



AmInvestment Bank

AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,583.48 (+1.89)
52-Week Range	1,452.13 – 1,695.96
Mkt Cap (RMb)	1,832.80
Daily Volume (m shares)	4,970.84
Daily Value (RMmil)	2,909.92

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
NESTLE	134.70	0.80
PMBETCH	6.93	0.53
PMETAL	5.80	0.29
KHIND	5.12	0.27
GENETEC	31.76	0.26

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
F&N	27.26	-0.44
VITROX	18.78	-0.22
HLFG	18.28	-0.22
KESM	12.28	-0.22
KOBAY	5.30	-0.19

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,583.48	0.1	-2.7
Singapore	3,108.53	0.2	9.3
Thailand	1,636.45	-0.7	12.9
Philippines	6,912.71	0.5	-3.2
Indonesia	6,112.40	-0.2	2.2
Hong Kong	26,353.63	0.7	-3.2
Korea	3,187.42	-0.5	10.9
Taiwan	17,428.87	-0.4	18.3
Japan	29,916.14	0.9	9.0
Dow Jones	35,100.00	-0.8	14.7
Nasdaq	15,374.33	0.1	19.3

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1553	0.2	3.4
OPR (%)	1.75	0.0	0.0
BLR (% Maybank)	5.40	0.0	0.0
NYMEX Crude oil			
US spot (US\$/barrel)	68.35	-1.4	40.9
CPO spot price (RM/tonne)	4,558.00	0.5	18.4

SECTOR FOCUS OF THE DAY

Banking: 2Q21 earnings review: Softer quarter due to lower NOII **Overweight**

Banks' 6M21 core calendarised earnings grew rose by 31.6% YoY after stripping out CIMB's transformation cost of RM17mil and intangible asset (IA) write-off, coupled with its accelerated amortization of RM241mil in 2Q21 as well as RM1.15bil revaluation gains from the deconsolidation of Touch 'n' Go Digital (TNGD) in 1Q21. The improvement was also supported by higher total income.

Interest income (NII) was stronger for 6M21 underpinned by higher interest margins (NIM) from deposits' optimisation and repricing after OPR cuts. Also, underlying non-interest income (NOII) was higher YoY. This was supported by the strong showing of the larger capitalised banks' (Maybank, CIMB and Public Bank) NOII in 1Q21 with higher investment, trading and wealth management income. In 2Q21, treasury and wealth management income from unit trust sales were lower compared to 1Q21 for these banks. Most banks continued to conservatively book in provisions (overlays) in 2Q21. Nevertheless, provisions for loan losses were lower by 12.9% QoQ with lower impairment loan allowances of Maybank and CIMB.

The results of banks were mostly within expectations. The earnings of Maybank, Public Bank, RHB Bank, Hong Leong Bank, Alliance Bank were within our expectation. CIMB's core earnings were slightly above our forecast on lower-than-anticipated underlying operating expenses (opex) while BIMB Holdings' earnings were below our estimate due to lower-than-expected fund-based income.

Retain our OVERWEIGHT stance on the sector with our top BUYs on RHB Bank (fair value RM6.80/share), Maybank (RM9.90/share) and CIMB Group (RM5.80/share). We favour banks with expected improvement in their regional performance from the gradual economic recovery and banks with undemanding valuations.

QUICK TAKE

Tenaga Nasional: To develop 300MW Nenggiri hydro plant **Buy**

RETAIL RESEARCH

Stocks On Radar: IOI Properties Group, TCS Group Holdings

NEWS HIGHLIGHTS

Genting Group: Joins bid for digital banking licence via PUC

Berjaya Food: Socso emerges as substantial shareholder of with 5.03% stake

Kelington Group: Bags RM49mil job

US economy: Faces slowdown just as it was set to take off

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity ('000)	Price (RM)	Turnover (RM'000)
KAB-WA	160,000	0.060	9,600
NIHSIN-PA	30,000	0.020	600
VSOLAR	10,000	0.100	1,000
AEM	7,000	0.070	490
CUSCAPI	6,310	0.350	2,210
ECOFIRS	1,500	0.380	570
MTOUCHE	1,500	0.150	225
KAWAN	1,000	1.750	1,750
NCT	1,000	0.445	445
TANCO	1,000	0.240	240
HEKTAR	920	0.645	593
LIENHOE	693	0.500	347
BTECH	630	0.370	233
MGRC	473	2.304	1,090
PMBTECH	200	6.400	1,280
SHANG	195	3.600	702
ATLAN	101	2.700	273

News Highlights

Genting Group

Joins bid for digital banking licence via PUC

Genting Plantations Bhd, the plantation arm of the Genting Group, is slated to become a 10% shareholder of PUC Bhd, which has recently formed a consortium to bid for a digital banking licence under Bank Negara Malaysia (BNM).

In a filing with Bursa Malaysia, PUC said that it has entered into conditional subscription agreements with three companies in relation to its proposed private placement of 375.06mil new shares at 12.5 sen per share, to raise RM46.88mil. — *The Edge CEO Morning Brief*

Berjaya Food (RM2.05)

Socso emerges as substantial shareholder of with 5.03% stake

The Social Security Organisation (Socso) has emerged as one of Berjaya Food Bhd's (BFood) major shareholders for the first time after an off-market deal, which raised the former's stake in the company to 5.03%.

According to BFood's filings with Bursa Malaysia yesterday, Socso acquired a total of 16mil shares on 2 Sep via married and direct deals. It now has 18mil shares in BFood. — *The Edge CEO Morning Brief*

Kelington Group (RM1.40)

Bags RM49mil job

Kelington Group Bhd has secured a contract worth RM49mil to undertake the bulk gas system distribution works for a semiconductor manufacturer's new fabrication plant in Singapore. — *StarBiz*

US economy

Faces slowdown just as it was set to take off

The US economy is facing a slowdown in September, rather than the takeoff once hoped for. Economists don't expect the variant to push the US back into recession. But the loss of steam could prolong the recovery of the millions of jobs lost during the pandemic. — *WSJ.com*

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