**UNDERWEIGHT**, FV RM1.05) which we have downgraded from **HOLD** calls previously as their valuations were deemed unattractive after the rise in share prices.

We have lowered our target PE for both companies to 10x (from 14x previously) premised on expectations of a slower-than-expected recovery in demand as we also see that the majority of their key customers' sales come from the Americas and the Europe, Middle East & Africa (EMEA) regions which have seen more severe outbreaks of Covid-19 while Asia-Pacific countries such as India have also yet to contain the spread of the virus effectively, with the risk of resurgence in cases and new infections seen globally.

Others:

Telekom Malaysia: *unifi Mobile joins prepaid bandwagon*

Hold

RETAIL RESEARCH

Stocks On Radar: *Guan Chong, BP Plastics Holding*

NEWS HIGHLIGHTS

Banking: *Zafrul: RM6.4bil in estimated losses during moratorium period*

Affin Bank: *Says listing of asset management unit on the cards*

Gold price: *Marks highest settlement, intraday price on record*

US: *Republicans introduce US\$1 trillion pandemic recovery plan*

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
WIDAD	40,980	0.360	14,750
HUBLINE-WC	30,000	0.025	750
GUNUNG-WB	5,000	0.133	665
ILB	1,500	0.280	420
ATLAN	800	3.800	3,040
GENM	473	2.330	1,101
BAHVEST-WA	400	0.290	116
ECOFIRS	400	0.300	120
PNEPCB-WA	73	0.590	43
GENTING	63	3.998	250
JHM	50	1.660	83

News Highlights

Banking

Zafrul: RM6.4bil in estimated losses during moratorium period

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said the banking sector is estimated to see losses of RM6.4bil during the loan moratorium period, between April and September. Responding to a question from former finance minister Lim Guan Eng (PH-Bagan) on costs borne by banks due to the moratorium and further assistance in the event there is a second lockdown, Tengku Zafrul said banks face losses of approximately RM1.06bil per month based on Malaysian Financial Reporting Standards (MFRS) 9. — *The Edge CEO Morning Brief*

Affin Bank (RM1.57)

Says listing of asset management unit on the cards

Affin Bank Bhd is not ruling out the possibility of listing its asset management unit, Affin Hwang Asset Management, saying it is keen to "unlock the value" of the unit. Noting that Affin Hwang Asset Management is the second largest asset management firm in the country in terms of assets under management, Affin Bank chief executive officer Wan Razly Abdullah Wan Ali, however, said the bank is not "committing to anything" as yet. — *The Edge CEO Morning Brief*

Gold price

Marks highest settlement, intraday price on record

Gold futures climbed past US\$1,900 an ounce on Monday to tally their highest settlement and intraday on record, as investors continued to fret over the state of the Covid-19 battered global economy and weakness in the US dollar, amid concerns over the sustainability of recent stock gains.

August gold rose US\$33.50, or 1.8%, to settle at US\$1,931 an oz after trading as high as US\$1,941.90. The settlement topped the previous record of US\$1,897.50 from Friday and Monday's close also topped the previous intraday record of US\$1,923.70 from Sept. 6, 2011, according to Dow Jones Market Data. — *MarketWatch*

US

Republicans introduce US\$1 trillion pandemic recovery plan

Republicans have proposed spending an additional US\$1 trillion to address the economic damage caused by the coronavirus pandemic. The plan includes US\$100bil for schools and issuing stimulus payments of up to US\$1,200 to most Americans. The US has already spent more than US\$2.4 trillion on virus relief measures, sending billions of dollars in aid to businesses and individual households. But economists have warned since the spring that more would be necessary. — *BBC News*

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