



### INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,502.63	-4.41	-0.3
DOW	25,445.94	-710.16	-2.7
S&P 500	3,050.33	-80.96	-2.6
NASDAQ	9,909.17	-222.20	-2.2
FTSE-100	6,123.69	-196.43	-3.1
SHANGHAI	2,979.55	8.93	0.3
HANG SENG	24,781.58	-125.76	-0.5
STI	2,628.62	-6.30	-0.2
NIKKEI 225	22,534.32	-14.73	-0.1
JCI	4,964.74	85.60	1.8

### MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	5,388.41	2,601.53

### BURSA'S MARKET SHARE (%)

Retail	34.7%
Institutional	47.9%
Foreign	17.4%

### KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Jun)	1,499.00	-5.50	-0.4
OIL - BRENT (USD/b)	40.31	-2.32	-5.4
CPO FUTURE (RM/ton)	2,436.00	-30.00	-1.2
RUBBER (RM/kg)	483.00	-1.50	-0.3
GOLD (USD/Ounce)	1,766.54	0.98	0.1

### FOREX

	LAST CLOSE	% CHG
MYR/USD	4.27	-0.1
MYR/SGD	3.08	0.2
YUAN/MYR	1.66	0.4
YEN/MYR	24.92	-0.4
MYR/EURO	4.83	0.0
MYR/GBP	5.34	0.1

### TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
AT SYSTEMATIZATI	0.09	254.94
TRIVE PROPERTY B	0.01	193.14
MQ TECHNOLOGY BH	0.05	173.24
NETX HOLDINGS BH	0.01	150.20
VIVOCOM INTERNAT	0.03	130.39

TOP 5 GAINERS	LAST CLOSE	RM (+)
HEINEKEN MALAYSI	22.88	0.96
CARLSBERG BREWER	24.10	0.60
VITROX CORP BHD	9.15	0.35
MILUX CORP BHD	1.70	0.31
AJINOMOTO MALA	14.98	0.28

TOP 5 LOSERS	LAST CLOSE	RM (-)
PETRONAS DAGANGA	21.64	-1.04
NESTLE (MALAY)	139.30	-0.60
SUPERMAX CORP	7.12	-0.26
QL RESOURCES BHD	9.19	-0.19
HAP SENG CONS	8.55	-0.19

Gainers – 409 Losers – 556 Unchanged – 412

### Research Team

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

## HIGHLIGHTS

### Economics: May 2020 CPI - Knocked by Pump Prices

The Consumer Price Index (CPI) remained subdued in May, weighed by the Conditional Movement Control Order (CMCO) that lasted for almost a month. A less-than-sanguine CPI reading was also contributed by five states (Kelantan, Kedah, Sarawak, Sabah, Pahang) that chose to continue with the Movement Control Order (MCO) instead of the CMCO, thereby keeping respective economies closed for a while longer. Above all, CPI was weighed by a sharp drop in petrol prices following crude oil prices that slipped to a 20-year low. CPI declined by 2.9% in May as a result, matching April's numbers.

### Gamuda: Below Expectations (GAM MK, Neutral, TP: RM3.43)

Gamuda reported lower core net profit of RM40.7m (-76.6% YoY) in 3QFY20, bringing 9MFY20 core net profit to RM387m (-25.4% YTD). The performance was dragged by lower contributions from all segments due to implementation of the Movement Control Order (MCO), resulting in all activities ceasing domestically. Although underground works for the MRT2 project was allowed to continue as it was classified as critical work, stricter operating procedures that had to be implemented limited the work progress and reduced efficiency. Consequently, net profit margin for the quarter dropped by 9.4ppt YoY to 7.4%, also partly due to additional cost incurred for Covid-19 testing and other related costs. The numbers are below our and consensus estimates, meeting only 69.1% and 64.4% of full-year forecast. We adjust our FY20-22 estimates lower by an average -10.9%, incorporating the worse-than-expected 3QFY20 results and slower recovery as we see new norms affecting efficiency and productivity levels. Our TP is lifted to RM3.43 (from RM3.09) nonetheless as we remove the 10% discount ascribed previously on improvements in sentiment for the construction segment post-lockdown. We maintain our **Neutral** call given the limited share price upside.

### Technical: Eversendai Corporation - Possible For Chart Pattern Breakout (5205, Technical Buy)

SENDAI is staging a potential breakout from its current sideways channel. Slightly improved RSI and MACD indicators currently signal reasonable entry level, with anticipation of continuous improvement in both momentum and trend in the near term. Should resistance level of RM0.320 be genuinely broken with renewed buying interest, it may continue to lift price higher to subsequent resistance levels of RM0.330 and RM0.345. However, failure to hold on to support level of RM0.295 may indicate weakness in the share price and hence, a cut-loss signal.

### Technical: Vizione Holdings - Possible For Recovery (7070, Technical Buy)

VIZIONE is staging a recovery from its recent pullback. Slightly improved RSI and MACD indicator currently signals reasonable entry level, with anticipation of continuous improvement in both momentum and trend in the near term. Should resistance level of RM0.480 be genuinely broken with renewed buying interest, it may continue to lift price higher to subsequent resistance levels of RM0.500 and RM0.540. However, failure to hold on to support level of RM0.435 may indicate weakness in the share price and hence, a cut-loss signal.

## HEADLINES

### Economy

§ **Global: IMF slashes its forecasts for the global economy and warns of soaring debt levels.** The IMF slashed its economic forecasts once again and warned that public finances will deteriorate significantly as governments attempt to combat the fallout from the coronavirus crisis. The IMF now estimates a contraction of 4.9% in global GDP in 2020, lower than the 3% fall it predicted in April. “The Covid-19 pandemic has had a more negative impact on activity in the 1H2020 than anticipated, and the recovery is projected to be more gradual than previously forecasted” stressed the IMF. The fund also downgraded its GDP forecast for 2021. It now expects a growth rate of 5.4% from the 5.8% forecast made in April. The downward revisions were due to social distancing measures likely remaining in place during the 2H2020, with productivity and supply chains being hit. With those nations still grappling with high infection rates, the fund expects that longer lockdowns will dent economic activity even more. (CNBC)

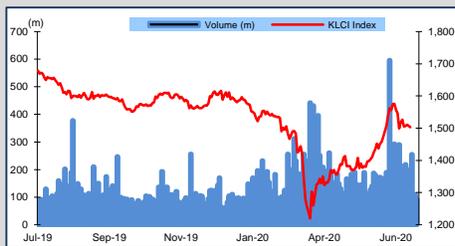
§ **US: Targets USD3.1bn of EU and UK imports for new tariffs.** The US is weighing new tariffs on USD3.1bn of exports from France, Germany, Spain and the UK, adding to an arsenal the Trump administration is threatening to use against Europe that could spiral into a wider transatlantic trade fight later this summer. The US Trade Representative wants to impose new tariffs on European exports like olives, beer, gin and trucks, while increasing duties on products including aircrafts, cheese and yogurt. The new duties might be as high as 100%, which would double the price of such products for US importers and may prevent their entry into the US entirely. (Bloomberg)

§ **US: Fed’s Evans says intermittent virus outbreaks will slow economy.** Recurring coronavirus outbreaks will probably hold back US economic growth and leave unemployment at elevated levels in the coming years pointed by the Federal Reserve Bank of Chicago President Charles Evans. He projects growth to be held back by the response to intermittent localized outbreaks which might be made worse by the faster than-expected re-openings. (Bloomberg)

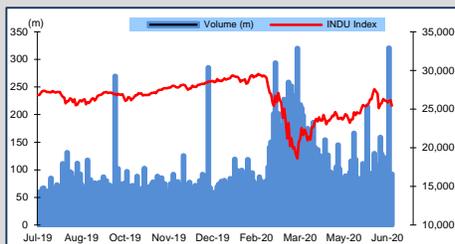
§ **Germany: German investor confidence rises at record pace - ifo.** Germany’s investor confidence rebounded at record rate in June as lockdown restrictions imposed to slow the spread of the coronavirus were eased across Europe. The ifo business climate index rose to 86.2 points from 79.7 points in May, revised from 79.5. Economists had forecast a score of 85. This is the strongest increase ever recorded. The index rose for a second straight month. The current conditions index climbed to 81.3 from 78.9 in May. Economists had expected a score of 84. The expectations measure rose to 91.4 from 80.5 in May, revised from 80.1. Economists were looking for a reading of 87. (RTT)

§ **China: To buck global economic downturn in 2020 as coronavirus continues to drive down activity.** China is expected to post positive growth this year even as the global economy contracts 4.9%. The IMF’s World Economic Outlook Update estimated China’s economy will grow 1% in 2020, a downgrade of its April forecast, but better than other major economies like the US and the EU that will contract by 8% and 10.2%, respectively. (Reuters)

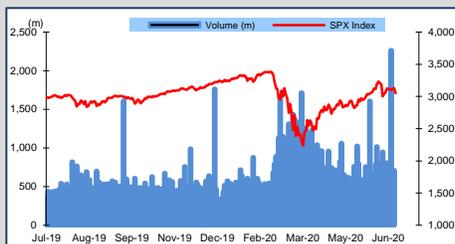
**FBM KLCI**



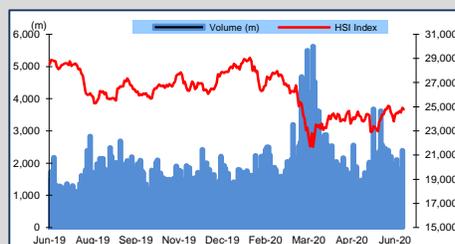
**DOW JONES**



**S&P 500**



**HANG SENG**



**STRAITS TIMES**



Source: Bloomberg, PublicInvest Research

- § **Japan: IMF now sees Japan GDP contraction worse than during 2009 crisis.** The IMF forecast the world's third-largest economy will shrink 5.8% in 2020. In April, when the damage from the coronavirus was less clear, the lender forecast a 5.2% contraction for Japan, slightly less bad than in 2009. Japan's downgrade came amid a wave of cuts to growth forecasts for major countries and the globe. The lender now sees the world economy shrinking almost 5% this year, with the pandemic hitting harder and wider than initially expected. It also noted that recovery is likely to be slower than first thought. (Bloomberg)
- § **Japan: Leading index weakest in over 11 years.** The Japan leading index declined to the lowest in over eleven years in April. The leading index, which measures the future economic activity, fell to 77.7 in April from 85.1 in March. According to the initial estimate, the reading was 76.2. The latest reading was the lowest since March 2009, when it was 74.2. The coincident index that reflects the current economic activity decreased to 80.1 in April from 88.8 a month ago. In the initial estimate, the score was 81.5. The lagging index declined to 97.8 in April from 100.7 in the prior month. According to the initial estimate, the index was 98.1. (RTT)
- § **India: Gets biggest GDP downgrade by IMF as lockdown hurts.** The IMF sees India's GDP declining 4.5% in the fiscal year through March 2021, compared with an April projection of 1.9% growth. The 6.4 percentage-point downgrade in the forecast is due to a longer period of lockdown and slower recovery than anticipated in April. The IMF forecasts the USD2.7trn economy will recover next year, growing at 6%. Weaker growth will also weigh on the government's budget. The IMF is forecasting the combined fiscal shortfall of the federal government and states will reach 12.1% of GDP in the year through March 2021, up from 7.9% in the previous financial year. (Bloomberg)
- § **Indonesia: Extends USD2.1bn to State Banks for virus fight.** Indonesia's government will place more than USD2bn at state-owned banks at a lower interest rate to boost lending to industries ravaged by the coronavirus pandemic, expanding the scope of its fiscal stimulus to revive the nation's economy. By extending cheaper funds to banks, President Joko Widodo is seeking to minimize the hit to Southeast Asia's largest economy from the raging pandemic that's showed no signs of easing. The placement of funds with state lenders is in addition to the already announced waiver of interest on loans taken by micro-small and medium enterprises and a moratorium on repayment of principal for six months. (Bloomberg)
- § **Thailand: Thai central bank cuts 2020 GDP outlook to negative 8.1%.** The Bank of Thailand (BOT) kept its policy rate steady, as widely expected, and downgraded its 2020 GDP forecast to a contraction of 8.1% from a 5.3% decline projected in March. The MPC voted unanimously to keep its one-day repurchase rate steady at 0.50%, after cutting it three times this year to help the export- and tourism-driven economy weather the pandemic. The BOT now forecasts 2020 exports will fall 10.3%, worse than the 8.8% drop estimated earlier. The economy is forecasted to grow 5.0% next year, faster than the 3.0% rate seen in March, while 2020 headline inflation will be -1.7% versus minus -1.0%. The BOT's target range is 1%-3%. (Nikkei Asian Review)

## Markets

- § **AirAsia (Neutral, TP: RM0.78): Sees strong demand rebound with daily sales hitting 41k seats.** AirAsia registered its highest post-hibernation sale day yesterday; with 41k seats sold across the group in a single day, signifying a strong rebound in demand for air travel, said the budget airline. The group's load factor averaged around 50% with AirAsia Malaysia hitting 70%. "AirAsia's website is experiencing traffic growth of 170%. AirAsia said the group's AirAsia Unlimited Pass, a product specifically designed to promote the government's effort to stimulate and encourage domestic travel, sold out quickly. (The Edge)
- § **TNB (Neutral, TP: RM13.28): Inks power purchase deals with three solar power companies.** TNB inked three large-scale solar (LSS) Photovoltaic Power Purchase Agreements (PPAs) with three special purpose companies (SPCs) to build transmission connected LSS projects, which have a total capacity of 290.88 MW of alternating current (MWAC). The new agreements are in relation to the LSS3 competitive bidding exercise organised by Suruhanjaya Tenaga in the 1Q19 to develop, among others, the transmission connected LSS projects. (The Edge)
- § **Cuscapi: Inks agreements to set up online management suite for F&B sector.** Cuscapi has entered into an agreement to set up a new online management suite for F&B companies. It had entered into a strategic agreement with Presto and Hungry to develop a fully integrated and digitalised cloud-powered F&B management suite to help F&B operators manage items such as order-to-delivery cycle. This new platform is composed of food ordering, cashless payments and delivery. (The Edge)
- § **Khee San: Sued for defaulting on RM4.7m loan.** Khee San said the group is being sued by Alliance Bank for defaulting on an RM4.7m loan. Khee San said it had intended to restructure the facilities through its previously announced corporate exercise encompassing a subscription issue and right issue. "The company had engaged in discussions with all its bankers. However, given the recent departure of the previous subscriber, the previous proposed settlement efforts had lapsed, resulting in this default. It is concurrently putting together a new corporate proposal with other potential investors. (The Edge)
- § **ARB: To dispose of remaining stake in timber business.** ARB has entered into a conditional share sale agreement with AY Brothers SB for the proposed disposal of its remaining 51% interest in Aturmaju (Sabah) Holding SB for RM5.6m, as part of its plan to transform ARB's business position from the timber sector to the information technology sector. ARB ED Datuk Seri Liew Kok Leong said the divestment will allow it to channel its strength and capabilities to activities that are aligned with its IT business. (The Sun Daily)
- § **Yinson: Posts RM46.7m net profit for 1Q.** Yinson recorded a net profit of RM46.71m for its 1QFY20, a 6.3% YoY drop, due to higher depreciation and amortization charges. Revenue, however, was higher at RM343.75 million, up 64.5% YoY, mainly due to the commencement of lease for FPSO Helang in Dec 2019. Yinson said the long-term outlook for the O&G industry remains challenging, with the emergence of new alternative energy sources and a lower risk appetite from financial institutions towards the sector. (The Sun Daily)

## MARKET UPDATE

§ The FBM KLCI might open with a downward bias today after US stocks finished sharply lower Wednesday, booking their worst drop in about two weeks, as investors worried that rising coronavirus cases in many American states will set back economic recovery. All 11 sectors in the S&P 500 index were lower after Florida and California booked daily records for new cases, while intensive-care unit beds in Houston, Texas were reported at 97% capacity. The Dow Jones Industrial Average shed 710.16 points, or 2.7%, ending at 25,445.94. The S&P 500 fell 80.93 points, or 2.6%, to end at 3,0501.33. The Nasdaq Composite gave up 222.20 points, or 2.2%, finishing at 9,909.17, a day after booking a fresh record closing high. In Europe, the Stoxx Europe 600 index closed 2.8% lower as concerns around a renewed tariff spat put investors on edge.

Back home, the FBM KLCI fell 4.41 points or 0.29% to close at 1,502.63 after trending lower for much of the day. In the region, China's benchmark CSI 300 index rose 0.4%, the Japanese Nikkei was down 0.1%, and Hong Kong's Hang Seng lost 0.5%.

## TECHNICAL OUTLOOK

FBM KLCI: 1502.63 (-4.41; -0.29%)

Resistance: 1515, 1550, 1580

Support: 1430, 1455, 1485

### FBM KLCI Daily Chart



The local benchmark slipped lower yesterday. At the close, the FBM KLCI was down 4.41 points to end at 1502.63. Market breadth remained negative as decliners outpaced gainers 556 to 409. At this juncture, the index is anticipated to trend sideways between the 1515 and 1485 marks in the near term amid persistent selling pressure. Support levels for the index are at 1430, 1455 and 1485, while the resistance levels are at 1515, 1550 and 1580. On the broader market, traders are expected to remain cautious while nibbling on weaknesses as most if not all of the indices are still hanging between bull and bear territory which may then induce fast-paced profit taking activities.

## ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
25-Jun-20	US Initial Jobless Claims	20-Jun	1320K	1508K
26-Jun-20	Euro-Zone M3 Money Supply YoY	May	8.6%	8.3%
29-Jun-20	Euro-Zone Consumer Confidence	Jun F	--	-14.7
30-Jun-20	Euro-Zone CPI Core YoY	Jun P	--	0.9%
30-Jun-20	Euro-Zone CPI Core YoY	Jun P	--	0.9%
30-Jun-20	China Manufacturing PMI	Apr	50.4	50.6
01-Jul-20	Euro-Zone Markit PMI Manufacturing	Jun F	--	46.9
02-Jul-20	Euro-Zone PPI YoY	May	--	-4.5%

## 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>
DRB-Hicom	1QFY20	25-Jun-20
IJM Corporation	4QFY20	26-Jun-20
Eastern & Oriental	4QFY20	29-Jun-20
QL Resources	4QFY20	29-Jun-20
IHH Healthcare	1QFY20	29-Jun-20
SCGM	4QFY20	29-Jun-20
CCK	1QFY20	29-Jun-20

### 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>	

## CORPORATE MONITOR

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

24-Jun-2020

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Kejuruteraan Asastera	1,700,000	1,700,000	1.00
Chin Hin	9,000,000	5,985,000	0.67
Vortex Consolidated	25,000,000	2,500,000	0.10
Serba Dinamik	25,000,000	40,000,000	1.60

### 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>
Petron Malaysia Refining	Final Dividend of 12 sen per ordinary share	0.120	30-Apr	22-Jun	23-Jun	3-Jul
HeveaBoard	Single-Tier Final Dividend of 1.0 sen per ordinary share	0.010	29-Apr	24-Jun	25-Jun	9-Jul
CSC Steel Holdings	Final single tier dividend of 6.6 sen per share	0.066	22-May	25-Jun	26-Jun	10-Jul
Metrod Holdings	Final Single Tier Dividend of 6 sen per share	0.060	28-Feb	25-Jun	26-Jun	10-Jul
Tong Herr Resources	Final Single Tier Dividend of 10 sen per share	0.100	27-May	26-Jun	29-Jun	10-Jul
Paos Holdings	Second Interim Single Tier Dividend Of 0.80 sen per ordinary share	0.008	11-Jun	26-Jun	29-Jun	15-Jul
CAB Cakaran Corp	Final Single Tier Dividend of 0.25 sen per share	0.003	21-Jan	23-Jun	24-Jun	7-Jul

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.

## 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)**  
9<sup>th</sup> Floor, Bangunan Public Bank  
6, Jalan Sultan Sulaiman  
50000 Kuala Lumpur  
T 603 2268 3000  
F 603 2268 3014  
Dealing Line 603 2268 3129