



# AmWatch

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## BURSA MALAYSIA

KLCI	1,516.38 (+0.52)
52-Week Range	1,207.80 – 1,618.01
Mkt Cap (RMb)	1,658.18
Daily Volume (m shares)	7,237.79
Daily Value (RMmil)	3,545.67

## TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
NESTLE	141.00	1.40
LATITUD	2.73	0.63
KLK	23.00	0.44
F&N	31.62	0.36
IPMUDA	0.595	0.30

## TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
SUPERMX	9.00	-0.60
MPI	17.82	-0.48
PHARMA	4.66	-0.38
TGUAN	5.15	-0.29
GREATEC	6.55	-0.27

## REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,516.38	0.0	-4.6
Singapore	2,511.21	0.1	-22.1
Thailand	1,311.95	-0.3	-17.0
Philippines	5,935.85	2.6	-24.0
Indonesia	5,230.20	-0.2	-17.0
Hong Kong	24,589.65	-0.4	-12.8
Korea	2,384.22	0.7	8.5
Taiwan	12,601.40	-0.3	5.0
Japan	23,089.95	-0.5	-2.4
Dow Jones	28,133.31	-0.6	-1.4
Nasdaq	11,313.13	-1.3	26.1

## ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1600	0.3	1.7
OPR (%)	1.75	0.0	-41.7
BLR (% Maybank)	5.40	0.0	-18.8
NYMEX Crude oil			
US spot (US\$/barrel)	39.77	-3.9	-34.9
CPO spot price (RM/tonne)	2,916.50	-0.8	-3.3

## SECTOR FOCUS OF THE DAY

**Banking Sector:** 2Q20 earnings review: Higher credit cost

**Neutral**

Banks' 6M20 core calendarised earnings growth slipped 13.4% YoY due to lower interest income from consecutive OPR cuts and higher provision. This was despite a higher investment and trading income lifting banks' non-interest income (NOII) in 6M20. Earnings of Maybank, Public Bank, RHB Bank, Hong Leong Bank, Alliance Bank and BMB were within our expectations while that of CIMB were below our estimate. Meanwhile, AMMB core earnings were above consensus projection.

Still a low single-digit loan growth of 2.9% YoY for the sector. Domestic loans of Maybank and CIMB's grew higher than the industry's credit growth while Public Bank's domestic loan continued to grow slower the industry's. We expect the industry loan growth to be 3.0–4.0% in 2020, underpinned by potentially further disbursements for special relief facilities for SMEs and a slightly better household loan growth in 2H20.

Modification loss came in significantly lower than market expectations in 2Q20. Total net medication loss for banks under our coverage came in at RM1.78bil vs. RM4.4bil reported by the media. Maybank and Public Bank, with relatively larger HP portfolio, reported net modification loss of RM314mil and RM498mil respectively.

The sector's calendarised core earnings growth for 2020 is now revised to -21.6% from -17.9% largely after adjusting our assumptions for higher credit cost. For 2021, we project a recovery in earnings to +11.6% (earlier: +7.7%). Maintain NEUTRAL as uncertainties on the asset quality and credit cost post-moratorium continue to cloud the sector. Our top picks are Hong Leong Bank, RHB Bank and Maybank.

## RETAIL RESEARCH

**Stocks On Radar:** Poh Huat Resources Holdings, Power Root

## NEWS HIGHLIGHTS

**IWCity:** Iskandar Waterfront partners Metallurgical Corp of China to develop land in Johor

**Mesiniaga:** Bags RM42mil contract from Customs

**JAKS:** CEO says Star Media suit disposed of, damages limited

**Singapore:** Economy forecast to contract 6% in 2020 — MAS survey

## DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
AEM	77,860	0.200	15,570
MACPIE	70,000	0.090	6,300
BORNOIL	29,000	0.060	1,740
CME-LA	15,000	0.020	300
PARLO	12,800	0.185	2,370
T7GLOBAL	9,270	0.530	4,910
TROP	7,690	0.860	6,610
HARNLEN	5,500	0.665	3,660
NGGB	5,000	0.380	1,900
WIDAD	4,430	0.449	1,990
INIX	3,500	0.340	1,190
PMHLDG	3,380	0.290	980
DYNACIA	3,000	0.125	375
RGTBHD	2,500	0.452	1,130
VIZIONE	2,100	0.510	1,070
PMETAL	2,000	5.200	10,400
SUPERMX	2,000	9.510	19,020
HARNLEN-WB	1,650	0.030	50
MMAG-WB	1,150	0.284	327
ASIAPLY-PA	1,000	0.250	250
HARTA	1,000	13.980	13,980
KOSSAN	1,000	13.440	13,440
MAYBANK	1,000	7.250	7,250
KAB	950	1.000	950
MERCURY	550	0.650	358
MIECO	500	0.200	100
KAREX	450	0.980	441
BAHVEST-WA	400	0.315	126
SUNSURIA	220	0.470	103
YNHPROP	112	2.700	303
INNATURE	100	0.440	44
JFTECH	100	3.500	350
CIMB	73	3.260	238

## News Highlights

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### **IWCity (RM0.63)**

*Iskandar Waterfront partners Metallurgical Corp of China to develop land in Johor*

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Tan Sri Lim Kang Hoo-controlled Iskandar Waterfront Holdings Sdn Bhd (IWH) is partnering with China's Metallurgical Corp of China Ltd (MCC) to develop 148 acres, or 60ha, of commercial land in Skudai, Johor. In a statement, IWH said its wholly-owned subsidiary Danga Heights Development (DHD) and MCC's unit MCC Singapore have formed a joint venture (JV) to develop the land. The land will be developed over the next decade, and is expected to yield a gross development value (GDV) of RM8bil. — *The Edge CEO Morning Brief*

### **Mesiniaga (RM1.21)**

*Bags RM42mil contract from Customs*

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Mesiniaga Bhd has bagged a RM42.01mil contract from the Royal Malaysian Customs Department. In a bourse filing, the IT systems integrator and solutions provider said it had accepted a letter of award for the provision of MYGST maintenance services and licence renewal services from 2020 to 2022. While the project's acronym is close to the one that stands for the goods and services tax or GST, which was abolished in 2018, it is unclear if it is related, as no further details were provided about its job scope. — *The Edge CEO Morning Brief*

### **JAKS (RM0.765)**

*CEO says Star Media suit disposed of, damages limited*

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JAKS Resources Bhd's court case with Star Media Group Bhd has recently seen its conclusion, with JAKS paying out about RM 50 mil to Star Media, which JAKS CEO Andy Ang shared is "limited damages awarded".

"There were damages of about RM50 mil, but the positive thing for us is that the case is now resolved, and that the damages awarded to Star Media are limited at 8% of the interest calculated from the supposed day of delivery, and the actual day of delivery," said Ang to FocusM. — *Focus Malaysia*

### **Singapore**

*Economy forecast to contract 6% in 2020 — MAS survey*

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Singapore's economy is expected to shrink by 6 per cent in 2020 due mainly to the severe impact of the COVID-19 pandemic, according to a survey by the Monetary Authority of Singapore (MAS) released on Monday (7 September).

The latest MAS quarterly survey of professional forecasters reflected the views of 26 economists and analysts. Singapore's full-year gross domestic product (GDP) forecast is lower than the 5.8 per cent contraction projected in the previous MAS survey in June. — *Yahoo Finance Singapore*

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