



# AmWatch

Equity Research Team  
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7 October 2020

## BURSA MALAYSIA

KLCI	1,509.47 (-2.9%)
52-Week Range	1,207.80 – 1,618.01
Mkt Cap (RMb)	1,644.17
Daily Volume (m shares)	6,044.12
Daily Value (RMmil)	3,811.26

## TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
NESTLE	140.30	0.70
BLDPLNT	7.80	0.28
VITROX	12.90	0.22
UMCCA	4.60	0.14
TENAGA	10.54	0.14

## TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
HARTA	17.02	-0.54
MPI	19.12	-0.48
SUPERMX	9.23	-0.48
HEIM	20.32	-0.38
KOSSAN	14.70	-0.34

## REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,509.47	-0.2	-5.0
Singapore	2,529.26	0.5	-21.5
Thailand	1,250.15	0.6	-20.9
Philippines	5,910.64	-0.5	-24.4
Indonesia	4,999.22	0.8	-20.6
Hong Kong	23,980.65	0.9	-14.9
Korea	2,365.90	0.3	7.7
Taiwan	12,704.23	1.2	5.9
Japan	23,433.73	0.5	-0.9
Dow Jones	27,772.76	-1.3	-2.7
Nasdaq	11,154.60	-1.6	24.3

## ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1535	0.0	1.5
OPR (%)	1.75	0.0	-41.7
BLR (% Maybank)	5.40	0.0	-18.8
NYMEX Crude oil			
US spot (US\$/barrel)	40.67	3.7	-33.4
CPO spot price (RM/tonne)	2,860.00	0.7	-5.2

## SECTOR FOCUS OF THE DAY

### Oil & Gas: Covid-19 weighs on long-term oil demand

**Overweight**

We attended Rystad Energy's Deep Dive Oil Market webinar yesterday, presented by its partner & head of oil market research, Bjornar Tonjaugen. He reiterated that the Covid-19 pandemic will continue exerting the single largest and long-term impact on global oil market as the transportation and petrochemical sectors account for 60% of global demand.

The pandemic will have a net negative impact on global oil demand until 2025, with an estimated 0.9mil barrels/day below pre-Covid-19 levels, after falling 23mil barrels in April and an estimated 7mil barrels in December 2020. Rystad also warned that a second wave scenario could cut 3mil barrels/day production towards the end of the year and 3.5mil barrels/day in December 2021, eroded by demand reduction for jet fuel, gasoline, diesel and other fuels.

Rystad envisioned oil price recovering to a base-case scenario of US\$75/barrel in late 2022. However, a more volatile upcycle could mean over-US\$90/barrel prices by mid-2022, followed by a more drastic collapse to US\$30/barrel in 2024 from potential overinvestments.

Maintain OVERWEIGHT call with 6 BUY calls vs. only 2 SELLS and 1 HOLD. Despite the ongoing volatility of crude oil prices, we believe that the down cycle has reached a bottom. We like Yinson as its earnings growth momentum from the maiden contributions of its FPSOs. We also have BUY calls for Dialog Group and Serba Dinamik Holdings and Petronas Chemicals Group. We recommend Petronas Gas, as the group's optimal capital structure strategy and resilient earnings base translates to highly compelling dividend yields.

## RETAIL RESEARCH

**Stocks On Radar:** VSTECS, Vizione Holdings

## NEWS HIGHLIGHTS

**AirAsia X:** Steep haircut for creditors to rescue airline

**IPO:** Values Mr DIY higher than banks

**Bintai Kinden:** To pay US\$10mil to Generex upon vaccine commercialisation

**US:** Financial markets sour as Trump ends coronavirus relief negotiations

**DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA**

<b>Stock</b>	<b>Quantity (’000)</b>	<b>Price (RM)</b>	<b>Turnover (RM’000)</b>
ACOSTEC	8,930	0.235	2,100
AME	2,000	1.930	3,860
WIDAD	1,900	0.568	1,080
VIZIONE	1,200	0.402	482
ATRIUM	1,000	1.080	1,080
NWP	650	0.175	114
KANGER	510	0.250	128
IRIS	350	0.305	107
EPMB	300	0.265	80
SUNSURIA	275	0.380	105
MCOM	242	0.260	63

# News Highlights

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## **AirAsia X (RM0.05)**

*Steep haircut for creditors to rescue airline*

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AirAsia X Bhd (AAX) has unveiled a massive debt restructuring proposal in which the airline will reconstitute RM63.5bill worth of debts, including future lease rentals, aircraft purchase commitments and advanced ticket sales, into a principal amount of up to RM200mil.

Besides a steep haircut for creditors, the long-haul low-cost carrier also proposed a capital reduction of 90% of its issued share capital in order to offset its accumulated losses. This means a reduction of RM1.38bil from its share capital. AAX has also proposed share consolidation to combine every 10 shares into one, according to a bourse filing. — *The Edge CEO Morning Brief*

## **IPO**

*Values Mr DIY higher than banks*

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Home improvement retailer Mr DIY Group (M) Bhd, whose shares are valued at a price-to-earnings ratio of 31.6 times, is raising RM1.5bill from its Main Market listing exercise at RM1.60 per share. This will be the largest initial public offering (IPO) on Bursa Malaysia in three years.

Based on the issue price of RM1.60 per share, Mr DIY is valued at market capitalisation of RM10bill — higher than several public-listed banks on Bursa Malaysia, including AmBank Bhd and Alliance Bank Bhd. Of the total sum raised, a whopping RM1.2bill will go to the existing shareholders who are offering to sell their shares, according to its prospectus on Bursa Malaysia. — *The Edge CEO Morning Brief*

## **Bintai Kinden (RM0.645)**

*To pay US\$10mil to Generex upon vaccine commercialisation*

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Bintai Kinden Corporation Bhd's subsidiary, Bintai Healthcare Sdn Bhd (BHSB) will be paying about US\$10mil to Generex Biotechnology Corporation and its majority-owned subsidiary, NuGenerex Immuno-Oncology Inc, upon commencement of its Covid-19 vaccine's commercialisation.

In a filing with Bursa Malaysia, Bintai Kinden said BHSB has entered into a distribution and licensing agreement (DLA) with Generex and NuGenerex on 5 Oct. — *Bernama*

## **US**

*Financial markets sour as Trump ends coronavirus relief negotiations*

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US President Donald Trump on Tuesday called off negotiations with Democratic lawmakers on coronavirus relief legislation until after the election, even as cases of the virus are on the rise across much of the country before flu season.

"I have instructed my representatives to stop negotiating until after the election when, immediately after I win, we will pass a major Stimulus Bill that focuses on hardworking Americans and Small Business," Trump wrote on Twitter a day after emerging from a hospital stay for Covid-19 treatment. — *Reuters*

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