

14 August 2020

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BURSA	13-Aug	Day chg	% chg
KLCI	1,576.4	19.78	1.27%
FTSE EMAS	11,269.7	121.8	1.09%
FTSE Smallcap	13,363.0	101.56	0.77%
FTSE MESDAQ	10,099.0	100.5	1.01%
KLSE Mkt Cap (RM'b)	1,608.8	15.5	0.97%

#### BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	-140.5	44.7%
Local Retail	34.8	41.6%
Foreign	105.6	13.7%

INDICES	13-Aug	Day chg	% chg
Dow Jones	27,896.7	-80.1	-0.29%
S&P 500	3,373.4	-6.9	-0.20%
NASDAQ	11,042.5	30.3	0.27%
FTSE-100	6,208.4	-71.7	-1.14%
Nikkei 225	23,249.6	405.7	1.78%
SHCOMP	3,320.7	1.5	0.04%
HSI	25,230.7	-13.4	-0.05%
STI	2,596.0	32.8	1.28%
KOSPI	2,437.5	5.2	0.21%
TWSE	12,763.1	92.8	0.73%
JCI	5,239.3	5.8	0.11%
SET	1,346.7	N/A	N/A

FOREX	13-Aug	12-Aug	% chg
USD/MYR:	4.1915	4.1930	-0.04%
EUR/USD:	1.1843	1.1778	0.55%
GBP/USD:	1.3100	1.3047	0.41%
USD/YEN:	106.84	106.85	-0.01%
USD/SGD:	1.3709	1.3732	-0.17%
USD/HKD:	7.7503	7.7508	-0.01%

#### KEY STATS

KLCI Spot			
Vol (m shares):	11,666.1	19,158.0	-39.11%
Value (RMm):	4,971.4	7,984.9	-37.74%
KLCI Future			
August-20	1,577.5	1,551.0	1.71%
September-20	1,570.0	1,544.5	1.65%
CPO Price (RM/tonne)	2,670.0	2,640.0	1.14%
Soybean (US\$/bu)	896.3	880.5	1.79%
SoyOil (US\$/lb)	31.1	31.4	-1.11%
Gold (US\$/troy oz)	1,961.9	1,940.5	1.10%
Nymex crude oil (US\$/bbl)	42.2	42.7	-1.01%
Latex (RM/kg)	4.69	4.68	0.11%
Tin (US\$/mt)	17,520.5	17,591.8	-0.41%

## Research Highlights

### NEWS HIGHLIGHTS

- SCGM acquiring two new face mask machines for RM360k (*Comment included in Kenanga Today*)
- Wah Seong sells 70% stake in pipe manufacturing unit for RM30.37m (*Comment included in Kenanga Today*)
- Hartalega alleges sale of fake brands linked to company amid Covid-19-driven glove shortage
- Duopharma Biotech net profit rises 5.8% in 2Q, declares 0.5 sen dividend
- UEM Sunrise appoints Noorazman Abd Aziz as new chairman

### MACRO BITS

- EU calls for intensified efforts to solve trade disputes with U.S.
- China extends anti-dumping tariff on Indian fibre optic product
- Philippines to begin Russian Covid-19 vaccine trials in October
- Govt is expected to launch Digital Economy Masterplan in October 2020
- Private sector's jobs decrease to 8.4m in 2Q
- Thai investor mood dips for first time in four months, politics weigh
- China central bank issues CNY30.0b of offshore bills: HKMA
- China's banking sector expected to dispose USD490.0b of bad loans in 2020: Xinhua
- BOJ paying banks to boost pandemic relief, compensates for negative interest rates
- Japan's wholesale price fall eases further as economy emerges from coronavirus jolt
- Australian jobs surge in July, unemployment lower than expected
- Largest 10-year Treasury auction sold near historic low yields
- New US jobless claims dip below 1m for first time since March
- One in three UK firms struggling with operating costs: ONS
- French unemployment rate hits 37-year low as lockdown skews data

### IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- MidS: MAGNA
- Results Note: GASMSIA, HEIM, MISC, SPSETIA
- Company Update: SCIENTX
- On Our Technical Watch: SOP, JHM
- Rating Summary

Top Volume				Top Gainer				Top Loser			
Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)	Stock	Price	%Chg (+/-)	Vol (m)
1 TOPGLOV	25.00	2.0	18.00	HARTA	16.56	2.7	6.98	GENM	2.44	-0.4	14.30
2 GENM	2.44	-0.4	14.30	PETDAG	21.20	2.4	0.12	MISC	7.87	-0.1	0.51
3 CIMB	3.60	1.7	12.90	KLCCSS	17.80	2.3	2.37	AXIATA	3.15	0.0	1.64
4 GENTING	4.02	1.3	10.30	HAPSENG	8.38	2.2	0.19	DIALOG	3.64	0.0	4.45
5 HARTA	16.56	2.7	6.98	TOPGLOV	25.00	2.0	18.00	SIME	2.15	0.0	4.63
6 SIME	2.15	0.0	4.63	PICHEM	6.02	2.0	1.29	HLBANK	15.02	0.1	0.69
7 DIALOG	3.64	0.0	4.45	MAYBANK	7.80	2.0	4.03	KLK	22.70	0.2	0.78
8 MAYBANK	7.80	2.0	4.03	IOICORP	4.50	1.8	0.63	TENAGA	11.16	0.2	2.59
9 DIGI	4.12	0.2	3.34	CIMB	3.60	1.7	12.90	DIGI	4.12	0.2	3.34
10 TM	3.80	0.8	3.14	RHBBANK	5.00	1.6	2.34	PETGAS	16.08	0.4	0.29

Notes: # KL Composite Index (FBMKLCI) component stocks

## Corporate News

- **SCGM acquiring two new face mask machines for RM360k**

SCGM will acquire 2 additional units of new face mask production machines from China for a total cost of approximately RM360,000, to cater for the increasing demand of face masks, in particular for children and students. The two machines are expected to arrive and be installed in the Company's premises in September 2020 to boost the current production capacity. The investment will be financed by internal funds. With this, the Group would have a total of 5 units of face mask production machines. *(Bursa Malaysia)*

*Comment: We are positive on this news but given the gaps in production capacity of the new kids face mask machine and pricing power, we are unable to ascertain a meaningful impact to earnings. Based on our back of the envelope calculations, assuming the new machines have the same capacity and product pricing as the recent 2 face mask machines, we reckon it could contribute c.RM6.5-9.8m to FY21-22E CNP. However, this may not be the case as recent news suggest that the government is lowering the ceiling price for face mask by 33% to RM1 (from RM1.50 in July 2020), and may consider lowering the price further to RM0.70 in the near future. As such, we believe the new machines would allow the group to maintain current earnings of RM31.4-38.6m CNP in FY21-22E cautioning slightly weaker product margins for existing face mask products. No changes to earnings, call and TP for now pending more updates from management. Maintain MARKET PERFORM and TP of RM3.45 on on 19x PER (+0.5SD) to its FY21/22 EPS of 18.2 sen. (By: Marie Vaz)*

- **Wah Seong sells 70% stake in pipe manufacturing unit for RM30.4m**

Wah Seong Corp Bhd is disposing of a 70% stake in Spirolite (M) Sdn Bhd (SPRL) to Lesso M Holdings Sdn Bhd for RM30.4m cash, to collaborate with the latter in the pipeline manufacturing business. *(The Edge)*

*Comment: We are NEUTRAL on the news. The disposal is part of the group's effort to divest its non-core businesses and streamline its operations. Minimal impact to balance sheet (0.9x net-gearing), but the disposal could recognise a one-off gain of RM12.7m. No changes to our FY20-21E numbers, as the one-off gains will be treated as a non-core items (and hence, stripped out from our core earnings calculations). Maintain UP with TP of RM0.51, pegged to 0.5x PBV, with the company still completely lacking any forms of earnings visibility. (By: Steven Chan)*



- **Hartalega alleges sale of fake brands linked to company amid Covid-19-driven glove shortage**

Hartalega Holdings Bhd has issued a scam alert, alleging that there has been selling of fake Hartalega rubber glove brands by fraudsters, who claimed to be authorised agents or representatives of the rubber glove manufacturer, amid a global shortage of the product due to the Covid-19 pandemic. Hartalega said in a statement on its website that it does not authorise any agents to approach new enquiries or represent the company in the exportation of its gloves. "Due to the global glove shortage, please beware of fraudsters who may impersonate Hartalega," the company said. *(The Edge)*

- **Duopharma Biotech net profit rises 5.8% in 2Q, declares 0.5 sen dividend**

Duopharma Biotech Bhd remains cautiously optimistic of its performance for the current year after reporting slightly higher second quarter earnings. The group said its net profit rose 5.8% to RM14.7m for the quarter ended June 30, 2020 (2QFY20) from RM13.9m in the previous year's corresponding quarter. Quarterly revenue fell 1.5% to RM143.3m from RM145.5m previously, the group said in a filing. Duopharma declared an interim dividend of 0.5 sen per share. *(The Edge)*

- **UEM Sunrise appoints Noorazman Abd Aziz as new chairman**

UEM Sunrise Bhd has appointed Datuk Noorazman Abd Aziz as its new chairman, effective yesterday. His appointment follows the retirement of Tan Sri Zamzamzairani Mohd Isa in July, after holding the position since May 2017, the group said in a statement. Noorazman, 64, has served the board of UEM Sunrise as a non-independent non-executive director since October 2018. *(The Edge)*

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14 August 2020

## Macro Bits

### Global

- [EU calls for intensified efforts to solve trade disputes with U.S.](#) The European Union on Wednesday called for intensified efforts to resolve trade disputes with the United States after Washington kept in place tariffs on European aircraft and other goods. *(Reuters)*
- [China extends anti-dumping tariff on Indian fibre optic product](#) China is extending an anti-dumping tariff on a fibre optic product made in India, the Ministry of Commerce said on Thursday. *(Reuters)*
- [Philippines to begin Russian Covid-19 vaccine trials in October](#) The Philippines has said it will launch clinical trials of Russia's Covid-19 vaccine after the country endorsed the contentious jab, as President Rodrigo Duterte vowed to be one of the first injected with it. *(Financial Times)*

### Malaysia

- [Govt is expected to launch Digital Economy Masterplan in October 2020](#) The government is expected to launch the Digital Economy Masterplan in October 2020 as an initiative to expand all sectors, including the non-manufacturing sector in the country, said Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed. *(The Edge Markets)*
- [Private sector's jobs decrease to 8.4m in 2Q](#) Private sector's jobs decreased to 8.4m in the second quarter of 2020 (2Q20) from 8.6m recorded in the first quarter, said the Department of Statistics Malaysia (DOSM). *(The Edge Markets)*

### Asia Pacific

- [Thai investor mood dips for first time in four months, politics weigh](#) Investor confidence in Thailand's capital markets over the next three months dropped for the first time in four months, unsettled by recent anti-government protests, a capital market association said on Thursday. *(Reuters)*
- [China central bank issues CNY30.0b of offshore bills: HKMA](#) China's central bank issued CNY30.0b (USD4.3b) of offshore bills in Hong Kong on Thursday, according to a notice published by the Hong Kong Monetary Authority. *(Reuters)*
- [China's banking sector expected to dispose USD490.0b of bad loans in 2020: Xinhua](#) China's banking industry is expected to dispose CNY3.4t of bad loans in 2020 to contain financial risks in an economy weakened by COVID-19, the official Xinhua News Agency reported. *(Reuters)*
- [BOJ paying banks to boost pandemic relief, compensates for negative interest rates](#) As the Bank of Japan tries to pump more funds to companies hit by the coronavirus pandemic, it is offering banks hundreds of millions of dollars in bonuses, a move analysts say is aimed at easing the side-effects of its negative interest rate policy. *(Reuters)*
- [Japan's wholesale price fall eases further as economy emerges from coronavirus jolt](#) Japan's wholesale prices fell at a smaller annual pace in July than in the previous month as global and domestic demand rebounded, a sign the economy was gradually emerging from the damage wrought by the coronavirus pandemic. *(Reuters)*
- [Australian jobs surge in July, unemployment lower than expected](#) Australian employment surged further in July, handily beating forecasts, though the increase was still not enough to offset the ballooning numbers of those looking for work as the jobless rate ticked up to a 22-year high. *(Reuters)*

### Americas

- [Largest 10-year Treasury auction sold near historic low yields](#) The U.S. Treasury Department on Wednesday sold a record USD38.0b in 10-year government notes to strong demand near historically low yields. Investors easily absorbed the additional supply, up USD6.0b from the last record-sized auction in May. *(Reuters)*
- [New US jobless claims dip below 1.0m for first time since March](#) New applications for US unemployment benefits fell below 1.0m for the first time since mid-March, as the pace of claims eased for a second straight week with businesses slowly emerging from coronavirus restrictions. *(Financial Times)*

### Europe

- [One in three UK firms struggling with operating costs: ONS](#) Almost one in three businesses in the United Kingdom has operating costs that are greater or equal to their turnover, Britain's statistics office said on Thursday in an update on the impact of the coronavirus pandemic on the economy. *(Reuters)*
- [French unemployment rate hits 37-year low as lockdown skews data](#) French unemployment fell to a 37-year low in the second quarter, as the continuation of a multi-year downtrend was exaggerated by a strict coronavirus lockdown that meant people were unable to look for work, INSEE statistics agency data showed on Thursday. *(Reuters)*



14 August 2020

## List of Oversold Stocks (14-Day RSI<30-mark)

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
DUTCH LADY MILK INDS BHD	39.080	19.24	19.07	43.97	38.800
HOCK SENG LEE BERHAD	0.950	20.88	11.11	0.40	0.950
AEON CO (M) BHD	0.800	23.10	23.10	31.33	0.785
PANSAR BHD	0.765	23.94	19.17	22.38	0.745
YTL HOSPITALITY REIT	0.770	25.30	23.86	27.16	0.755
PARAMOUNT CORP BHD	0.775	28.34	22.85	12.80	0.775
UOA DEVELOPMENT BHD	1.490	29.27	27.47	48.44	1.450

\*Only for stocks with market cap &gt;RM300m

Source: Bloomberg

## List of Overbought Stocks (14-Day RSI>70-mark)

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
KANGER INTERNATIONAL BHD	0.285	85.01	86.54	83.27	0.325
SYMPHONY LIFE BHD	0.645	84.00	85.97	78.80	0.705
PRESTARIANG BHD	0.980	82.09	84.09	80.67	1.070
FOCUS DYNAMICS GROUP BHD	1.980	76.66	77.17	76.93	1.980
GUAN CHONG BHD	3.580	76.38	79.61	89.73	3.580
V.S. INDUSTRY BERHAD	1.600	76.18	77.52	78.45	1.730
AEMULUS HOLDINGS BHD	0.740	76.12	76.99	84.40	0.740
TA ENTERPRISE BERHAD	0.610	75.87	74.03	43.07	0.620
GEORGE KENT (MALAYSIA) BHD	0.830	71.78	73.51	63.05	1.000
TITIJAYA LAND BHD	0.600	71.35	69.51	53.47	0.760
UNITED PLANTATIONS BHD	14.040	71.10	74.63	85.87	14.300
LBS BINA GROUP BHD	0.400	71.02	76.81	88.83	0.415
HO WAH GENTING BHD	1.120	70.10	68.73	60.06	1.520

\*Only for stocks with market cap &gt;RM300m

Source: Bloomberg

## List of Overbought Warrants (14-Day RSI>70-mark)

NAME	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D	EXPIRY DATE
PA RESOURCES-WB	0.055	92.53	96.78	99.98	0.055	17/12/2022
SAUDEE GROUP BHD-WA	0.205	88.82	90.94	95.66	0.250	31/3/2021
MINHO M BHD-WC	0.140	85.62	90.87	98.72	0.245	2/8/2021
LBS BINA GROUP-WB	0.020	76.79	86.84	99.25	0.020	4/10/2020
GPA HOLDINGS -WA	0.085	76.45	77.36	70.99	0.105	3/6/2025
DPS RESOURCES BHD-WB	0.080	75.08	79.36	88.33	0.085	15/1/2025
AHMAD ZAKI RESOURCES-WA	0.115	73.21	79.72	92.49	0.120	13/5/2024
PUC BERHAD-WA	0.170	72.80	77.52	86.47	0.190	25/12/2024
GUAN CHONG BH-CS	0.215	71.95	74.86	86.11	0.215	22/1/2021
HO WAH GENTING-WD	0.800	71.83	70.11	58.59	1.200	15/3/2021

Source: Bloomberg



14 August 2020

**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

***\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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