



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,636.69 (+24.65)
52-Week Range	1,207.80 – 1,695.96
Mkt Cap (RMb)	1,806.84
Daily Volume (m shares)	7,252.24
Daily Value (RMmil)	5,189.47

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
PBBANK	21.40	1.32
MPI	27.68	0.82
RAPID	7.20	0.61
KESM	15.60	0.58
VITROX	14.94	0.54

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
NESTLE	138.90	-0.60
PETDAG	21.02	-0.28
SUPERMX	7.11	-0.19
COMFORT	3.38	-0.18
CIHLGD	2.26	-0.14

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,636.69	1.5	0.6
Singapore	2,977.51	0.0	4.7
Thailand	1,547.31	0.5	6.8
Philippines	7,242.85	-0.2	1.4
Indonesia	6,435.21	0.6	7.6
Hong Kong	28,235.60	-0.1	3.7
Korea	3,148.29	0.7	9.6
Taiwan	15,769.98	1.7	7.0
Japan	28,456.59	1.0	3.7
Dow Jones	31,060.47	0.0	1.5
Nasdaq	13,128.95	0.4	1.9

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.0430	-0.3	0.6
OPR (%)	1.75	0.0	0.0
BLR (% Maybank)	5.40	0.0	0.0
NYMEX Crude oil			
US spot (US\$/barrel)	52.91	-0.6	9.0
CPO spot price (RM/tonne)	3,936.00	-0.6	2.2

SECTOR FOCUS OF THE DAY

Telecommunication: MCO 2.0 amid consolidation prospects **Overweight**

The reimposition of the movement control order (MCO) yesterday could have a partly mitigated impact on cellular operators (celcos), which experienced lower prepaid subscriber acquisitions with the temporary closure of physical outlets and suspension of postpaid accounts for non-payment back in March–April last year. Recall that this partly contributed to celcos' revenue contracting QoQ by 8.7% in 1Q2020 and 7.5% in 2Q2020 before recovering 6% in 3Q2020 with the relaxation of movement restrictions.

From our channel checks, operators remain cautious on further stresses on small-medium businesses amid declining overall disposable income from the lockdowns and slower economic activities. However, celcos are more prepared this round and also hopeful for a partly mitigated impact from subscriber renewals and subscriptions as the previous lockdown had encouraged more consumers to embrace digital platforms and online payment channels.

As we highlighted on 11 August 2020, declining data yields, new 5G spectrum fees and capex pressures are likely to drive players to seek consolidation amongst themselves to reduce costs, secure economies of scale and reduce rivalry.

Maintain OVERWEIGHT with BUY calls for TM, which has shown significant cost improvements together with more compelling dividend yields while Axiata offers bargain EV/EBITDA valuations with multiple opportunities for monetisation as the group aims for higher dividend payout policies. These valuations are even more compelling given their 3–4 star rating for ESG compliance on the FTSE4GOOD INDEX.

RETAIL RESEARCH

Stocks On Radar: OCK Group, Bahvest Resources

THEMATIC

Self-isolation and support must go hand in hand

NEWS HIGHLIGHTS

M&A: EcoWorld says not pursuing UEM Sunrise merger

E-wallet: Touch 'n Go obtains approval from SC to market investment products

Heitech Padu: Bags RM35.2mil contract renewal from IRB

Global economy: China powers ahead while the rest of the world reels

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
SUNZEN	66,700	0.100	6,670
MENANG	15,000	0.625	9,380
BAHVEST	7,000	0.500	3,500
BJFOOD	7,000	1.600	11,200
ATLAN	5,000	3.680	18,400
MUIIND	5,000	0.100	500
TOPGLOV	3,100	6.629	20,550
ECOFIRS	3,000	0.320	960
HCK	2,000	1.250	2,500
LUSTER	2,000	0.180	360
WCT	2,000	0.500	1,000
KENANGA	1,900	0.889	1,690
CNASIA	1,700	1.594	2,710
HHGROUP	1,610	0.288	464
AVI	1,500	0.075	113
LAGENDA	1,000	1.110	1,110
IRIS	820	0.385	316
ANCOM-WB	700	0.430	301
HIBISCS	560	0.575	322
ANCOMLB	500	0.365	183
NYLEX	406	0.570	231
ASIAPAC-LC	320	0.620	198
HLCAP	176	5.670	998
KAREX	122	0.820	100
AMLEX	107	0.150	16
YNHPROP	90	2.750	248
LATITUD	50	4.050	203

News Highlights

M&A

EcoWorld says not pursuing UEM Sunrise merger

Eco World Development Group Bhd (EcoWorld) said yesterday that the property developer's board has decided not to pursue the proposed merger with rival UEM Sunrise Bhd following careful evaluation of the merger alongside EcoWorld's own business plans and the current challenging environment with the re-implementation of Malaysia's Covid-19-driven movement control order (MCO).

"The cessation of talks on the proposed merger will enable the company (EcoWorld) to actively pursue other corporate proposals that may be more complementary to its present growth plans and strategies," EcoWorld said in a statement to Bursa Malaysia. — *The Edge CEO Morning Brief*

E-wallet

Touch 'n Go obtains approval from SC to market investment products

Touch 'n Go (TNG) Group announced that its subsidiary TNG Digital Sdn Bhd (TNGD) is the first e-wallet to obtain conditional approval to operate as a recognised market operator (RMO) by the Securities Commission Malaysia (SC).

In a statement yesterday, the group said that the approval enables the company to directly distribute capital market products, including money market unit trust funds, through the Touch 'n Go eWallet platform, without having to be directed to third-party applications. — *The Edge CEO Morning Brief*

Heitech Padu (RM1.55)

Bags RM35.2mil contract renewal from IRB

The Inland Revenue Board (IRB) has renewed for three years a contract with HeiTech Padu Bhd for the supply, delivery and renewal of the CA Gen (TSO) and Report Composer System licence for its mainframe system.

The information and communication technology company said the RM32.5 million contract would run from Feb 1, 2021, to Jan 31, 2024. "The contract will not have any effect on HeiTech Group's net asset for the financial year ending Dec 31, 2021," it added. — *Bernama*

Global economy

China powers ahead while the rest of the world reels

China ended the Year of Covid in many ways stronger than it started, accelerating its movement toward the center of a global economy long dominated by the US. While the US and Europe wait for vaccine rollouts to get fully back on track, China is the only major economy expected to report growth for 2020, helping it close the gap with the US.

It has expanded its role in global trade and shored up its position as the world's factory floor, despite years of US efforts to persuade companies to invest elsewhere. China's consumer market — lifted by its quick recovery from Covid-19 — keeps gaining momentum, making it a bigger driver of global companies' earnings. — *WSJ.com*

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