



INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,403.44	6.19	0.4
DOW	23,685.42	60.08	0.3
S&P 500	2,863.70	11.20	0.4
NASDAQ	9,014.56	70.84	0.8
FTSE-100	5,799.77	58.23	1.0
SHANGHAI	2,868.46	-1.88	-0.1
HANG SENG	23,797.47	-32.27	-0.1
STI	2,523.55	1.24	0.0
NIKKEI 225	20,037.47	122.69	0.6
JCI	4,507.61	-6.23	-0.1

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	9,228.80	3,868.08

BURSA'S MARKET SHARE (%)

Retail	40.0%
Institutional	45.0%
Foreign	15.0%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (May)	1,400.00	13.50	1.0
OIL - BRENT (USD/b)	32.50	1.37	4.4
CPO FUTURE (RM/ton)	2,091.00	60.00	3.0
RUBBER (RM/kg)	432.00	4.00	0.9
GOLD (USD/Ounce)	1,743.67	11.73	0.7

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.35	0.3
MYR/SGD	3.06	0.2
YUAN/MYR	1.63	-0.2
YEN/MYR	24.62	0.0
MYR/EURO	4.70	0.2
MYR/GBP	5.31	0.3

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
KNM GROUP BHD	0.18	673.29
HIBISCS	0.58	487.51
SAPURA ENERGY BH	0.09	432.30
VELESTO ENERGY B	0.14	357.21
BUMI ARMADA BHD	0.20	314.19

TOP 5 GAINERS	LAST CLOSE	RM (+)
PPB GROUP BERHAD	16.54	0.43
DUTCH LADY MILK	46.16	0.36
KUALA LUMPUR KEP	20.16	0.34
HONG LEONG FINAN	12.90	0.28
DUFU TECHNOLOGY	4.76	-0.34

TOP 5 LOSERS	LAST CLOSE	RM (-)
SIME DARBY PLANT	4.61	-0.14
HAP SENG CONS	7.00	-0.10
ADV PACKAGIN (M)	1.95	-0.05
HARTALEGA HLDGS	9.11	-0.08
TA ANN HLDGS BHD	2.15	-0.08

Gainers – 592 Losers – 316 Unchanged – 387

Research Team

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

HIGHLIGHTS

Gaming: Will Take Time (Overweight)

The impact of Covid-19 is far more devastating than earlier thought, leading to complete shutdown of businesses across the globe. Although we are seeing some easing of lockdowns and gradual revival of economic activities, the entertainment and hospitality sector remains closed in most markets. Assuming casino and other tourist attractions resume operations by mid-2020, we believe they are unlikely to fully return to normalcy even in 2021 due to the need to comply with social distancing guidelines. In our view, restrictions to entry and other crowd control measures may be enforced on casinos and theme parks. Therefore, we reckon operations are not likely to run at optimal capacity in FY20-21F. As such, we slash our earnings forecasts for Genting Malaysia (GENM) and Genting Bhd (GENT) by 79-124% in FY2020F and 25-28% in FY2021F. Our SOTP-based TPs for GENM and GENT are revised to RM2.45 and RM5.40 respectively however, as we roll forward valuations to FY2021F. Maintain **Neutral** on GENM and **Outperform** on GENT. Meanwhile, BToto will be more appealing given that we expect a smaller decline in earnings (8-10% cut for FY2020-21F) due to the nature of its cost structure which predominantly consists of variable costs (prize payout, betting duties, agency fees). Maintain **Outperform** on BToto with a revised TP of RM2.85.

Top Glove: Booming Orders (TOPG MK, Outperform, TP: RM12.70)

Following our upgrade in end-January, Top Glove's share price has surged c.60% as glove makers were one of the very few beneficiaries of the Covid-19 outbreak. Demand for rubber gloves grew tremendously starting from the month of January, subsequently leading to a global shortage of rubber gloves. As a result, Top Glove has also secured orders for delivery in April 2021. We raise our earnings projections for FY20-21F by 55-71% to account for the stronger sales volume, higher ASP and margin expansion. We also roll over our valuation to CY21F earnings, raising our TP to RM12.70, pegged to a PE multiple of 43x (at +2SD of its 5-year historical mean) and we maintain our **Outperform** call. Downside risk to our call include possible derating should the Covid-19 pandemic subsides.

Technical: Bumi Armada (5210, Technical Buy)

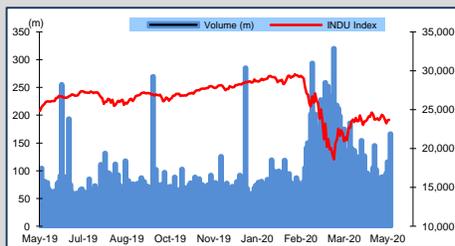
Owning and operating offshore support vessels to provide support for exploration, development and production activities in the offshore oil and gas industry, ARMADA is an international offshore services provider to the oil and gas industry in Malaysia and other countries in Asia.

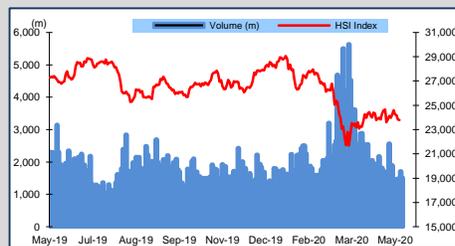
Support level	Share price	Resistance level	Share price
1 st support	RM0.180	1 st resistance	RM0.225

Technical: Coastal Contracts (5071, Technical Buy)

COASTAL, through its subsidiaries, provides fabrication and sale of marine transportation vessels, property letting, ship repairs and maintenance, sub-contract services, vessel chartering, tugboat and barge transportation, equipment hiring, as well as barge hiring and leasing services.

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

Support level	Share price	Resistance level	Share price
1 st support	RM0.650	1 st resistance	RM0.730

Technical: Naim Holdings (5073, Technical Buy)

NAIM, through its subsidiaries, operates property development and investment as well as provides construction and civil engineering and construction works. Naim also manufactures and sells reinforced concrete piles, trades cement, steel bar, and wire mesh, as well as provides earthwork contractor services.

Support level	Share price	Resistance level	Share price
1 st support	RM0.600	1 st resistance	RM0.685

HEADLINES

Economy

- US: Business inventories drop in line with estimates In March.** Business inventories edged down by 0.2% in March after falling by a revised 0.5% in February. Economists had expected inventories to dip by 0.2% compared to the 0.4% drop originally reported for the previous month. The modest decrease in business inventories came as manufacturing and wholesale inventories both fell by 0.8%, more than offsetting a 1.0% jump in retail inventories. Meanwhile, business sales plunged by 5.2% in March following a 0.5% decrease in February. Manufacturing and wholesale sales both tumbled by 5.2% while retail sales plummeted by 5.3%. With sales falling by much more than inventories, the total business inventories/sales ratio surged up to 1.45 in March from 1.38 in February. (RTT)
- US: Consumer sentiment unexpectedly improves in May.** With stimulus checks improving consumers' finances and widespread price discounting boosting buying attitudes, a report showed an unexpected improvement in US consumer sentiment in the month of May. Consumer sentiment index rose to 73.7 in May after plummeting to 71.8 in April. The rebound surprised economists, who had expected the index to slip to 68.0. The unexpected increase by the headline index came as the current economic conditions index jumped to 83.0 in May from 74.3 in April. On the other hand, the index of consumer expectations fell to 67.7 in May from 70.1 in the previous month. On the inflation front, one-year inflation expectations surged up to 3.0% in May from 2.1% in April, while five-year inflation expectations inched up to 2.6% from 2.5%. (RTT)
- US: Industrial production plunges amid collapse in manufacturing output.** The Fed highlighted a record drop in US industrial production in the month of April, as the COVID-19 pandemic led many factories to slow or suspend operations throughout the month. Industrial production plummeted by 11.2% in April after tumbling by a revised 4.5% in March. Economists had expected production to plunge by 11.5% compared to the 5.4% nosedive originally reported for the previous month. Manufacturing output led the way lower, cratering by 13.7 in April amid a 70% collapse in the output of motor vehicles and parts. Mining output also tumbled by 6.1% in April, while utilities output showed a relatively modest 0.9% decrease. Capacity utilization slumped to 64.9% in April from a revised 73.2% in March. Capacity utilization had been expected to plunge to 64.0%. (RTT)

- **US: Retail sales plunge a record 16.4% in April, far worst than predicted.** Consumer spending tumbled a record 16.4% in April as the backbone of the US economy retrenched amid the coronavirus pandemic. Economist expected the advance retail sales number to fall 12.3% after March's reported 8.3% dive already set a record for data going back to 1992. The March numbers were revised to be not as bad as the 8.7% initially reported. Some 68% of the nation's USD21.5trn economy comes from personal consumption expenditures, which tumbled 7.6% in the 1Q just as social distancing measures aimed at containing the coronavirus began to take effect. (CNBC)
- **EU: Eurozone GDP contracts at sharpest rate on record.** The euro area economy contracted at the sharpest pace on record in the 1Q due to the measures taken to contain the spread of coronavirus. GDP fell 3.8% sequentially in the 1Q, in contrast to a 0.1% rise in the 4QFY19. On a yearly basis, the economy shrank 3.2% after rising 1% in the 4Q. The rate was revised from -3.3%. This was the biggest decrease since the 3QFY19. While GDP growth will be even bleaker for the 2Q, it is important to keep daily data in mind at the moment given that this is a recession on steroids. Economist expects a sharp bounce back in the 3Q. (RTT)
- **EU: Germany plunges into recession with biggest slump in decade.** The German economy shrank 2.2% in the 1Q, the most in more than a decade, offering an early flavour of the damage from the coronavirus outbreak. Less than two weeks of official lockdown caused slumps in consumer spending and capital investment. Government spending and construction provided some stabilization. A 3.8% slump in the euro-area economy led to a decline in employment, the first since 2013. A revision to Germany's 4Q's performance means Europe's largest economy is already in a recession. With restrictions to contain the pandemic only slowly being lifted, the economy is set to suffer much more in the three months through June. The German government has already mobilized some EUR1.2trn to support German businesses, and is working on additional tools to kick-start the economy. (Bloomberg)
- **UK: Economy likely to recover slowly from COVID hit - budget office head.** Britain's economy is likely to have a slower economic recovery rather than a quick bounce-back after its coronavirus shutdown stressed the head of the country's budget forecasting office. The quick V-shaped recovery published by the OBR last month was only meant to be illustrative to show the hit to the public finances. In practice, you are likely not to see the economy bouncing back to where they would have expected it otherwise to be by the end of the year, on that assumption, but instead a rather slower recovery. (Reuters)
- **China: Industrial production rebounds; sales fall at slower pace.** China's industrial production rebounded and the decline in retail sales slowed in April, suggesting that the economy is recovering slowly as Covid-19 subsides. Industrial production grew 3.9% in April from the last year, reversing a 1.1% fall in March. Economists had forecast a moderate 1.5% growth. Retail sales fell 7.5% on a yearly basis, slower than the 15.8% increase seen in March. However, this was bigger than the expected drop of 7%. (RTT)

Markets

- **Rohas Tecnic: Clinches RM102m contract from Power Grid Company of Bangladesh.** Rohas Tecnic has secured a RM102m contract in Bangladesh to design, supply, install, test and commission 400 kV and 132kV transmission lines. Rohas Tecnic had accepted the contract's letter of award from the Power Grid Company of Bangladesh, it announced. The contract is expected to start in 3Q20 and has a tenure of 24 months. (The Edge)
- **Minetech: Wins sub-contract works worth RM30.4m.** Minetech has been appointed as a sub-contractor by Mutual Premium SB to undertake and complete subcontract works worth RM30.4m. It said the contract is for the construction of a new school and other facilities at Parit Buntar, Perak. (Bernama)
- **Handal: Ploughs on despite tough obstacles.** Handal Energy said at least two of its major contract activities have been deferred or dropped since Feb 2020 due to the pandemic and clients' cost reduction efforts. It has also received requests for contract renegotiations and commercial rates discount. However, majority of deferred activities will likely be reassessed and rescheduled to 1Q21. (StarBiz)
- **Ho Wah Genting: To distribute China-developed Covid-19 diagnostic kit in Malaysia.** Ho Wah Genting has been appointed as a distributor of a China-developed Covid-19 diagnostic kit in Malaysia, till end-CY20. It has also submitted an application to the MoH Malaysia for the certification of the diagnostic kit and is currently pending approval. Additionally, the Group has also appointed PM Care SB as the sub-distributor of the diagnostic kit. (The Edge)
- **Pentamaster: 1Q earnings hit by Covid-19 travelling restrictions.** Pentamaster's 1QFY20 net profit fell 14.28% YoY to RM16.77m, as revenue was hit by the travelling restrictions amid the Covid-19 outbreak, as it affected the Group's project delivery schedule and site installation of the automated test equipment (ATE) operating segment. Pentamaster said FY20 will be challenging for the group. It said although the MCO in Malaysia and similar measures in other countries have been eased, the resumption of production normalisation will take time. (The Edge)
- **Kronologi: Asset impairment drags it into loss-making 1Q.** Kronologi reported a net loss in 1QFY20, despite a 60% jump in revenue, as it recognised an RM11.64m one-time non-cash impairment amid the economic slowdown. It incurred a net loss of RM11.24m in 1QFY20, from a net profit of RM3.69 million a year ago. (The Edge)
- **Icon Offshore: Returns to black in 1Q with net profit of RM20.35m.** Icon Offshore returned to the black with a net profit of RM20.35m in 1QFY20 against a net loss of RM7.64m in 1QFY19, partly due to gain on debt restructuring exercise, and waiver of interest payable. On the outlook for FY20, it said the current pandemic and reduction in crude oil price have resulted in a more volatile and challenging environment. As far as the reduction in crude oil price is concerned, for now there is minimal impact on the contracts that have already been secured. (Bernama)

MARKET UPDATE

- The FBM KLCI might open with a positive bias today after US stocks recovered from steep losses early Friday to close higher, despite data showing U.S. April retail sales plunged more than forecasts and news the Trump administration will block shipments of semiconductors to China's Huawei Technologies, stoking fears of renewed trade tensions. However, sentiment was improved by news the House of Representatives was set to vote on another \$3 trillion coronavirus package that could be the opening bid in another round of fiscal stimulus. The Dow Jones Industrial Average rose 61 points, or less than 0.3%, to 23,685.42, while the S&P 500 added 11.20 points, or 0.4%, higher to end the session at 2,863.70. The Nasdaq Composite Index closed at 9,014.56 after gaining 70.84 points, or 0.8%. European stocks also closed higher Friday, with the Stoxx Europe 600 adding 0.5%, while the FTSE 100 rose 1%.

Back home, the FBM KLCI closed 6.19 points or 0.44% higher to 1,403.44 points as global crude oil price gains offered an impetus to Bursa Malaysia's oil and gas (O&G)-related shares' price and volume rises, which propelled securities trade across the bourse above nine billion units again. In the region, the Hong Kong Hang Seng fell 0.1%, the Nikkei 225 rose 0.6%, the Shanghai Composite Index closed 0.1% lower, while the CSI 300 Index fell 0.3%.

TECHNICAL OUTLOOK

FBM KLCI: 1403.44 (+6.19; +0.44%)

Resistance: 1430, 1455, 1485

Support: 1310, 1360, 1400

FBM KLCI Daily Chart



The local benchmark penetrated the psychological 1400 mark last Friday. At the close, the FBM KLCI was up 6.19 points to end at 1403.44. Market breadth turned positive as gainers outpaced losers 592 to 316. At this juncture, the index is anticipated to hover around the 1400 mark. Support levels for the index are at 1310, 1360 and 1400, while the resistance levels are at 1430, 1455 and 1485. As for the FBM SCAP (11613.64; +194.08; +1.70%), the index was mainly lifted by energy and telecommunication sectors last Friday. On the broader market, energy as well as plantation sectors exhibit more apparent signs of revival in trend in the near future.

ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
19-May-20	US Housing Starts	Apr	923K	1216K
20-May-20	Malaysia CPI YoY	Apr	-1.8%	-0.2%
20-May-20	Euro-Zone CPI YoY	Apr	0.4%	0.7%
20-May-20	Euro-Zone Consumer Confidence	May	-23.4	-22.7
21-May-20	US Initial Jobless Claims	16-May	2425K	2981K
21-May-20	US Markit PMI Manufacturing	May	38.0	36.1
21-May-20	US Existing Home Sales	Apr	4.30m	5.27m

CORPORATE MONITOR

COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
----------------	-------------	-------------

RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Hartalega	4QFY20	18-May-20
Genting Plant	1QFY20	20-May-20
Malakoff	1QFY20	20-May-20
Perak Transit	1QFY20	20-May-20
Serba Dinamik	1QFY20	20-May-20
Telekom Malaysia	1QFY20	20-May-20
Wah Seong	1QFY20	20-May-20
TSH	1QFY20	21-May-20
Axiata	1QFY20	21-May-20
Genting	1QFY20	21-May-20
Genting Malaysia	1QFY20	21-May-20
CJ Century Logistics	1QFY20	21-May-20
Kossan	1QFY20	21-May-20
Apex Healthcare	1QFY20	21-May-20
Sime Darby Property	1QFY20	21-May-20
Sime Darby	3QFY20	21-May-20
Sime Darby Plantation	1QFY20	22-May-20
IOI Corp	3QFY20	27-May-20
KLK	2QFY20	27-May-20
MFCB	1QFY20	28-May-20
Sarawak Plant	1QFY20	28-May-20
FGV	1QFY20	28-May-20
Ta Ann	1QFY20	29-May-20
IJM Corporation	4QFY20	26-May-20
Berjaya Toto	3QFY20	02-June-20
Tenaga	1QFY20	10-June-20
D&O	1QFY20	16-June-20
AAX	1QFY20	19-June-20
UEM Sunrise	1QFY20	19-June-20
E&O	4QFY20	29-June-20
QL	4QFY20	29-June-20
IHH Healthcare	1QFY20	29-June-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>	

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

15-May-2020

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
MSCM Holdings	30,862,500	3,090,000	0.10
Sarawak Consolidated Industrie	4,200,000	8,400,000	2.00
Matrix Concepts Holdings	1,900,000	3,310,000	1.74
Gadang Holdings	7,121,200	3,060,000	0.43
Malaysian Resources Corp	3,937,700	2,010,000	0.51
Focus Dynamics Group	11,500,000	8,050,000	0.70
Malayan United Industries	11,200,000	1,290,000	0.12
Berjaya Food	4,500,000	4,950,000	1.10
TA Enterprise	4,224,600	1,820,000	0.43
Kim Teck Cheong Consolidated	18,000,000	3,420,000	0.19

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>
F&N	An interim single tier dividend of 27 sen per share for the financial year ending 30 September 2020	0.270	4-May	19-May	20-May	12-Jun
KLCC	A First Interim Dividend of 2.46 sen per ordinary share, tax exempt under single tier system.	0.025	5-May	21-May	22-May	18-Jun
KLCC	A First Interim Income Distribution of 5.84 sen (taxable)	0.058	5-May	21-May	22-May	18-Jun
MISC	First Tax Exempt Dividend of 7 sen per ordinary share	0.070	8-May	22-May	27-May	9-Jun

TE- Tax Exempt

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	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.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

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

DISCLAIMER

This document has been prepared solely for information and private circulation only. It is for distribution under such circumstances as may be permitted by applicable law. The information contained herein is prepared from data and sources believed to be reliable at the time of issue of this document. The views/opinions expressed herein are subject to change without notice and solely reflects the personal views of the analyst(s) acting in his/her capacity as employee of Public Investment Bank Berhad ("PIVB"). PIVB does not make any guarantee, representations or warranty neither expressed or implied nor accepts any responsibility or liability as to its fairness liability adequacy, completeness or correctness of any such information and opinion contained herein. No reliance upon such statement or usage by the addressee/anyone shall give rise to any claim/liability for loss of damage against PIVB, Public Bank Berhad, its affiliates and related companies, directors, officers, connected persons/employees, associates or agents.

This document is not and should not be construed or considered as an offer, recommendation, invitation or a solicitation of an offer to purchase or subscribe or sell any securities, related investments or financial instruments. Any recommendation in this document does not have regards to the specific investment objectives, financial situation, risk profile and particular needs of any specific persons who receive it. We encourage the addressee of this document to independently evaluate the merits of the information contained herein, consider their own investment objectives, financial situation, particular needs, risks and legal profiles, seek the advice of their, amongst others, tax, accounting, legal, business professionals and financial advisers before participating in any transaction in respect of any of the securities of the company(ies) covered in this document.

PIVB, Public Bank Berhad, our affiliates and related companies, directors, officers, connected persons/employees, associates or agents may own or have positions in the securities of the company(ies) covered in this document or any securities related thereto and may from time to time add or dispose of, or may be materially interested in, any such securities. Further PIVB, Public Bank Berhad, our affiliates and related companies, associates or agents do and/or seek to do business with the company(ies) covered in this document and may from time to time act as market maker or have assumed an underwriting commitment in the securities of such company(ies), may sell them or buy them from customers on a principal basis, may have or intend to accommodate credit facilities or other banking services and may also perform or seek to perform investment banking, advisory or underwriting services for or relating to such company(ies) as well as solicit such investment advisory or other services from any entity mentioned in this document. The analyst(s) and associate analyst(s) principally responsible for the preparation of this document may participate in the solicitation of businesses described aforesaid and would receive compensation based upon various factors, including the quality of research, investor client feedback, stock pickings and performance of his/her recommendation and competitive factors. The analyst(s) and associate analyst(s) may also receive compensation or benefit (including gift and company/issuer-sponsored and paid trips in line with the Bank's policies) in executing his/her duties. Hence, the addressee or any persons reviewing this document should be aware of the foregoing, amongst others, may give rise to real or potential conflicts of interest.

Published and printed by:

PUBLIC INVESTMENT BANK BERHAD (20027-W)
9th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur
T 603 2268 3000
F 603 2268 3014
Dealing Line 603 2268 3129