

Weekly Strategy

Market View, News in Brief: Corporate, Economy, and Share Buybacks

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Market View *FBMKLCI to Advance Further This Week*

The blue-chip benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) bounced back from a one-month low as bargain hunters bought sharp dips in key rubber glove counters after regulated short-selling pressure evaporated in the first trading week of this year. Banking stocks suffered losses following Fitch Ratings' negative outlook on the banking sector and also as squabbles within the Perikatan Nasional coalition threatened early elections. The spike in daily local COVID-19 cases to record highs, while helping the glove and healthcare sectors stage strong rebound, sparked fears of fresh lockdowns, which will reverse economic recovery momentum, hence recovery plays took another dive into the weekend.

For the week, the FBM KLCI inched higher by 5.98 points, or 0.37 percent to 1,633.19, as gains from Supermax (+RM1.29), Top Glove (+38sen), Hartalega (+36sen) and PPB Group (+76sen) more than offset losses on Axiata (-27sen), Public Bank (-26sen) and Genting Berhad (-34sen). Average daily traded volume and value last week stayed robust at 7.58 billion shares worth RM5.29 billion, compared to the 7.8 billion shares and RM3.7 billion average the previous week, as trading momentum in small caps, ACE Market and penny stocks sustained strong retail participation.

FBMKLCI is expected to recover further this week. It will be driven by buying support for gloves, more aid optimism in the US that should spill over to the local market post Democrats having full control of the White House, House of Representatives and the Senate, and strong performance of crude oil and crude palm oil prices. No doubt, fear of a complete lockdown again, akin to the one imposed last March, has grappled the market amid rising cases of Covid-19 cases locally and globally. While this should continue attract buying interest in glove and defensive sectors, the government is likely to pursue a balanced approach when the Prime Minister makes an announcement later today. With a full lockdown nationwide expected to cost the economy about RM2.4 billion a day, the burden on the government to revive the economy post a full lockdown is enormous.

As it is, Fitch Ratings has already downgraded Malaysia's Long-Term Foreign-Currency Issuer Default Rating to 'BBB+' from 'A-' due to higher fiscal deficit, deteriorating government debt metrics and the political uncertainty, which it believes can affect future policies and governance. Fitch's forecast GDP contraction of 6.1% and debt-to-GDP ratio of 76%, which included committed government guarantees on loans that are serviced by the government budget and IMDB's net debt, in 2020 is higher than government's forecast of -4.5% and 60.7% respectively. In Budget 2021 tabled last November, the government forecasts a GDP growth of 6.5% to 7.5% and a lower fiscal deficit of 5.4%, versus projected 6.1% in 2020, for this year. Besides, the budget also provided an average fiscal deficit of 4.5% for the 2021–2023 period, while public debt is forecast to reduce to 55% of GDP by January 2023. Imposing another complete lockdown will cast a strong shadow over these forecasts and can invite more scrutiny on the nation's financial standing.

As Malaysia has ordered enough vaccines to cover 50% of the population and is slated to receive them in stages beginning next month, it should consider imposing complete lockdown only in red zones and imposing travel bans only in selective districts and states that are badly affected by the pandemic. At the same time, while reviewing its options in expediting the arrival of these vaccines and preparing for effective distribution and inoculation process, the government also can consider engaging with other vaccines producers as about fifteen Covid-19 vaccines expected to hit the market this year from the eighty vaccines that are in various stages of clinical trials around the world.

Constant rumbling in domestic politics is a valid concern among investors but we do not expect a general election this year due to the dire situation created by the Covid-19 pandemic. Any imbalance created by the shifting political support in current ruling alliance can be addressed by the prevailing provisions in the Constitution that provide options for the King to decide without the need to dissolve the parliament. Thus, in a worst-case scenario, any impact on the equity market caused by the political instability is expected to be short-lived with knee-jerk falls providing good buying opportunity to ride on this new bull cycle.

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News In Brief *Corporate*

A total of 302 substations in Pahang have been shut down due to floods which hit the state since Sunday, said **Tenaga Nasional Bhd** chairman Datuk Seri Mahdzir Khalid. Of the total, only 196 have reopened and resumed operations. He said the process of reopening the substations can be done immediately but the group has to wait for the water to recede first as a safety measure. *(The Edge)*

Top Glove Corporation Bhd (Top Glove) has defended its board after BlackRock Inc issued a scathing statement, attacking the firm's handling of a coronavirus outbreak and saying it had voted against the re-election of six independent directors last week. In its statement, Top Glove said its independent directors have served an average of six years and that the board meets regularly to discuss the pandemic and other governance matters. The six independent directors were re-elected at the group's annual general meeting last Wednesday, gaining between 86.5% and 72.3% of shareholder votes. *(The Star)*

The Employees Provident Fund (EPF) has ceased to be a substantial shareholder of **Top Glove Corporation Bhd** after it disposed of a 0.5% direct interest on 5 January 2020. After the latest transaction, the EPF is left with a 4.9% stake in the glove maker. *(The Edge)*

Axiata Group Bhd has denied it had part-financed its Nepali local partner's purchase of the remaining 20% stake in Ncell in 2016. The group stressed that it did not breach Nepalese law or any other laws by or as a result of entering into any of the transactions mentioned in the article by the Centre for Investigative Journalism Nepal and Finance Uncovered on 5 January 2021. *(The Edge)*

Malaysia Airports Holdings Bhd is studying the details of various aspects including the cost to extend the runway of Pangkor Airport in Teluk Dalam, Pangkor Island so that it can resume operation. *(Bernama)*

Bank Islam Malaysia Bhd (Not Rated) is offering financing repayment flexibility for customers affected by the floods via its Prihatin programme. The bank said customers can apply for a moratorium of up to six months subject to conditions for their housing, vehicle and personal financing. *(The Star)*

Bursa Malaysia Bhd announced last Friday that two of its staff members have tested positive for COVID-19 and that the Ministry of Health has been contacted on the matter. The affected staff members are currently in isolation under home quarantine. The group assured that there is no disruption to its critical and support functions of the exchange, and its business continuity management plan is in place to ensure the smooth functioning of operations in the event of such incidents. *(The Edge)*

Serba Dinamik Holdings Bhd will spend RM100mn on the revival project of its recently acquired Teluk Ramunia yard in Kota Tinggi, Johor. The revival project, which is expected to commence in the current quarter is to restore the yard's operational capability of up to 50,000 tonnes in offshore platform steel fabrications and other structures. *(The Star)*

V.S. Industry Bhd (Not Rated) has set aside RM200mn in capital expenditure for FY21 to expand and enhance its capacity and capabilities. Managing director Datuk S.Y.Gan said despite 2020 being an arduous year for the group in the face of unprecedented market challenges stemming from the COVID-19 pandemic and ongoing macroeconomic issues, it had managed to secure two new customers from the United States. *(The Star)*

Thai AirAsia Co Ltd (TAA) said the latest COVID-19 outbreak in Thailand has dented the already weak travel sentiment in the country after the company witnessed a whopping 50% plunge in its domestic flight booking numbers this month. **AirAsia Group Bhd** owns a 49% stake in TAA while the remaining 51% stake is held by Asia Aviatation. (*The Edge*)

Dagang NeXchange Bhd's (DNex) bid for Khazanah Nasional Bhd's semiconductor fabricating company SilTerra Malaysia Sdn Bhd, is only valid until the end of this month. That is because its Chinese partner Beijing CGP Investment Co Ltd's approval from its government to take funds out of the country for the purpose of acquiring SilTerra will lapse at end-January, according to sources close to DNeX. (*The Edge*)

SKP Resources Bhd (SKP) announced last Friday that 5 of its employees have been tested positive for COVID-19. The group has immediately notified the Ministry of Health (MOH) and identified close contacts of the affected employees for swab test as well as to ensure that the affected employees are provided proper medical care and placed in quarantine. Immediate disinfection and sanitisation measures at all its facilities have also been carried out. SKP will continue to adhere to the standard operating procedures as directed by the MOH in order to ensure the necessary safeguards are in place to prevent the spread of COVID-19 and to ensure that the employees are provided a safe and healthy working environment. (*Bursa Malaysia*)

Comment: Management has guided a shortfall of 125 employees at its operations in Senai, Johor comprising the 5 tested positive with COVID-19 and 120 identified close contacts who are under quarantine. Assuming the shortfall spans from 2 to 4 weeks, we estimate both revenue and earnings downside to our FY21 forecast to be insignificant at 0.6% to 1.0%. Positively, we note that the group's operations remain largely operational and it will be able to overcome the shortfall via overtime. That said, a key downside risk is an enforcement of an enhanced movement control order (EMCO). However, we view that the impact of such a scenario would be manageable if the EMCO is only confined to selected areas or premises. We note that SKP's employees in Senai reside across 3 dormitories in separate locations. In the meantime, we maintain our earnings forecasts and **Buy** call on SKP with an unchanged TP of RM2.45 based on 20.0x CY21 EPS.

Bintai Kinden Corporation Bhd (Not Rated) has been appointed as the exclusive distributor for Greenie Medi Cold Chain Box designed for the storage and distribution of COVID-19 vaccine in Malaysia. The group has also been appointed as an authorised distributor for the product in South East Asia countries. Greenie Medi Cold Chain Box was designed for the exclusive use in transporting and storing medical products at very low temperatures. It keeps the inbox temperature at negative 70 degrees Celsius (-70°C) for up to 120 hours. (*Bursa Malaysia*)

Inix Technologies Holdings Bhd (Inix) (Not Rated) and L&S Gloves Sdn Bhd will start commissioning an additional two latex glove production lines by February to complement the existing two lines which are in production. Inix's executive director Siva Kumar Kalugasalam said the group has signed a 10-year lease agreement which is renewable for another 10 years for a 0.91ha glove factory site in Beranang, Selangor. (*The Star*)

Sentoria Group Bhd's (Not Rated) 75% owned subsidiary Sentoria Utara Sdn Bhd is disposing close to 188 acres of land in Kedah for RM27.9mn. Proceeds from the disposal will be primarily utilised for repayment of bank borrowings and working capital purposes. The group's gearing is expected to be lowered from 99% as at 31 March 2020 to 93% post completion of the exercise. (*Bursa Malaysia*)

APFT Bhd (Not Rated) will be delisted from Bursa Malaysia on 13 January 2020 after the bourse dismissed the group's appeal for an extension of time to submit its regularisation plan for approval. Upon its delisting, the Practice Note 17 company will continue to exist, but as an unlisted entity. (*The Edge*)

News In Brief *Economy*

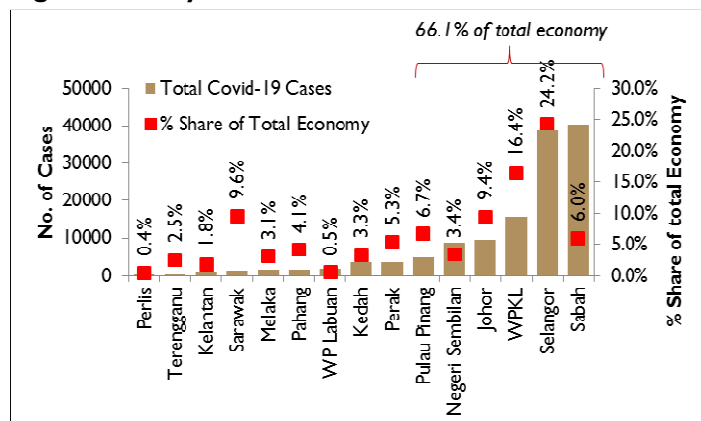
Malaysia **PM to Make Announcement on Monday on Measures to Deal with Covid-19 Spike**

Prime Minister Tan Sri Muhyiddin Yassin will make a special announcement today regarding the action to be taken by the government to deal with the recent spike in Covid-19 cases. In disclosing this, Senior Minister (Security Cluster) Datuk Seri Ismail Sabri Yaakob said the Government is constantly monitoring the situation and is concerned over the current trend where positive Covid-19 cases had surged to four digits daily beginning end of November 2020 to hit a record high of 3,027. "The Government is studying and evaluating the actions that need to be taken immediately to control the spread of Covid-19, including possible tightening of the standard operating procedure (SOP) for the social sector to reduce movements and risk of Covid-19," he told a press conference on the Recovery Movement Control Order (RMCO).

Ismail Sabri said the Government is aware of the people's grouses, concerns and suggestions regarding the spike in cases and understands the burden faced by healthcare workers. The current floods in several States had also created fears that this situation could lead to a further spread of the deadly virus, he added. On efforts to curb the spread of Covid-19 among foreign workers, he said the Construction Industry Development Board (CIDB) had conducted 14,212 inspections at 8,063 construction sites throughout the country from July 24. Ismail Sabri also said Malaysia is maintaining its policy of closing its doors to foreign tourists for now. (The Edge)

Comment: Should there be a total lockdown (like the first Movement Control Order (MCO) as happened in mid-March last year) in the impacted states, we will revise our GDP forecast of 6.4% for this year as those impacted states contributing significantly to total Malaysia's economy. Details showed that the six states contributed about 66.1% of Malaysia's total GDP, namely: Selangor (24.2%), W.P. Kuala Lumpur (16.4%), Johor (9.4%), Pulau Pinang (6.7%), Sabah (6.0%) and Negeri Sembilan (3.4%). Based on our economic model, for every 14 days of lockdown with the economy operating at 50% capacity, it can drag about 1.9%-point contraction in the economy. Nonetheless, the impact may not be as severe as 2Q last year, which saw GDP declined by 17.1% YoY due to MCO for all states from 16 March to 4 May.

Figure 1: Malaysia's Current Situation of Covid-19 Cases



Source: DOSM, TA Securities

RON95, RON97 Prices Unchanged, Diesel Up One Sen

The retail prices of RON95 and RON 97 petrol remained at RM1.84 and RM2.14 a litre respectively from Jan 9-15. The Ministry of Finance in a statement, announced that the retail price of diesel for the same period, however, increased by one sen, that is from RM2.01/litre to RM2.02/litre. The Ministry said the prices are based on the weekly retail pricing of petroleum products using the Automatic Pricing Mechanism (APM) formula. The

Government will continue to monitor the trends of global crude oil prices and take appropriate measures to ensure the continued welfare and wellbeing of the people, it added. (The Edge)

Comment: The average fuel price in January 2021, so far, stood at RM1.998 per litre vs. RM1.899 per litre in December 2020. That translates to approximately 10 cents higher than a month ago (+5.2% MoM). As compared to a year ago, the average fuel prices were cheaper by 28 sen (-12.4% YoY), hinting a lesser pace of contraction in January's 2021 transport index, probably at -4.3% YoY, as compared with an expectation of -6.1% YoY in Dec 2020. We currently forecast January's headline inflation at -0.2% YoY vs. 2020E at -1.1% YoY). The transport index contributed 14.6% of the total CPI basket. For 2021, our base case scenario for CPI is 3%, partly attributed to the lower base effect and higher global oil price.

BNM International Reserves Up at US\$107.6bn as at Dec 31, 2020

Bank Negara Malaysia's (BNM) international reserves rose by US\$1.9bn to US\$107.6bn as at Dec 31, 2020, from US\$105.7bn as at Dec 15, 2020. In a statement, the central bank said the reserves position is enough to finance 8.6 months of retained imports and is 1.2 times the total short-term external debt. Foreign currency reserves rose to US\$99.7bn from US\$96.7bn a fortnight ago. Meanwhile, International Monetary Fund (IMF) reserves remained at US\$1.4bn, while gold stayed at US\$2.4bn. Special Drawing Rights, however, inched up to US\$1.2bn from US\$1.1bn. The most significant change was in other reserve assets, which fell to US\$2.9bn from US\$4.1bn previously. BNM's total assets dipped to RM487.914bn as at Dec 31, from RM488.677bn two weeks ago. (The Edge)

Asia Japan's Household Spending Posts Surprise November Gain, Rising for Second Month

Japan's household spending unexpectedly rose for a second straight month in November, as consumer sentiment showed further signs of recovery from the damage inflicted by the coronavirus pandemic. A one-month state of emergency for the Tokyo area approved by the government on Thursday is likely to hurt the recovery in domestic demand, with some analysts expecting the economy to fall into contraction in the first quarter of this year. Household spending rose 1.1% in November compared to the same month a year earlier, official data showed, beating a median forecast for a 1.5% decline. That marked the second month of expansion following a 1.9% gain in October. Household spending slipped 1.8% in November from the previous month, with demand for services such as travel tours being hurt by a resurgence in Covid-19 infections. Household spending had already been under pressure throughout most of last year, due to the heavy hit of the Covid-19 crisis and after the government in October 2019 raised the country's nationwide sales tax.

The latest data is likely to provide some relief to policymakers facing a challenge in overcoming the health crisis and achieving the government's growth targets. The government last month raised its real economic growth forecast for the next fiscal year starting April to 4.0% thanks to its latest stimulus package aimed at boosting an economic recovery, up from its previous forecast of 3.4% growth. The spending outlook is clouded by sluggishness in workers' wages, with data on Thursday showing inflation-adjusted real wages dropped for the ninth consecutive month in November, down 1.1% compared to the same month a year earlier. That data also showed overtime pay, a barometer of strength in corporate activity, in November contracted for the 15th straight month, down 10.3%. (The Edge)

Japan's Key Economic Index in November

A key index reflecting the current state of the Japanese economy fell in November for the first time in six months, due to sluggish retail sales affected by a surge in coronavirus infections, government data showed Friday. The Cabinet Office's preliminary data for the coincident index of business conditions in the reporting month edged down 0.3 point from

the previous month to 89.1 against the 2015 base of 100. It followed a 4.6 point rise marked in October. But the office maintained its assessment that the Japanese economy is "bottoming out" after upgrading it in August from "worsening," the most pessimistic of its five evaluation levels. A third wave of infections, by far the largest yet, has been observed across Japan, forcing Prime Minister Yoshihide Suga to declare another state of emergency on Thursday. The official added warmer-than-usual temperatures in the reporting month also cut demand for winter clothes.

The reading had significantly recovered after posting 71.7 in May amid the government's first state of emergency declaration over the pandemic. But it has been still at a low level if compared to the 94.5 marked in February, when the virus began to spread across the country. The figure for May was the worst since 71.1 logged in April 2009 in the aftermath of the global financial crisis. Japan completely lifted the declaration late that month, after declaring in early April. The leading index of business conditions, forecasting the situation in the coming months, rose 2.3 points to 96.6 in the reporting month, up for the sixth straight month. (The Mainichi)

United States **Covid-19 Surge Ends Seven Months of U.S. Jobs Growth**

The nation's labor-market recovery stalled in December, as a resurgence of the coronavirus and state-imposed restrictions ended seven months of job growth. Employers cut 140,000 jobs last month, the first decline since the pandemic hit the country last spring, the Labor Department said. The jobless rate held steady at 6.7%, far below its April peak of 14.8%—a post-World War II high—but still almost twice its pre-pandemic level. Restaurants and bars drove last month's decline. Forced to close or scale down because of the virus and cold weather, they cut 372,000 jobs. Other industries highly vulnerable to the spread of virus—hotels, museums, tourist sites—laid off workers, as did government agencies and schools. Most other sectors added jobs last month, but the gains weren't enough to offset the sharp decline in areas sensitive to the state of the pandemic.

The December decline came as stimulus from a roughly \$900bn coronavirus aid package kicked in, providing \$600 stimulus checks for most families and a \$300-per-week increase in unemployment benefits for jobless workers. President-elect Joe Biden on Friday said next week he would be "laying out the groundwork" for trillions of dollars in new relief. Democrats will control the White House and both chambers of Congress later in January. (WSJ)

US Consumer Credit Up 4.4% in November, Best in 5 Months

U.S. consumer borrowing rose 4.4% in November, its strongest showing in five months, led by strong gains in auto and student loans that offset a drop in credit card borrowing. The Federal Reserve said the rise represented an increase of \$15.3bn, the best showing since June. Borrowing had risen \$4.5bn in October. Borrowing for autos and student loans increased by \$16.1bn, while borrowing in the category that includes credit cards fell by \$786.7mn after a larger \$5.5bn drop in October. The drop in credit card use was an indication consumers remain cautious about spending amid a spike in coronavirus cases in recent weeks.

Consumer borrowing is closely watched for indications of the willingness of households to take on more debt to support their spending, which accounts for 70% of U.S. economic activity. The changes in borrowing left consumer credit at \$4.18tn in November, up a modest 0.5% from a year ago. The Fed's monthly consumer credit report does not cover home mortgages or any loans secured by real estate, such as home equity loans. (The Business Journal)

U.S. Wholesale Inventories Virtually Unchanged in November

With an increase in inventories of durable goods offset by a slump in orders for non-durable goods, the Commerce Department released a report showing U.S. wholesale inventories came in unchanged in the month of November. The Commerce Department said wholesale inventories were virtually unchanged in November after jumping by 1.3% in October. Economists had expected inventories to edge down by 0.1%. Wholesale inventories came in unchanged as inventories of durable goods climbed by 0.9%, while inventories of non-durable goods tumbled by 1.2%. Meanwhile, the report said wholesale sales rose by 0.2% in November following a 1.7% spike in the previous month. Sales of non-durable goods increased by 0.7%, more than offsetting a 0.4% drop in sales of durable goods. Even with the uptick in sales, the inventories/sales ratio for merchant wholesalers in November was unchanged from October at 1.31. (RTT)

Eurozone & United Kingdom

Eurozone Unemployment Rate Surprises with November Decline

Eurozone unemployment unexpectedly inched down for the second consecutive month in November, although the rate rose for younger people and the return of coronavirus restrictions may mean the improvement is short-lived. The European Union's statistics office Eurostat said that the jobless rate fell to 8.3% in November from 8.4% in October. Economists polled by Reuters had expected an increase to 8.5%. In November 2019, the rate was 7.4%. Compared with October, the number of persons unemployed decreased by 172,000 in the euro area, although it was up 1.425mn from a year earlier. In contrast to the improvement for the working population as a whole, for people younger than 25 years the unemployment rate rose to 18.4% in November from 18.0% in October. (Reuters)

German Industrial Output, Exports Continue to Rise

Germany's industrial production and exports continued to grow in November, raising hopes that the economy could avoid a contraction in the fourth quarter, official data revealed. Industrial output grew 0.9% month-on-month in November, slower than the revised 3.4% increase seen in October, Destatis reported. However, this was better than the economists' forecast of +0.7%. On a yearly basis, industrial production declined 2.6% after falling 2.7% a month ago. Compared to February 2020, the month before the start of the restrictions due to the corona pandemic, production in November was 3.8% lower.

Excluding energy and construction, production in industry was up by 1.2% in November. The economy ministry said the outlook for the industrial economy remains cautious in view of the pandemic and the tightened lockdown, but the order situation and the mood in companies have recently improved. This suggests that, unlike in the spring of last year, industry is less affected by the measures, the ministry added. German manufacturers withstood the restrictions imposed in November much better than many feared, meaning the economy almost certainly expanded in the fourth quarter last year. (RTT)

UK House Prices Hit Record High in December 2020

The average house price in Britain hit 253,374 pounds in December 2020, marking a fresh record high after consecutive months of increase, the mortgage lender Halifax said. The house prices in December were 0.2% higher than that of the previous month, or 6.0% higher year-on-year, according to the Halifax's House Price Index. Average houses prices rose again in December, stretching the current run of continuous gains to six months. The monthly growth of 0.2% was "significantly down on the 1.0% increase in November", although the average house price was little changed, it still "reached a fresh record". The soared prices were the result of pent-up demand, a desire amongst buyers for greater space and the time-limited incentive of the stamp duty holiday.

In the near-term, and with mortgage approvals still sitting at a 13-year high, there may be enough residual strength in the market to sustain prices up to the deadline for the stamp duty holiday and the scaling back of Help to Buy at the end of March. However, downward pressure on house prices remains likely as we move through 2021 as the economic recovery is expected to be constrained by the further national lockdown and unemployment is widely predicted to rise in the coming months. Halifax's House Price Index came as Britain reported a further 1,162 coronavirus-related deaths in the latest 24-hour period, the highest daily death toll since April 21. (Xinhua)

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News In Brief *Share Buy-Back*

Share Buy-Back: 08 January 2021

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
AJIYA	900,000	0.58/0.575	0.60/0.55	11,185,600
CHINWEL	8,500	1.00	1.06/1.00	10,726,400
CJZEN	238,000	0.42	0.425/0.41	6,935,000
FIMACOR	5,000	1.75	1.76/1.73	7,052,200
GDEX	925,000	0.37	0.385/0.36	13,314,600
GKENT	130,000	0.725/0.705	0.73/0.705	38,009,200
GLOMAC	50,000	0.31	0.31/0.30	31,577,900
HAIO	4,600	2.22/2.11	2.22/2.11	10,695,888
JAYCORP	20,000	1.45	1.47/1.42	2,673,300
JCBNEXT	21,000	1.41	1.41/1.40	21,000
KFIMA	33,000	1.94/1.87	1.95/1.87	3,756,600
MITRA	800,000	0.245/0.24	0.25/0.24	9,724,249
MYEG	2,500,000	1.78/1.71	1.81/1.70	56,164,700
NIHSIN	1,000,000	0.265/0.24	0.285/0.23	10,461,536
PENSONI	93,400	0.55	0.59/0.545	1,180,300
RANHILL	330,000	0.845/0.825	0.845/0.82	8,116,926
SUCCESS	300,000	0.685/0.67	0.69/0.66	22,471,354
TCHONG	20,000	1.17	1.17/1.16	19,829,000
TROP	635,000	0.87/0.86	0.87/0.855	10,053,243
UNIMECH	27,900	1.35/1.33	1.35/1.32	2,305,310

Source: Bursa Malaysia

Conference call by TA RESEARCH – Remisiers' Briefing

Topic: Weekly Market Outlook
Speaker: Mr. Kaladher / Mr. Stephen Soo
Date: 11 January 2021 (Monday)
Time: 12.45pm

Time: 12.30pm. Signing in of attendees (Please provide full name, Branch)

Time: 12.45pm. Event Start

Note: We are transitioning towards using Microsoft Teams instead of Go-to-Meeting.

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SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price	Target Price	% upside	Recom	Market Cap.	Beta	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg
	(RM)	(RM)					FY21	FY22	FY21	FY22	FY21	FY22	High Price	% Chg	Low Price	% Chg	
AUTOMOBILE																	
BAUTO	1.42	1.64	15.5%	Buy	1,649	1.17	9.4	15.9	15.0	8.9	4.3	8.9	2.07	-31.4	0.94	51.9	-2.1
MBMR	3.26	4.08	25.2%	Buy	1,274	1.15	45.3	46.3	7.2	7.0	7.1	7.1	4.08	-20.1	2.50	30.4	-3.8
PECCA	1.63	1.88	15.3%	Buy	281	0.85	12.2	13.5	13.3	12.1	4.9	4.9	1.70	-4.1	0.68	141.5	-1.2
SIME	2.30	2.66	15.7%	Buy	15,646	0.79	15.3	16.2	15.0	14.2	4.7	4.9	2.58	-10.8	1.55	48.1	-0.4
UMW	3.32	2.44	-26.5%	Sell	3,879	1.82	26.6	35.7	12.5	9.3	1.2	1.5	4.43	-25.1	1.65	101.2	-2.4
BANKS & FINANCIAL SERVICES																	
ABMB	2.81	3.70	31.7%	Buy	4,350	1.15	26.0	32.9	10.8	8.6	2.8	3.6	3.06	-8.2	1.48	89.9	-3.4
AFFIN	1.67	2.50	49.7%	Buy	3,473	1.10	22.7	25.5	7.4	6.6	3.0	4.2	2.04	-18.1	1.25	33.6	-9.2
AMBANK	3.42	4.50	31.6%	Buy	10,293	1.06	36.0	42.6	9.5	8.0	2.3	3.5	3.96	-13.6	2.80	22.1	-6.3
CIMB	4.11	5.10	24.1%	Buy	40,783	1.17	29.0	40.6	14.2	10.1	3.6	4.9	5.23	-21.4	2.90	41.7	-4.4
HLBANK	18.18	23.00	26.5%	Buy	39,409	1.13	119.0	131.6	15.3	13.8	2.2	2.5	19.68	-7.6	11.70	55.4	-0.1
MAYBANK	8.40	10.80	28.6%	Buy	94,427	0.93	63.4	74.6	13.2	11.3	5.4	6.0	9.01	-6.8	6.96	20.7	-0.7
PBBANK	20.34	25.10	23.4%	Buy	78,963	1.40	130.2	146.0	15.6	13.9	2.9	3.2	22.96	-11.4	12.58	61.7	-1.3
RHBBANK	5.41	7.00	29.4%	Buy	21,694	1.11	56.6	64.3	9.6	8.4	4.1	4.6	5.98	-9.5	4.17	29.7	-0.7
BURSA	8.23	8.30	0.9%	Sell	6,658	1.18	26.9	28.0	30.6	29.4	2.9	2.9	10.98	-25.0	4.32	90.5	-0.8
BUILDING MATERIALS																	
ANNJO	1.20	0.61	-49.2%	Sell	648	1.55	2.1	5.1	57.1	23.3	0.8	1.8	1.73	-30.6	0.42	189.2	-23.6
CHINHIN	1.36	0.40	-70.6%	Sell	757	0.39	4.0	5.0	34.2	26.9	1.1	1.1	1.64	-17.1	0.40	240.0	-3.5
CHINWEL	1.01	1.30	28.7%	Buy	292	1.06	11.8	14.6	8.6	6.9	4.5	5.4	1.43	-29.4	0.68	48.5	-9.8
CMSB	1.86	1.76	-5.4%	Sell	1,977	1.53	16.4	19.7	11.3	9.4	1.4	2.7	2.30	-19.1	0.83	124.1	-12.3
CSCSTEL	1.19	1.35	13.4%	Buy	439	1.27	9.1	10.6	13.1	11.3	3.7	4.3	1.47	-19.0	0.54	120.4	-11.9
ENGTEX	0.55	0.64	16.4%	Hold	240	0.49	3.9	5.8	14.0	9.5	1.8	2.7	0.87	-36.4	0.42	31.0	-23.6
CONSTRUCTION																	
GADANG	0.39	0.29	-24.7%	Sell	280	1.68	4.0	5.3	9.7	7.2	2.6	2.6	0.72	-46.5	0.23	71.1	-13.5
GAMUDA	3.70	3.34	-9.7%	Sell	9,300	1.16	20.6	25.9	18.0	14.3	1.6	3.2	4.30	-14.0	2.36	56.8	-4.9
GDB	0.79	1.11	40.5%	Buy	494	1.20	7.9	8.6	10.0	9.2	2.5	2.5	1.02	-22.5	0.33	139.4	-15.5
IJM	1.65	1.63	-1.2%	Sell	5,975	1.17	6.2	9.7	26.7	17.1	2.4	2.4	2.33	-29.2	1.15	43.5	-4.6
INTA	0.29	0.53	86.0%	Buy	153	1.16	4.8	5.8	5.9	4.9	2.6	3.5	0.40	-28.8	0.15	90.0	-6.6
KAB	0.97	0.17	-82.5%	Sell	904	0.76	1.2	1.5	80.7	66.4	0.4	0.5	1.22	-20.5	0.52	85.3	-7.6
PESONA	0.23	0.21	-8.7%	Sell	160	0.82	2.2	1.9	10.3	12.3	4.3	4.3	0.30	-23.3	0.13	76.9	-6.1
SUNCON	1.70	1.68	-1.2%	Sell	2,192	0.80	9.4	10.5	18.1	16.2	4.1	4.1	2.10	-19.0	1.25	36.0	-9.6
WCT	0.48	0.58	21.1%	Hold	667	1.69	4.5	7.0	10.6	6.8	0.0	0.0	0.82	-42.2	0.24	95.8	-10.4
LITRAK	3.93	4.71	19.8%	Buy	2,094	0.65	33.1	44.7	11.9	8.8	6.4	6.4	4.75	-17.3	3.30	19.1	-4.1
CONSUMER																	
<i>Brewery</i>																	
CARLSBG	20.70	24.10	16.4%	Buy	6,329	1.29	79.7	99.4	26.0	20.8	3.9	4.8	39.17	-47.2	17.34	19.4	-10.9
HEIM	21.50	25.50	18.6%	Buy	6,495	1.05	88.2	109.6	24.4	19.6	4.0	4.9	31.74	-32.3	17.30	24.3	-6.6
<i>Retail</i>																	
AEON	0.95	1.25	31.6%	Buy	1,334	1.05	8.9	9.5	10.7	10.0	4.2	4.2	1.45	-34.5	0.67	41.8	-11.2
AMWAY	5.70	6.00	5.3%	Buy	937	0.59	33.8	34.8	16.9	16.4	4.8	4.8	5.91	-3.6	4.50	26.7	-1.4
F&N	32.50	40.00	23.1%	Buy	11,920	0.56	117.5	129.3	27.7	25.1	2.0	2.2	34.40	-5.5	24.12	34.7	1.3
FOCUSP	0.88	0.76	-13.6%	Buy	194	0.61	5.1	5.8	17.3	15.2	2.6	3.0	0.98	-9.7	0.32	175.0	-8.3
HUPSENG	0.94	1.00	6.4%	Sell	752	0.59	5.7	6.0	16.4	15.7	6.4	6.4	1.08	-13.0	0.75	26.2	-1.1
JOHOTIN	1.95	2.60	33.3%	Buy	600	1.24	17.1	19.6	11.4	10.0	3.6	4.1	2.08	-6.2	0.98	99.0	-3.0
LHI	0.67	0.84	25.4%	Buy	2,446	na	4.7	5.7	14.4	11.9	2.1	2.5	0.96	-30.2	0.43	55.8	-2.2
NESTLE	139.50	143.00	2.5%	Sell	32,713	0.47	290.3	305.6	48.1	45.6	2.0	2.1	147.40	-5.4	120.00	16.3	0.4
PADINI	2.65	3.20	20.8%	Buy	1,743	0.97	18.5	23.0	14.4	11.5	3.4	4.3	3.59	-26.2	1.78	48.9	-8.0
POHUAT	1.53	1.88	22.9%	Hold	405	1.08	11.7	20.3	7.8	7.5	5.2	5.2	2.06	-25.7	0.69	121.7	-12.1
QL	6.01	7.00	16.5%	Buy	14,626	0.61	11.0	12.4	54.4	48.3	0.6	0.6	7.20	-16.5	4.33	38.7	3.6
SCIENTX	12.12	12.60	4.0%	Hold	6,264	0.68	81.2	90.3	14.9	13.4	2.1	2.2	12.90	-6.0	5.96	103.4	-4.4
<i>Note: SCIENTX proposed 2 for 1 bonus issue shares and 1 for 5 free warrants. For more detail please refer to 21-Sept-20 report.</i>																	
SIGN	0.47	0.60	29.0%	Buy	119	1.49	3.4	4.9	13.6	9.5	3.9	5.4	0.61	-23.1	0.15	212.0	-13.9
<i>Tobacco</i>																	
BAT	12.98	14.50	11.7%	Buy	3,706	0.90	97.7	96.2	13.3	13.5	7.3	7.2	15.32	-15.3	9.26	40.2	-7.8
GAMING																	
<i>Casino</i>																	
GENTING	4.12	5.68	37.9%	Buy	15,864	1.43	18.4	29.3	22.3	14.1	4.4	4.6	6.05	-31.9	2.91	41.6	-7.6
GENM	2.45	3.20	30.6%	Buy	13,850	1.08	8.4	22.9	29.2	10.7	3.3	5.7	3.26	-24.9	1.83	33.9	-8.9
<i>NFO</i>																	
BJTOTO	2.10	2.40	14.3%	Buy	2,821	0.73	17.0	17.8	12.4	11.8	7.6	8.1	2.63	-20.3	1.88	11.7	-4.1
HEALTHCARE																	
<i>Hospitals/ Pharmaceutical</i>																	
DPHARMA	3.20	1.92	-40.0%	Sell	2,259	0.63	9.1	10.6	35.0	30.2	1.8	2.2	4.38	-26.9	1.05	204.8	-5.3
IHH	5.61	6.25	11.4%	Buy	49,240	0.76	10.8	13.3	51.8	42.2	0.6	0.7	5.94	-5.6	4.55	23.3	2.0
KPJ	0.99	1.05	6.1%	Hold	4,237	0.81	4.0	4.5	24.9	22.1	1.9	2.2	1.04	-4.8	0.72	37.5	-1.0
<i>Rubber Gloves</i>																	
HARTA	12.50	23.60	88.8%	Buy	42,845	1.00	103.9	127.9	12.0	9.8	5.0	6.1	21.16	-40.9	5.40	131.5	3.0
KOSSAN	4.50	9.01	100.2%	Buy	11,489	0.82	151.1	64.4	3.0	7.0	13.2	5.6	9.75	-53.8	2.07	117.9	0.0
SUPERMX	7.30	12.33	68.9%	Buy	19,168	1.57	144.7	87.6	5.0	8.3	7.7	4.6	11.95	-38.9	0.63	1056.9	21.5
TOPGLOV	6.50	8.84	36.0%	Buy	52,147	1.07	155.2	60.0	4.2	10.8	15.6	5.0	9.77	-33.4	1.53	324.8	6.2
INSURANCE																	
ALLIANZ	14.18	17.39	22.6%	Buy	2,508	0.89	288.3	308.2	4.9	4.6	4.1	5.4	16.03	-11.6	11.40	24.4	-4.1
TUNEPRO	0.41	0.48	18.5%	Buy	304	1.26	6.1	7.6	6.6	5.4	6.0	7.5	0.57	-28.9	0.20	102.5	-6.9
MEDIA																	
ASTRO	0.90	1.06	18.4%	Buy	4,667	1.07	9.7	9.6	9.2	9.3	8.4	8.9	1.31	-31.7	0.71	27.0	-1.1
MEDIA PRIMA	0.26	0.28	7.8%	Hold	283	1.28	2.4	3.2	10.6	8.0	7.8	10.4	0.31	-16.4	0.11	131.8	-10.5
STAR	0.34	0.36	4.4%	Sell	246	1.13	-1.3	-0.3	na	na	0.0	0.0	0.51	-33.3	0.23	51.1	-2.9

SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	Beta	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY21	FY22	FY21	FY22	FY21	FY22	High Price	% Chg	Low Price	% Chg	
OIL & GAS																	
LCTITAN	2.65	3.58	35.1%	Buy	6,023	1.28	10.7	12.4	24.8	21.3	0.4	0.4	2.98	-11.1	0.98	171.8	-4.3
MHB	0.42	0.50	20.5%	Hold	664	1.72	0.6	2.4	72.6	17.3	0.0	0.0	0.90	-53.9	0.26	62.7	-7.8
MISC	6.75	8.90	31.9%	Buy	30,130	0.66	49.2	51.9	13.7	13.0	4.4	4.4	8.55	-21.1	6.32	6.8	-1.7
PANTECH	0.40	0.29	-27.5%	Sell	299	1.26	2.2	4.0	18.6	9.9	1.6	3.0	0.52	-23.1	0.25	61.6	-11.1
PCHEM	7.56	9.10	20.4%	Buy	60,480	1.60	31.2	38.1	24.2	19.8	2.4	2.6	7.96	-5.0	4.00	89.0	1.7
SERBADK	1.68	2.10	25.0%	Buy	5,666	1.35	20.3	21.4	8.3	7.8	3.0	3.6	2.48	-32.3	1.02	64.7	-4.5
UZMA	0.53	0.61	16.2%	Sell	13,556	1.59	4.9	8.6	10.8	6.1	0.0	0.0	0.98	-46.4	0.31	69.4	-7.1
VELESTO	0.14	0.16	18.5%	Hold	1,109	1.78	-0.2	0.2	na	76.2	0.0	0.0	0.40	-65.8	0.09	50.0	-3.6
PLANTATIONS																	
FGV	1.29	1.30	0.8%	Hold	4,706	1.22	6.6	8.5	19.5	15.1	1.6	1.6	1.57	-17.8	0.72	80.4	0.8
IJMLNT	1.87	2.40	28.3%	Buy	1,647	1.34	9.6	10.1	19.4	18.5	1.1	1.1	2.25	-16.9	1.01	85.1	2.7
IOICORP	4.51	4.80	6.4%	Hold	28,261	0.91	17.6	19.6	25.7	23.0	2.3	2.6	4.76	-5.3	3.41	32.3	3.2
KLK	24.00	27.30	13.8%	Buy	25,883	0.95	101.4	110.6	23.7	21.7	2.1	2.3	25.22	-4.8	17.40	37.9	1.4
SIMEPLT	5.17	5.66	9.5%	Buy	35,593	0.86	20.2	20.8	25.6	24.8	2.7	2.7	5.44	-4.9	3.81	35.7	3.6
TSH	1.10	1.29	17.3%	Buy	1,518	1.52	5.4	6.3	20.5	17.5	1.8	1.8	1.57	-29.9	0.56	96.4	-4.3
UMCCA	5.15	4.51	-12.4%	Sell	1,080	0.71	13.5	21.4	38.2	24.1	1.7	1.7	5.30	-2.8	4.00	28.8	1.0
PROPERTY																	
GLOMAC	0.31	0.43	41.0%	Buy	234	0.60	2.5	3.8	12.1	8.1	3.3	4.1	0.38	-18.7	0.24	27.1	-6.2
HUAYANG	0.25	0.34	36.0%	Buy	88	1.04	-2.2	0.7	na	37.0	0.0	0.0	0.40	-36.7	0.15	72.4	-10.7
IBRACO	0.57	0.62	9.7%	Buy	280	0.70	7.9	8.9	7.2	6.3	2.7	2.7	0.70	-19.3	0.23	145.7	8.7
IOIPG	1.39	1.77	27.3%	Buy	7,654	1.00	11.3	12.3	12.3	11.3	2.2	2.2	1.77	-21.5	0.83	68.5	-10.3
MAHSING	0.91	1.26	39.2%	Buy	2,197	1.31	9.2	14.6	9.9	6.2	3.3	5.0	1.47	-38.4	0.31	196.7	4.0
SIMEPROP	0.63	0.76	21.6%	Buy	4,251	1.16	4.1	3.8	15.4	16.3	2.4	2.4	0.89	-29.8	0.48	31.6	-6.0
SPSETIA	0.88	1.16	31.8%	Buy	3,570	1.39	8.4	9.8	10.5	9.0	2.8	2.8	1.57	-43.9	0.55	60.0	-11.1
SUNWAY	1.49	1.76	18.1%	Buy	7,285	0.80	10.7	11.1	13.9	13.4	5.0	5.0	1.83	-18.6	1.22	22.1	-7.5
REIT																	
CMMT	0.61	0.71	16.4%	Buy	1,259	0.56	4.6	4.8	13.3	12.6	7.5	7.9	1.02	-40.2	0.59	3.4	-2.4
SUNREIT	1.40	1.48	5.7%	Sell	4,795	0.59	9.3	7.7	15.1	18.2	6.1	5.1	1.92	-27.1	1.34	4.5	-6.7
POWER & UTILITIES																	
MALAKOF	0.90	1.11	23.3%	Buy	4,398	0.78	6.9	6.8	13.0	13.2	6.9	6.8	1.02	-11.8	0.65	39.5	0.6
PETDAG	21.14	20.60	-2.6%	Hold	21,002	0.72	73.4	78.5	28.8	26.9	5.3	5.3	23.79	-11.1	17.08	23.8	-1.2
PETGAS	16.90	18.70	10.7%	Buy	33,441	0.71	97.3	97.1	17.4	17.4	4.0	4.0	18.45	-8.4	12.97	30.3	-1.6
TENAGA	10.52	11.40	8.4%	Buy	60,013	0.91	85.8	89.5	12.3	11.8	4.5	4.7	13.10	-19.7	9.50	10.7	1.0
YTLPOWR	0.68	0.62	-8.1%	Sell	5,473	1.00	2.4	3.9	27.9	17.4	0.0	7.4	0.76	-11.5	0.45	49.4	-9.4
TELECOMMUNICATIONS																	
AXIATA	3.47	4.68	34.9%	Buy	31,818	0.96	14.0	17.1	24.8	20.3	3.5	4.2	4.75	-27.0	2.66	30.5	-7.2
DIGI	4.26	4.40	3.3%	Hold	33,122	0.78	17.9	19.1	23.8	22.3	4.0	4.3	4.68	-9.0	3.74	13.9	2.9
MAXIS	5.20	5.20	0.0%	Hold	40,680	0.71	21.4	23.5	24.3	22.2	3.8	3.8	5.70	-8.8	4.59	13.3	3.0
TM	5.45	5.80	6.4%	Buy	20,566	0.80	33.2	36.0	16.4	15.1	3.1	3.3	5.59	-2.5	3.09	76.4	0.7
TECHNOLOGY																	
<i>Semiconductor & Electronics</i>																	
ELSOFT	0.76	0.70	-7.9%	Under Review	510	1.20	4.1	5.1	18.4	14.8	4.1	5.1	0.94	-19.1	0.39	97.4	-4.4
INARI	2.62	3.26	24.4%	Buy	8,648	0.98	8.9	10.2	29.4	25.8	3.2	3.6	2.83	-7.4	0.90	191.1	-5.1
MPI	25.70	29.40	14.4%	Buy	5,112	0.60	109.1	117.3	23.6	21.9	1.1	1.1	26.26	-2.1	7.39	247.8	-1.0
N2N	0.70	1.15	65.5%	Buy	415	1.36	4.1	4.5	16.9	15.4	4.3	4.3	1.00	-30.2	0.34	102.5	-3.5
SKPRES	1.98	2.45	23.7%	Buy	1,688	1.02	10.2	12.8	19.4	15.4	2.6	3.2	2.29	-13.5	0.66	200.0	-7.9
UNISEM	6.10	6.73	10.3%	Buy	4,750	0.79	27.1	30.4	22.5	20.1	2.3	2.5	7.01	-13.0	1.53	298.7	-1.3
TRANSPORTATION																	
<i>Airlines</i>																	
AIRASIA	0.74	0.77	4.1%	Sell	2,473	1.73	-7.3	20.3	na	3.6	0.0	0.0	1.73	-57.2	0.50	48.0	-16.4
AIRPORT	5.35	6.50	21.5%	Buy	8,877	1.13	-13.9	36.4	na	14.7	0.0	3.1	7.20	-25.7	3.92	36.5	-9.6
<i>Freight & Tankers</i>																	
PTRANS	0.25	0.35	40.0%	Buy	476	1.01	2.6	2.9	9.7	8.7	4.1	5.1	0.33	-23.5	0.12	101.9	-3.8
TNLOGIS	0.76	1.21	59.2%	Buy	391	0.85	1.7	6.3	44.1	12.1	0.0	2.6	1.10	-30.9	0.26	192.3	-14.1
WPRTS	4.35	4.80	10.3%	Buy	14,834	0.54	18.4	20.1	23.7	21.6	3.1	3.5	4.69	-7.2	2.97	46.5	1.2

SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE

Company	Share Price (S\$)	Target Price (S\$)	% upside	Recom	Market Cap. (S\$m)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		52week		% Chg YTD
							FY21	FY22	FY21	FY22	FY21	FY22	High Price	% Chg	Low Price	% Chg	
BANKS & FINANCIAL SERVICES																	
DBS	27.42	26.60	-3.0%	Buy	69,950	1.17	216.5	248.2	12.7	11.0	3.6	4.4	27.47	-0.2	16.65	64.7	9.5
OCBC	10.73	9.10	-15.2%	Sell	48,002	1.04	87.7	107.0	12.2	10.0	3.4	3.7	11.23	-4.5	7.80	37.6	6.7
UOB	24.20	23.80	-1.7%	Buy	40,482	1.10	200.8	239.8	12.1	10.1	4.1	5.0	26.75	-9.5	17.12	41.3	7.1
PLANTATIONS																	
WILMAR	5.04	5.82	15.5%	Buy	32,249	0.89	31.7	35.8	15.9	14.1	2.8	3.2	5.06	-0.4	2.83	78.1	8.4

BUY : Total return within the next 12 months exceeds required rate of return by 5%-point.

HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

SELL : Total return is lower than the required rate of return.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.