



### INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,537.12	-7.34	-0.5
DOW	29,398.08	-25.23	-0.1
S&P 500	3,380.16	6.22	0.2
NASDAQ	9,731.18	19.21	0.2
FTSE-100	7,433.25	24.12	0.3
SHANGHAI	2,983.62	66.61	2.3
HANG SENG	27,959.60	144.00	0.5
STI	3,213.00	-7.03	-0.2
NIKKEI 225	23,523.24	-164.35	-0.7
JCI	5,867.52	0.58	0.0

### MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	2,909.12	1,899.39

### BURSA'S MARKET SHARE (%)

Retail	33.4%
Institutional	49.7%
Foreign	16.9%

### KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Feb)	1,541.50	-2.50	-0.2
OIL - BRENT (USD/b)	57.67	0.35	0.6
CPO FUTURE (RM/ton)	2,649.00	-11.00	-0.4
RUBBER (RM/kg)	461.50	-2.00	-0.4
GOLD (USD/Ounce)	1,581.18	-2.88	-0.2

### FOREX

	LAST CLOSE	% CHG
MYR/USD	4.14	0.1
MYR/SGD	2.98	0.1
YUAN/MYR	1.68	-0.2
YEN/MYR	26.51	-0.1
MYR/EURO	4.49	0.2
MYR/GBP	5.40	0.1

### TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
DGB ASIA BHD	0.08	139.47
SECUREMETRIC BHD	0.14	100.73
POWERWELL HOLDIN	0.31	72.39
BUMI ARMADA BHD	0.40	65.94
ICON OFFSHORE	0.18	59.57

TOP 5 GAINERS	LAST CLOSE	RM (+)
DUTCH LADY MILK	42.50	1.00
HENGYUAN REFININ	4.39	0.51
G3 GLOBAL BHD	3.15	0.36
HONG LEONG FINAN	16.10	0.26
PETRON MALAYSIA	5.10	0.26

TOP 5 LOSERS	LAST CLOSE	RM (-)
PANASONIC MANUFA	32.22	-0.68
FRASER & NEAVE	33.24	-0.26
TENAGA NASIONAL	12.50	-0.18
TOP GLOVE CORP B	5.68	-0.17
MAXIS BHD	5.48	-0.15

Gainers – 413 Losers – 444 Unchanged – 384

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## HIGHLIGHTS

### KLK: Expecting More To Come (KLK MK, Outperform, TP: RM28.11)

Kuala Lumpur Kepong (KLK) posted a core net profit of RM177.3m (YoY: +8.8%) for 1QFY20 after stripping out i) foreign exchange gain of RM27.7m and ii) loss on derivatives amounting to RM39.5m. The results were broadly in line with our and the street expectations, making up 20% respectively. The improved results were mainly led by plantation and manufacturing segments as CPO prices rose while palm kernel prices weakened during the quarter. The results would have been significantly stronger if not because of the sharp decline in wheat farming earnings due to draught condition in Australia. No dividend was declared for the quarter. Maintain **Outperform** call with an unchanged SOP-based TP of RM28.11.

### Technical: Binusat Communication – Upside May Be Capped (0195, Technical Sell)

BINACOM's share price formed a bearish engulfing candlestick pattern yesterday, signifying possible halt in its prior uptrend. Weakening RSI and fast-paced MACD indicators currently signal an exit to sell into strength, anticipating performance in momentum and trend to remain weak in near term. Should support level of RM0.500 be broken, it may continue to drive price lower to subsequent support level of RM0.460.

## HEADLINES

### Economy

#### § EU: German economic growth to be sluggish in 1Q - Bundesbank.

Germany's economy is set to remain sluggish in the 1Q of 2020, hurt by weak demand for exports and the supply disruptions caused by the Covid-19 outbreak in China, Bundesbank said in its latest monthly report. A pick up in the growth momentum in the biggest euro area economy is unlikely in the 1Q, the bank said. Further, the coronavirus outbreak in China is a fresh risk for the German growth outlook, the bank added. (RTT)

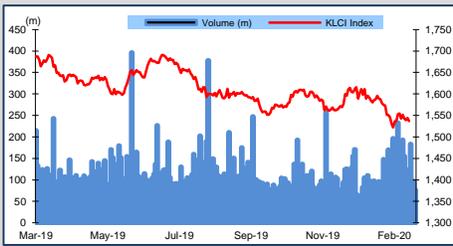
#### § UK: Household finance confidence at 11-year high. UK households' perception of financial well-being remained negative in Feb, but was the highest recorded in eleven years as the pessimism on job security and the living cost inflation eased, survey data from IHS Markit showed. The household finance index rose to 47.6 in Feb from 44.6 in Jan. This was the highest score recorded since the beginning of the survey, eleven years ago, IHS Markit said. (RTT)

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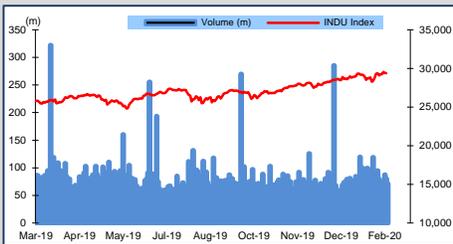
#### § UK: Spending rules could be torn up as Sunak reviews Javid plan.

Just days into his new role as UK Chancellor of the Exchequer, Rishi Sunak is considering tearing up the spending framework that underpinned Prime Minister Boris Johnson's victory in last Dec's election. Sunak, who took the top job at the Treasury on Thursday, is examining whether to keep the fiscal rules his predecessor Sajid Javid agreed to with Johnson last year, according to a person familiar with the matter. Those rules, which restrict day-to-day spending and commit the government to cutting debt, are designed to keep the UK's budget under control. The result could be increased investment to charge up the economy as Britain embarks on life outside the EU and the development of new guidelines for tax and spending, with implications for investors and taxpayers. (Bloomberg)

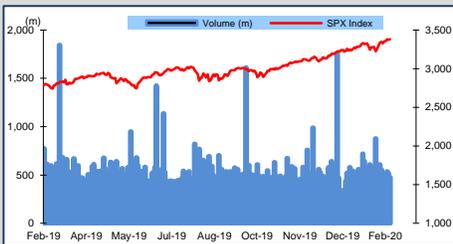
**FBM KLCI**



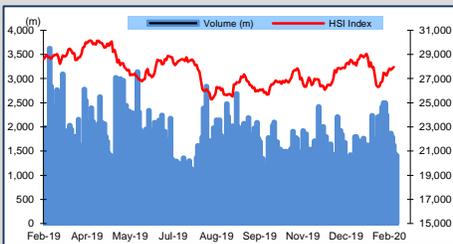
**DOW JONES**



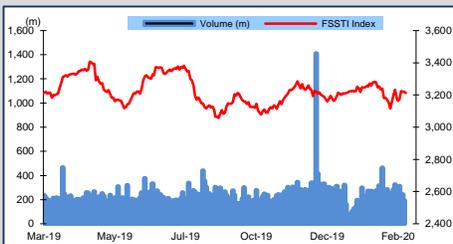
**S&P 500**



**HANG SENG**



**STRAITS TIMES**



Source: Bloomberg, PublicInvest Research

§ **China: Cuts interest rate on medium term loans to ease virus impact.** China's central bank cut the interest rate on medium Term loans to lessen the impact of Covid-19 outbreak on the economy. The PBOC reduced the medium term lending facility, or MLF, by 10 bps to 3.15%. On Monday, the bank offered CNY 200bn worth of one-year loans to commercial lenders through this. The central bank also pumped CNY100bn through the seven-day reverse repurchase agreements. Around CNY1trn worth of reverse repos matured on Monday. (RTT)

§ **China: US factories are open but don't have enough staff.** Most US factories in China's manufacturing hub around Shanghai will be back at work this week, but the "severe" shortage of workers due to the coronavirus will hit production and global supply chains, according to the American Chamber of Commerce in Shanghai. While about 90% of the 109 US manufacturers in the Yangtze River delta expect to resume production this week, 78% of them said they don't have sufficient staff to run at full speed, according to a survey by AmCham. The biggest reasons for that were travel restrictions on their staff returning from holidays and the requirement to quarantine them for two weeks once they do come back. (Bloomberg)

§ **Japan: On brink of recession as economy contracts, virus heightens risk.** Japan's economy shrank at the fastest pace in almost six years in the Dec quarter as a sales tax hike hit consumer and business spending, raising the risk of a recession as China's coronavirus outbreak chills global activity. Analysts say the widening fallout from the epidemic, which is damaging output and tourism, could have a significant impact on Japan if it's not contained in coming months. Japan's GDP shrank an annualized 6.3% in the Oct-Dec period, government data showed on Monday, much faster than a median market forecast for a 3.7% drop and the first decline in five quarters. (Reuters)

§ **Singapore: Cuts growth outlook, plans stimulus amid virus.** Singapore downgraded its forecast for economic growth for this year and plans to deliver a strong budget this week to counter the threat of the coronavirus outbreak on tourism and trade. The Ministry of Trade & Industry projected growth in a range of -0.5% to 1.5% in 2020, compared with a previous estimate of 0.5% to 2.5%. The baseline view is for expansion around the midpoint of 0.5%, it said, although the outlook is still unclear. "As the COVID-19 situation is still evolving, there is a significant degree of uncertainty over the length and severity of the outbreak, and hence its overall impact on the Singapore economy," said Gabriel Lim. (Bloomberg)

§ **Indonesia: Exports plunge before virus-led supply disruptions.** Indonesia's exports slumped in Jan just as the coronavirus began spreading, with Finance Minister Sri Mulyani Indrawati warning of a hit to global trade. Exports fell 3.7% from a year ago versus a median estimate for a surplus of 1.2% in a Bloomberg survey of economists. Imports declined 4.8%, resulting in a trade deficit of USD864m, more than twice the USD375m shortfall forecast in the survey. While Indonesia is yet to record a single case of the deadly virus, the government is sounding alarms bells over a potential hit to Southeast Asia's biggest economy. Growth prospects are at risk and the budget is under pressure. (Bloomberg)

## Markets

- § **EA Technique (Outperform, TP: RM0.62): Appoints ex-Bank Muamalat CEO as chairman.** EA Technique (M) has appointed Datuk Mohd Redza Shah Abdul Wahid as its chairman, effective immediately. Mohd Redza Shah, 57, was previously the CEO of Bank Muamalat Malaysia, between Nov 2008 and Oct 2019. Prior to this, Mohd Redza also held different positions in some companies, such as group CEO at Tradewinds Corp from Oct 2002 to Nov 2005, and COO at DRB-Hicom from Decr 2005 to Oct 2008. (The Edge)
- § **XOX: Teams up with Advance Tech to launch 4G and 5G smartphones.** XOX is partnering with Advance Tech Communication SB to launch a range of 4G and 5G smartphones in the next nine months. It had entered into a collaboration and cooperation agreement with Advance Tech to promote XPLORE smartphones across Southeast Asia. Advance Tech is a 95%-owned subsidiary of AdvanceTC Ltd involved in the development, manufacturing and distribution of mobile devices with space connectivity as well as related satellite and communication services. (SunBiz)
- § **Sinmah Capital: To acquire land for hospital-related project.** Sinmah Capital's indirect subsidiary Sinmah Amegajaya Healthcare SB proposes to acquire a 5-acre piece of land from Sime Darby Property (City of Elmina) SB for RM32.67m. It plans to build a university hospital and a hospital-related building on the land. It must first obtain a confirmation from the Health Ministry within 6 months on the zoning of the land for hospital purpose prior to the execution of the share purchase agreement. In a separate filing, SAH Medical Center SB has terminated its plans for an integrated public-private university hospital in Nilai. (SunBiz)
- § **NWP: Receives EGM requisition to remove an exec director.** NWP Holdings has received an extraordinary general meeting (EGM) requisition from its shareholders to remove executive director Wong See Ming from its board. The notice was served by Tan Su Haw and Chew Kah Eng, the two shareholders who claimed they have jointly held 12.1% equity stake. Additionally, the notice showed that Tan and Chew are also seeking to remove any other person who might have been appointed by the board of directors as director. (The Edge)
- § **Eversendai: Secures projects worth RM330m in India.** Eversendai Corp has secured RM330m worth of projects in India. With the new wins, its total contract wins to-date in 2020 amount to RM653m, bringing its order book to approximately RM2.2bn. With a healthy order book in 2020, it was recently awarded the DLF Downtown IT Park project in Tharamani, Chennai, by DLF Info Park Developers (Chennai) Ltd. Eversendai said securing this contract was a major achievement and would further accelerate its growth momentum. (The Edge)
- § **Petra Energy: 4Q net profit up 3% on better cost efficiency.** Petra Energy net profit grew 3.42% to RM21.68m in the 4QFY19 from RM20.96m a year ago, helped by lower finance costs, administrative expenses, and impairment on trade and other receivables. EPS for the quarter increased to 6.75sen, from 6.51sen. Petra Energy's net profit improved, despite a 35.17% dip in revenue to RM124.37m, from RM191.83m in the year-ago. The oilfield services provider announced an interim dividend of two sen per share. (The Edge)

## MARKET UPDATE

§ The FBM KLCI might open higher today after European stocks advanced on Monday, edging higher as China moved to limit the fallout from the coronavirus halting activity in the world's second-biggest economy. The Stoxx Europe 600 increased 0.34% to 431.96. US markets are closed in observance of Presidents Day. China took another step to boost its economy, with the People's Bank of China cutting its one-year lending rate, as the country announced it may postpone its annual congress in March. China's finance minister also said the country is planning targeted tax cuts. The Shanghai Composite surged over 2%.

Back home, the FBM KLCI retreated 7.34 points or 0.48% to close at 1,537.12 today, as global investors weighed the spectre of recession in Japan and Singapore amid persisting concerns over the 2019 novel coronavirus disease (Covid-19) outbreak. The regional markets finished mixed with the Hang Seng rose 0.52% while the Nikkei 225 lost 0.69%.

## TECHNICAL OUTLOOK

FBM KLCI: 1537.12 (-7.34; -0.47%)

Resistance: 1551, 1580, 1600

Support: 1485, 1500, 1515

### FBM KLCI Daily Chart



The local benchmark retraced yesterday. At the close, the FBM KLCI was down 7.34 points to end at 1537.12. Market breadth turned negative as losers outpaced gainers 444 to 413. Struggling to surpass its major resistance of 1551, the FBM KLCI is anticipated to trend sideways at best in the near term amid suppressed upward momentum. The index is on the verge of trending lower towards the 1515-point should it slip further from current levels. Support levels for the index are at 1485, 1500 and 1515, while the resistance levels are at 1551, 1580 and 1600.

On the broader market, most if not all of the sectoral indices could have reached respective turning points following recent strong rallies, with the emergence of initial signs of weaknesses i.e. intra-day gains being trimmed/erased, reflected by corresponding candlestick formations yesterday.

## ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
17 - 18 Feb	China New Yuan Loans	Jan	CNY3100.0b	CNY1140.0bn
17 - 18 Feb	China Money Supply - M2 YoY	Jan	8.6%	8.7%
19-Feb-20	US Housing Starts	Jan	1420K	1608K
20-Feb-20	Euro-Zone Consumer Confidence	Feb	-8.2	-8.1
20-Feb-20	US Initial Jobless Claims	15-Feb	210K	205K
21-Feb-20	Euro-Zone Markit PMI Manufacturing	Feb	47.4	47.9
21-Feb-20	Euro-Zone Markit PMI Services	Feb	52.3	52.5
21-Feb-20	Euro-Zone CPI YoY	Jan	1.4%	1.4%
21-Feb-20	Malaysia CPI YoY	Jan	1.7%	1.0%
21-Feb-20	Malaysia Foreign Reserves	14-Feb	--	USD104.2bn
21-Feb-20	US Markit PMI Manufacturing	Feb	51.5	51.9
21-Feb-20	US Existing Home Sales	Jan	5.45m	5.54m

## CORPORATE MONITOR

### COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
Malakoff	19-Feb-20	5.30pm
HSS Engineers	26-Feb-20	10.30am
GHL Systems	28-Feb-20	3.00pm

### RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
IOI Corp	2QFY20	18-Feb-20
Berjaya Toto	2QFY20	18-Feb-20
Sarawak Plantation	4QFY19	18-Feb-20
Apex Healthcare	4QFY19	19-Feb-20
Malakoff	4QFY19	19-Feb-20
AAX	4QFY19	20-Feb-20
Kossan	4QFY19	21-Feb-20
Axiata	4QFY19	21-Feb-20
Maxis	4QFY19	21-Feb-20
TM	4QFY19	21-Feb-20
KPJ Healthcare	4QFY19	24-Feb-20
MFCB	4QFY19	25-Feb-20
Perak Transit	4QFY19	25-Feb-20
D&O	4QFY19	26-Feb-20
Genting Plantation	4QFY19	26-Feb-20
Sime Darby	2QFY20	26-Feb-20
CJ Century Logistics	4QFY19	26-Feb-20
TSH	4QFY19	27-Feb-20
SKP	3QFY20	27-Feb-20
Genting Berhad	4QFY19	27-Feb-20
Genting Malaysia	4QFY19	27-Feb-20
QL	3QFY20	27-Feb-20
AirAsia Group	4QFY19	27-Feb-20
IHH Healthcare	4QFY19	28-Feb-20
FGV	4QFY19	28-Feb-20
Sime Darby Plantation	4QFY19	28-Feb-20
Ta Ann	4QFY19	28-Feb-20
Sime Darby Plantation	4QFY19	28-Feb-20
Tenaga Nasional	4QFY19	28-Feb-20
DRB-Hicom	9MFY19	28-Feb-20

## CORPORATE MONITOR

### IPO LISTING

<u>Company</u>	<u>Listing Sought</u>	<u>Issue Price (RM/Share)</u>	<u>No. Of Shares</u>		<u>Closing Application Date</u>		<u>Listing Date</u>
			<u>Public Issue</u>	<u>Offer For Sale</u>	<u>Retail</u>	<u>Institutional</u>	
InNature	Main Market	0.68	74,074,000	103,200,000	6-Feb-20	6-Feb-20	20-Feb-20

### OFF-MARKET TRANSACTIONS (>1,000,000)

17-Feb-2020

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Gunung Capital	6,770,000	4,060,000	0.60
Chin Hin Group	10,000,000	5,900,000	0.59
Green Packet	10,000,000	7,150,000	0.72

### ENTITLEMENTS

<u>Company</u>	<u>Particulars</u>	<u>Gross DPS (RM)</u>	<u>Announcement Date</u>	<u>Ex-Date</u>	<u>Lodgement Date</u>	<u>Payment Date</u>
VS Industry	First Interim Dividend 1 Sen	0.010	12-Dec	17-Feb	18-Feb	6-Mar
LPI Capital	Second Interim Dividend	0.430	12-Feb	17-Feb	18-Feb	26-Feb
Bursa Malaysia	Final Dividend	0.104	30-Jan	18-Feb	19-Feb	28-Feb
Zhulian Corp	Fourth Interim Dividend	0.020	22-Jan	18-Feb	19-Feb	11-Mar
Zhulian Corp	Special Dividend	0.040	22-Jan	18-Feb	19-Feb	11-Mar
Ageson	Rights Issue		5-Feb	18-Feb	19-Feb	19-Mar
Amanah Harta Tanah PNB	Income Distribution	0.029	20-Jan	19-Feb	20-Feb	28-Feb
Poh Kong Holdings	First and Final Single Tier Dividend of 1.20 sen	0.012	18-Nov	19-Feb	20-Feb	13-Mar
Techbond Group	Bonus Issue		6-Feb	19-Feb	20-Feb	2-Mar
Atrium REITS	Income Distribution	0.000	6-Feb	20-Feb	21-Feb	9-Mar
Westports Holdings	Second Interim Dividend	0.022	7-Feb	20-Feb	21-Feb	3-Mar
Astino	First and Final Single-Tier Dividend 1 Sen	0.010	28-Nov	20-Feb	21-Feb	13-Mar
Hai-O Enterprise	Interim Single Tier Dividend 3 Sen	0.030	15-Jan	21-Feb	24-Feb	5-Mar

TE- Tax Exempt

## RATING CLASSIFICATION

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

<b>OVERWEIGHT</b>	The sector is expected to outperform a relevant benchmark over the next 12 months.
<b>NEUTRAL</b>	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
<b>UNDERWEIGHT</b>	The sector is expected to underperform a relevant benchmark over the next 12 months.

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