



### HIGHLIGHTS

#### Economics: July 2020 PMI Index - Encouraging Trend

Malaysia's manufacturing Purchasing Managers' Index (PMI) recorded another encouraging reading in July, with the country emerging as the only country in the region with an expansion in manufacturing activity thanks to a full month impact of the economy re-opening following the Recovery Movement Control Order (RMCO) that started in June. We are cautious on the near term outlook amid COVID-19 headwinds that remain strong. The longer-than-expected breakthrough for a vaccine is also a concern as the number of confirmed cases may continue to rise - putting global recovery at risk.

#### Hartalega: More Aggressive ASP Hikes Ahead (HART MK, Neutral, TP: RM21.70)

Hartalega's 1QFY21 net profit rose 133.6% YoY to RM219.7m, which was below both our and consensus estimates at 16% of full-year forecasts respectively. However, we deem the results in line with our projections, given that we are expecting sequentially stronger performance in the coming quarters, supported by an ASP hike. We highlight that Hartalega's ASP lags the other industry players and in order to match the current market price for gloves, Hartalega will be undergoing an aggressive ASP hike by 30% QoQ in 2QFY21 and 3QFY21. With that being said, we raise our earnings assumption for FY21-23F by 50-120% to account for the higher ASP and we subsequently raise our TP to RM21.70. Reiterate **Neutral** on Hartalega.

#### Technical: Eco World Development – Possible For Further Recovery (8206, Technical Buy)

ECOWLD is potentially staging a stronger recovery. Corresponding RSI and MACD indicators remain healthy while trending sideways, with anticipation of continuous improvement in both momentum and trend in the near term. Should resistance level of RM0.465 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.480. However, failure to hold on to support level of RM0.425 may indicate weakness in the share price and hence, a cut-loss signal.

#### Technical: Solid Automotive – Possible For Further Recovery (5242, Technical Buy)

SOLID is potentially staging a stronger recovery. Corresponding RSI and MACD indicators remain healthy while trending sideways, with anticipation of continuous improvement in both momentum and trend in the near term. Should resistance level of RM0.235 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.245. However, failure to hold on to support level of RM0.205 may indicate weakness in the share price and hence, a cut-loss signal.

INDICES			
	LAST CLOSE	CHG	% CHG
KLCI	1,575.94	3.33	0.2
DOW	26,828.47	164.07	0.6
S&P 500	3,306.51	11.90	0.4
NASDAQ	10,941.17	38.37	0.4
FTSE-100	6,036.00	3.15	0.1
SHANGHAI	3,371.69	3.72	0.1
HANG SENG	24,946.63	488.50	2.0
STI	2,515.70	30.79	1.2
NIKKEI 225	22,573.66	378.28	1.7
JCI	5,075.00	68.78	1.4

MARKET ACTIVITY		
	VOL(m)	VAL(RMm)
	15,622.23	10,448.84

BURSA'S MARKET SHARE (%)	
Retail	48.6%
Institutional	42.4%
Foreign	9.0%

KEY COMMODITIES			
	LAST CLOSE	CHG	% CHG
KLCI FUTURES (August)	1,577.50	8.00	0.5
OIL - BRENT (USD/b)	44.43	0.28	0.6
CPO FUTURE (RM/ton)	2,768.00	37.00	1.4
RUBBER (RM/kg)	457.50	0.00	0.0
GOLD (USD/Ounce)	1,999.67	28.93	1.5

FOREX		
	LAST CLOSE	% CHG
MYR/USD	4.22	0.0
MYR/SGD	3.07	-0.1
YUAN/MYR	1.65	-0.1
YEN/MYR	25.10	0.4
MYR/EURO	4.98	0.0
MYR/GBP	5.52	-0.3

TOP MOVERS IN MALAYSIA MARKET		
TOP 5 VOLUME	LAST CLOSE	VOL (m)
MTOUCHE TECH	0.11	798.67
AT SYSTEMATIZATI	0.11	704.23
XIDELANG HOLDING	0.07	502.61
KEY ALLIANCE GRO	0.12	434.84
NEXGRAM HOLDINGS	0.07	342.32
TOP 5 GAINERS	LAST CLOSE	RM (+)
SUPERMAX CORP	22.42	3.08
TOP GLOVE CORP B	28.36	1.48
ADVENTA BHD	4.67	0.96
SAM ENGINEERING	7.81	0.69
CAREPLUS GROUP	5.37	0.63
TOP 5 LOSERS	LAST CLOSE	RM (-)
NESTLE (MALAY)	139.00	-1.70
FRASER & NEAVE	30.52	-1.58
CARLSBERG BREWER	24.20	-0.88
AYER HOLDINGS BH	6.00	0.35
HARTALEGA HLDGS	19.94	-0.56

Gainers – 608 Losers – 514 Unchanged – 376

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## HEADLINES

### Economy

§ **US: Factory orders spike more than expected in June.** A report released by the Commerce Department showed another substantial increase in new orders for US manufactured goods in the month of June. The Commerce Department said factory orders soared by 6.2% in June after skyrocketing by a revised 7.7% in May. Economists had expected factory orders to jump by 5.0% compared to the 8.0% spike originally reported for the previous month. The bigger than expected increase in factory orders came as orders for durable goods surged up by 7.6% in June after soaring by 15.0% in May. (RTT)

§ **US: Fed's Daly says length of support needed by economy will have to be longer.** The coronavirus outbreak will be staying for "longer and more vigorously" than initially anticipated, which will lead to the US economy needing more support than initially thought, Federal Reserve Bank of San Francisco President Mary Daly said. (Bloomberg)

§ **US, China: Plan to review Phase-One trade deal in mid-August.** Senior US and Chinese officials are planning to assess the nations' phase-one trade agreement this month against a backdrop of rising tensions between the countries, according to people briefed on the matter. The discussion, led by US Trade Representative Robert Lighthizer and Chinese Vice Premier Liu He, would take place on or around Aug. 15, six months after the agreement took effect, as directed in the text of the accord, the people said. (Bloomberg)

§ **EU: Eurozone producer prices rise for first time in 5 months.** Euro area industrial producer prices increased for the first time in five months in June and at a faster than expected pace, even though economic activity remained damped by the Covid-19 containment measures in most of the countries in the EU, preliminary data from Eurostat showed. The producer price index for Eurozone rose 0.7% from May, when it fell 0.6%. Economists had forecast a 0.5% increase. On a YoY basis, producer prices fell 3.7% after a 5% drop in May. Economists had expected a 3.9% decline. (RTT)

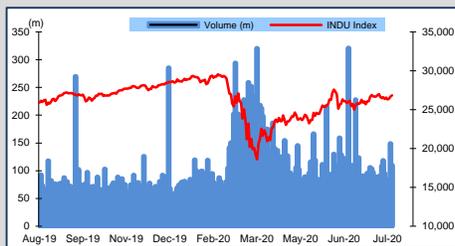
§ **EU: ECB's Lane warns of slow recovery amid virus resurgence.** ECB chief economist Philip Lane cautioned against reading too much into recent economic data and warned that a global resurgence of coronavirus cases will weigh on consumers and businesses for some time. It would be "unwise" to draw strong conclusions from the euro area's less- bad-than-expected 2Q performance, which should be jointly assessed with the three months through September, Lane said in a blog post published on the ECB's website. He also said a rise in coronavirus infections in some European regions as well as globally is dampening consumer spending and business investment. (Bloomberg)

§ **Australia: RBA holds key rate at record low.** Australia's central bank maintained its interest rate at a record low and quantitative easing unchanged as the package unveiled in March is supporting the economy as expected. The board of Reserve Bank of Australia, governed by Philip Lowe, decided to maintain cash rate and the targeted yield on three-year government bonds of 25 b.p. Lowe said the bank will buy government securities in the secondary market on Wednesday to ensure that the yield on 3-year bonds remains consistent with the target. (RTT)

**FBM KLCI**



**DOW JONES**



**S&P 500**



**HANG SENG**



**STRAITS TIMES**



Source: Bloomberg, PublicInvest Research

## Markets

- § **DRB-Hicom (Outperform, TP: RM2.18): Proton July sales highest monthly volume for 8 years.** Proton Holdings sold 13,216 vehicles in July 2020, its highest monthly sales volume since June 2012. Four models ended July as sales leaders in their respective segments as overall sales grew by 37.3% over June 2020. It also shared that the Malaysian car sales continued to rebound in July as a combination of tax-free incentives and consumer demand, pushing Total Industry Volume (TIV) to a 13-month high. (SunBiz)
- § **Kossan (Neutral, TP: RM8.80), Green Ocean and AT Systematization: Refute news report on formation of glove-making pact.** Kossan Rubber Industries, Green Ocean Corp and AT Systematization have denied that they are in a partnership to form a glove-making pact. In separate bourse filings, the three companies refuted a news report that said they were working together on a partnership. "Kossan wishes to clarify that the company is neither aware of nor involved in the glove-making pact or tripartite partnership." (The Edge)
- § **Alam Maritim: Awarded 5-year contract from Repsol Oil & Gas Malaysia.** Alam Maritim Resources announced that its wholly-owned subsidiary, Alam Maritim (M) SB, has received a letter of award from Repsol Oil & Gas Malaysia Ltd for the provision of subsea inspection, maintenance and repair services for PM3-CAA. It said the contract value is as per the work order request by Repsol Oil & Gas Malaysia for a duration of five years. The contract has been effective since June 30, 2020 with its first vessel mobilisation for this year targeted for the middle of August. (The Edge)
- § **Aemulus: Plans to raise up to RM24m via private placement.** Aemulus Holdings plans to raise up to RM23.6m via a private placement to fund potential business investments and reduce bank borrowings. The group has proposed to undertake a private placement of up to 54.9m shares representing 10% of its total number of issued shares to third-party investors to be identified later, it said. The enlarged number of issued share capital will be 604.4m post private placement. The issue price, it said, will also be determined later by the group's BOD. (The Edge)
- § **MPHB Capital: Decides to exit insurance business, seeks BNM nod to start talks with Generali.** MPHB Capital has announced that it is seeking Bank Negara Malaysia's (BNM) green light to start talks with Generali Asia on the divestment of its 51% stake in MPI Generali. Its wholly-owned subsidiary Multi-Purpose Capital Holdings (MPCHB) submitted another application to the central bank for the approval in principle to commence and enter into negotiations with Generali Asia, which currently holds the remaining 49% stake in MPI Generali. (The Edge)
- § **F&N: Net profit for 3Q down 18% as consumer demand hit by Covid-19, MCO.** Fraser & Neave Holdings' (F&N) net profit for its 3QFY20 fell 18.3% to RM93.8m from RM114.9m a year ago, reflecting the adverse impact of the Covid-19 pandemic and movement control measures on consumer demand. "Post-June, we are seeing tentative signs of recovery in demand from Malaysia, Thailand and some of our export markets. As such, we are cautiously optimistic that sales in the 4Q will be better than 3Q as economic activities gradually normalise," F&N said. (SunBiz)

## MARKET UPDATE

§ The FBM KLCI might open higher today after US stocks concluded a bumpy trading session on a high note Tuesday, with another record for the Nasdaq Composite, even as technology-related names took a backseat to outperformance in beaten-down sectors energy, real estate and consumer staples. Investors parsed a trove of quarterly results from U.S. corporations and awaited a resolution to a stalemate between congressional Democrats and Republicans on a fresh fiscal relief package for Americans that have been put out of work due to the COVID-19 pandemic. The Dow Jones Industrial Average picked up 164.07 points, or 0.6%, at 26,828.47, the S&P 500 index rose 11.90 points, or 0.4%, to 3,306.51 and the Nasdaq Composite Index finished 38.37 points, or 0.4%, to close at 10,941.17. European equity markets ended little changed. The Stoxx Europe 600 index declined less than 0.1%, and the FTSE 100 advanced 0.1%.

Back home, the FBM KLCI finished up 3.33 points or 0.21% at 1,575.94 with top gainers included rubber glove manufacturers Supermax Corp Bhd and Top Glove Corp Bhd. In the region, China's CSI 300 index gained less than 0.1%, the Shanghai Composite Index inched 0.1% higher. Japan's benchmark Nikkei index climbed 1.7% after a 2.2% gain on Monday.

## TECHNICAL OUTLOOK

FBM KLCI: 1575.94 (+3.33; +0.21%)

Resistance: 1580, 1600, 1610

Support: 1485, 1515, 1551

### FBM KLCI Daily Chart



Holding well after re-testing its immediate 1551-point support, the local benchmark inched up yesterday. At the close, the FBM KLCI was up 3.33 points to end at 1575.94. Market breadth turned positive as gainers outnumbered decliners 608 to 514. At this juncture, the index is anticipated to remain choppy and trend sideways between the 1580 and 1551 marks. Support levels for the index are at 1485, 1515 and 1551, while the resistance levels are at 1580, 1600 and 1610.

## ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
05-Aug-20	Euro-Zone Markit PMI Services	Jul	55.1	55.1
06-Aug-20	US Initial Jobless Claims	1-Aug	1400K	1434K
07-Aug-20	China Exports YoY	Jul	-0.6%	0.5%
07-Aug-20	China Imports YoY	Jul	1.0%	2.7%
07-Aug-20	US Unemployment Rate	Jul	10.5%	11.1%
07-Aug-20	Malaysia Industrial Production YoY	Jun	-10.00%	-22.10%
07-Aug-20	Malaysia Foreign Reserves	30-Jul	--	USD104.0bn
08-Aug-20	US Consumer Credit	Jun	USD10.0bn	USD18.28bn
10 - 15 Aug	China Money Supply - M2 YoY	Jul	11.1%	11.1%
10 - 18 Aug	China FDI YoY	Jun	--	7.1%

## CORPORATE MONITOR

### COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
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### RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Hock Seng Lee	2QFY20	6-Aug-20
Dialog	4QFY20	18-Aug-20
Malakoff	2QFY20	18-Aug-20
Sarawak Plantation	2QFY20	18-Aug-20
MFCB	2QFY20	19-Aug-20
TSH	2QFY20	19-Aug-20
KLK	3QFY20	19-Aug-20
Dayang Enterprise	2QFY20	21-Aug-20
Hibiscus Petroleum	4QFY20	24-28 Aug 20
Bumi Armada	2QFY20	24-28 Aug 20
AirAsia Group	2QFY20	25-Aug-20
IOI Corp	4QFY20	25-Aug-20
D & O	4QFY20	25-Aug-20
Serba Dinamik	2QFY20	25-Aug-20
Genting Plantation	2QFY20	26-Aug-20
IJM Corp	1QFY20	26-Aug-20
WCT Holdings	2QFY20	26-Aug-20
CJ Century Logistics	2QFY20	27-Aug-20
Sime Darby	4QFY20	27-Aug-20
Sime Darby Property	2QFY20	27-Aug-20
Wah Seong Corp	2QFY20	27-Aug-20
Genting Bhd	2QFY20	27-Aug-20
Genting Malaysia	2QFY20	27-Aug-20
Telekom Malaysia	2QFY20	27-Aug-20
LBS Blna	2QFY20	28-Aug-20
Sime Darby Plantation	2QFY20	28-Aug-20
Ta Ann	2QFY20	28-Aug-20
Axiata	2QFY20	28-Aug-20
Tenaga Nasional	2QFY20	28-Aug-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>	
Optimax Holdings	ACE Market	0.30	70,000,000	-	4-Aug-20	4-Aug-20	18-Aug-20

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

4-Aug-2020

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Comfort Glove	3,588,000	23,320,000	6.50
LKL International	6,200,000	6,200,000	1.00
BCM Alliance	20,000,000	5,700,000	0.29
MSCM Holdings	93,056,000	17,680,000	0.19
Engtex Group	2,150,000	1,080,000	0.50
Widad Group	3,000,000	1,440,000	0.48
ABF Malaysia Bond Index Fund	36,500,000	46,170,000	1.26
MSCM Holdings	12,500,000	6,620,000	0.53

### 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>
IGB Real Estate	0.62 sen per unit comprising 0.59 sen taxable and 0.03 sen	0.006	20-Jul	3-Aug	4-Aug	28-Aug
Unimech Group	The Final Single Tier Dividend of 3.00 sen per share	0.030	29-Jun	3-Aug	4-Aug	18-Aug
Spritzer	First and final dividend of 4.5 sen per share, under the single tier	0.045	26-Jun	3-Aug	4-Aug	18-Aug
TSH Resources	First and Final Single Tier Dividend of 1.0 sen per ordinary share	0.010	27-Feb	3-Aug	4-Aug	28-Aug
Kesm Industries	Interim Dividend of 1.5 sen per share in respect of the financial year	0.015	16-Jul	3-Aug	4-Aug	25-Aug
Comfort Glove	Interim Dividend of 1.5 sen in respect of the financial year	0.015	12-Jun	5-Aug	6-Aug	28-Aug
UOA Real Estate	Interim income distribution of 3.98 sen comprising 3.98 sen	0.040	22-Jul	5-Aug	6-Aug	28-Aug
Yinson Holdings	Final Single Tier Dividend of 2 sen per ordinary share	0.020	25-Mar	5-Aug	6-Aug	28-Aug
British American Tobacco	Second interim dividend of 18 sen per ordinary share	0.180	23-Jul	6-Aug	7-Aug	19-Aug
Pavilion Real Estate	Interim income distribution of 1.61 sen per unit for the financial year	0.016	23-Jul	6-Aug	7-Aug	28-Aug
CE Technology	First Interim Single Tier Dividend of RM 0.0005 per Ordinary Share	0.001	24-Jul	7-Aug	10-Aug	27-Aug
Country View	A final single tier dividend of 5 sen per ordinary share	0.050	23-Jul	7-Aug	10-Aug	24-Aug
Pacific & Orient	Sixth Interim Single Tier Dividend of RM0.012 per ordinary share	0.012	22-Jul	7-Aug	10-Aug	25-Aug

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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**Published and printed by:**

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