

17 March 2023

Research Highlights

NEWS HIGHLIGHTS

- Ancom Nylex accepts methanol supply agreement from Petronas Chemical Labuan for five years (*Comment include in Kenanga Today*)
- TT Vision receives orders for solar equipment from major global player
- MGB bags RM46.8m contract to build houses in Puchong
- Pasdec sells mini hydro power plant project amid cost escalation
- Inta Bina bags RM79.9m contract to build houses in Ijok

MACRO BITS

- S&P Global says banks' unrealized losses manageable at this stage
- BNM says banks on solid footing amid global finance woes
- Govt focusing on three main thrusts this year to help country achieve high-income status by 2026
- Domestic Trade Ministry sees sufficient supply of vegetables, chicken, eggs ahead of Ramadan
- Policy rate remained unchanged at 5.75%, signalling end of tightening cycle (*See Economic Viewpoint: Bank Indonesia Rate Decision*)
- China February new home prices rise at fastest pace since July 2021
- Japan registers two straight years of export growth in February, outlook less rosy
- Japan to lift restrictions on chip material exports to South Korea
- Australia employment rebounds in Feb, jobless drops back to near 50-yr lows
- U.S. Treasury reviewing U.S. financial sector exposure to Credit Suisse - Bloomberg News
- U.S. weekly jobless claims fall more than expected
- US import prices fall in February, post first annual drop since 2020
- US home building surged in February
- ECB pushes through 50 bps rate hike despite market turmoil

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Sector Update: Plastic Packaging
- Results Note: TOPGLOV
- On Our Technical Watch: NCT, SAMAIKEN
- Rating Summary
- Economic Viewpoint: BI Rate Decision, Bond Market Weekly Outlook, Ringgit Weekly Outlook

Corporate News

- **Ancom Nylex accepts methanol supply agreement from Petronas Chemical Labuan for five years**

Ancom Nylex Bhd (ANB) has accepted two separate sale and purchase agreements with Petronas Chemicals Marketing (Labuan) Ltd (PCML). The agreements entail PCML supplying methanol to Ancom's wholly owned subsidiary Perusahaan Kimia Gemilang Sdn Bhd (PKG) and the 51.0%-owned subsidiary Ancom Kimia Sdn Bhd (AKSB). The duration of the contract was for five years commencing Jan 1 to Dec 31, 2027, said the group. (*The Edge Markets*)

Comment: We are neutral on the announcement made by ANCOMNY as stated above. ANCOMNY has been acting as PCML's methanol distributor for more than 30 years and the sale & purchase agreement's renewal was on yearly basis. In the latest announcement, the contract validity is adjusted to 5 years while other salient terms remain unchanged, hence having zero impact on our FY23-24F earnings projections. We reiterate our **OP** call and **TP of RM1.80** based on **FY24F PER of 15x**. We continue to like ANCOMNY for being: (i) the largest herbicide active ingredients producer in South-East Asia, (ii) a beneficiary of the widening ban on the paraquat use, and (iii) a proxy to global food production and food security goal. (Analyst: Raymond Ng)

- **TT Vision receives orders for solar equipment from major global player**

Penang-based TT Vision Holdings Bhd said it has secured purchase orders totalling RM23.6m for its solar cell inspection equipment from a major customer. The group, which was listed on the ACE Market of Bursa Malaysia in January, did not identify the customer, except to say that it is one of the largest solar cell manufacturers in the world. The contract is expected to be fulfilled within six to nine months, and contribute positively towards the group's earnings and net assets for the year ending Dec 31, 2023, said TT Vision. (*The Edge Markets*)

- **MGB bags RM46.8m contract to build houses in Puchong**

MGB Bhd has bagged a RM46.8m contract to build 155 double-storey terrace houses at the D'Island Residence township in Puchong. "With the contract in hand, the group's current outstanding order book is approximately RM1.9b," said MGB. The contract was awarded by Blee & W Architects Sdn Bhd, on behalf of Astana Modal (M) Sdn Bhd, which in turn is a subsidiary of LBS Bina Group Bhd. (*The Edge Markets*)

- **Pasdec sells mini hydro power plant project amid cost escalation**

Pasdec Holdings Bhd has decided to sell its subsidiary that is developing the 5MW mini hydro power plant project in Bentong, Pahang, for RM1.2m amid cost escalation, while recouping RM10.8m of advances provided to the subsidiary. Pasdec said it is divesting its 100.0% equity interest in Pasdec-Mega Sdn Bhd to SPAC Sdn Bhd. The loss-making property developer said the construction costs to complete the project has escalated significantly from the original budgeted costs. (*The Edge Markets*)

- **Inta Bina bags RM79.9m contract to build houses in Ijok**

Inta Bina Group Bhd has secured a RM79.9m contract to build houses near Bandar Puncak Alam in Ijok, Selangor. The contract to build 300 units of double-storey houses at the Eco Grandeur township was awarded by Paragon Pinnacle Sdn Bhd, a unit of Eco World Development Bhd. The construction period is 16 months, commencing from the date of site possession on April 14, said Inta Bina. (*The Edge Markets*)



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Macro Bits

Global

- [S&P Global says banks' unrealized losses manageable at this stage](#) Rating agency S&P Global said on Thursday that the banks around the world that it provides credit scores for should be able handle "unrealized losses" from global interest rate rises at present. "At this stage, we view the risks from unrealized losses as manageable," S&P said in a report published on Thursday. *(Reuters)*

Malaysia

- [BNM says banks on solid footing amid global finance woes](#) Bank Negara Malaysia (BNM) said the country's lenders had no direct exposure to the failed US banks, and that the Malaysian banking system remains well capitalised. *(The Edge Markets)*
- [Govt focusing on three main thrusts this year to help country achieve high-income status by 2026](#) The government will focus on three main issues this year to achieve high-income nation status by 2026, including fiscal strengthening by focusing on increasing revenue and spending rationalisation, including more targeted subsidies. *(The Edge Markets)*
- [Domestic Trade Ministry sees sufficient supply of vegetables, chicken, eggs ahead of Ramadan](#) The Ministry of Domestic Trade and Cost of Living (KPDN) expects the supply of wet goods, especially vegetables, chickens and eggs, to be under control and sufficient ahead of the Ramadan month. *(The Edge Markets)*

Asia Pacific

- [Policy rate remained unchanged at 5.75%, signalling end of tightening cycle](#) Bank Indonesia (BI) kept the benchmark 7-day reverse repo rate at 5.75% at its third Board of Governor meeting for this year, matching house and consensus expectations. The Deposit Facility and Lending Facility rates were also kept at 5.00% and 6.50%, respectively. Policy rate may stay at 5.75% for quite some time, contingent on rupiah's stability. *(See Economic Viewpoint: Bank Indonesia Rate Decision)*
- [China February new home prices rise at fastest pace since July 2021](#) China's February new home prices rose at the fastest pace since July 2021, official data showed on Thursday, as Beijing's move to reopen the economy and supportive property sector policies boosted demand. *(The Edge Markets)*
- [Japan registers two straight years of export growth in February, outlook less rosy](#) Japan posted two straight years of export gains in February, led by solid U.S.-bound shipments of cars, although expectations of a strong recovery in demand are quickly fading amid global monetary tightening and worries about banks worldwide. *(Reuters)*
- [Japan to lift restrictions on chip material exports to South Korea](#) Japan will lift export curbs of key semiconductor materials to South Korea, signalling an end of a bitter feud between the two Asian tech powerhouses that had the potential to threaten global supply chains. *(The Edge Markets)*
- [Australia employment rebounds in Feb, jobless drops back to near 50-yr lows](#) Australia employment rebounded strongly in February after two months of declines, while the jobless rate fell back to near 50-year lows, suggesting the country's labour market remained tight amid a slew of interest rate hikes by the central bank. *(Reuters)*

Americas

- [U.S. Treasury reviewing U.S. financial sector exposure to Credit Suisse - Bloomberg News](#) The U.S. Treasury Department is actively reviewing the U.S. financial sector's exposure to Credit Suisse Group AG after the bank's shares fell to a record low, Bloomberg reported on Wednesday citing people familiar with the matter. *(Reuters)*
- [U.S. weekly jobless claims fall more than expected](#) The number of Americans filing new claims for unemployment benefits fell more than expected last week, pointing to continued labour market strength, though financial markets turmoil is casting a shadow over the economy. *(Reuters)*
- [US import prices fall in February, post first annual drop since 2020](#) U.S. import prices fell in February as a decline in the cost of fuels offset increases in food, capital and consumer goods, resulting in the first annual decline since 2020. Import prices slipped 0.1% last month after decreasing 0.4% in January, the Labor Department said on Thursday. Economists polled by Reuters had forecast import prices, which exclude tariffs, falling 0.2%. *(Reuters)*
- [US home building surged in February](#) US home building jumped higher in February, turning around after five consecutive months of falling. Housing starts, a measure of new home construction, rose by 9.8% in February from January. But that's still down 18.4% from a year ago. *(Reuters)*

Europe

- [ECB pushes through 50 bps rate hike despite market turmoil](#) The European Central Bank pushed through another big increase in interest rates on Thursday, sticking to its inflation fight despite turmoil in financial markets that has raised fears about a global banking crisis. The ECB raised its three policy rates by 50 basis points in its sixth consecutive rate hike and said future moves will depend on incoming data. *(Reuters)*



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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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my