

26 June 2020

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## Research Highlights

BURSA	25-Jun	Day chg	% chg
KLCI	1,489.2	-13.43	-0.89%
FTSE EMAS	10,474.8	-97.8	-0.92%
FTSE Smallcap	11,952.7	-147.22	-1.22%
FTSE MESDAQ	6,143.3	40.4	0.66%
KLSE Mkt Cap (RM'b)	1,496.9	-13.6	-0.90%

### BURSA DAILY TRADING PARTICIPATION

Participation	Net (RM'm)	Value (%)
Local Institution	19.8	49.3%
Local Retail	54.9	34.8%
Foreign	-74.7	16.0%

INDICES	25-Jun	Day chg	% chg
Dow Jones	25,745.6	299.7	1.18%
S&P 500	3,083.8	33.4	1.10%
NASDAQ	10,017.0	107.8	1.09%
FTSE-100	6,147.1	23.5	0.38%
Nikkei 225	22,259.8	-274.5	-1.22%
SHCOMP	N/A	N/A	N/A
HSI	N/A	N/A	N/A
STI	2,590.2	-38.5	-1.46%
KOSPI	2,112.4	-49.1	-2.27%
TWSE	N/A	N/A	N/A
JCI	4,896.7	-68.0	-1.37%
SET	1,325.9	-7.5	-0.57%

FOREX	25-Jun	24-Jun	% chg
USD/MYR:	4.2782	4.2720	0.15%
EUR/USD:	1.1208	1.1307	-0.88%
GBP/USD:	1.2442	1.2522	-0.64%
USD/YEN:	107.28	106.53	0.70%
USD/SGD:	1.3923	1.3886	0.27%
USD/HKD:	7.7504	7.7501	0.00%

### KEY STATS

KLCI Spot			
Vol (m shares):	4,494.6	5,388.4	-16.59%
Value (RMm):	2,488.4	2,601.5	-4.35%
KLCI Future			
June-20	1,495.5	1,499.0	-0.23%
July-20	1,492.5	1,497.0	-0.30%
CPO Price (RM/tonne)			
Soybean (US\$/bu)	869.3	870.8	-0.17%
SoyOil (USc/lb)	27.7	27.9	-0.39%
Gold (US\$/troy oz)	1,770.6	1,775.1	-0.25%
Nymex crude oil (US\$/bbl)	38.7	38.0	1.87%
Latex (RM/kg)	4.85	4.84	0.21%
Tin (US\$/mt)	16,683.0	16,742.0	-0.35%

### NEWS HIGHLIGHTS

- **UMW implements measures to mitigate dampened business outlook**
- **Sapura Energy to cut 20% of its 4,000 full-time staff**
- **Widad buys UiTM Seremban 3 campus concessionaire for RM122m**
- **KUB hives of 40% stake in waste treatment firm to Berjaya for RM80m**
- **Ikhmas Jaya raising RM13m via private placement to fund flood mitigation project**

### MACRO BITS

- **EU is 'very concerned' by delayed WTO decision on tariffs vs U.S.**
- **India plans to impose strict rules and tariffs on Chinese imports**
- **IMF revises Malaysian 2020 GDP contraction to 3.8% from 1.7%**
- **Malaysia's unemployment rate will continue to rise as economy slows down, says World Bank**
- **Malaysia will ride out COVID-19 storm better than others, says World Bank**
- **Philippine central bank cuts key interest rate to record low**
- **BOK expects no inflation this year**
- **US layoffs stay high as weak demand lingers despite businesses reopening**
- **Canada's pandemic spending necessary, Trudeau says in response to Fitch rating cut**
- **UK retailers gloomy before June's lockdown easing**
- **Spanish economy may have shrunk near 20% in second quarter, says central bank**
- **ECB sets up new backstop for central banks outside euro area**

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

- **Results Note: ABMB, AEONCR, DRBHCORP, ECOWLD, MBSB, MITRA, WCT**
- **ESG Showcase: Sustainability Review - Dig**
- **On Our Technical Watch: UNISEM, CAB**
- **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	15.50	-0.6	16.60	RHBBANK	4.81	0.2	2.54	GENM	2.56	-2.7	9.51
2	GENM	2.56	-2.7	9.51	PPB	18.00	0.1	0.83	AXIATA	3.39	-2.6	6.08
3	TM	4.00	0.0	7.15	KLCCSS	12.10	0.0	5.94	HAPSENG	8.36	-2.2	0.15
4	GENTING	4.19	-1.9	6.74	HLBANK	14.20	0.0	0.62	PETDAG	21.20	-2.0	0.15
5	CIMB	3.57	-1.4	6.36	SIME	2.08	0.0	1.37	HLFG	13.52	-1.9	0.18
6	AXIATA	3.39	-2.6	6.08	TM	4.00	0.0	7.15	GENTING	4.19	-1.9	6.74
7	HARTA	12.10	0.0	5.94	KLCCSS	8.00	-0.1	0.95	IOICORP	4.33	-1.6	0.83
8	TENAGA	11.58	-1.4	5.91	NESTLE	139.00	-0.2	0.05	PICHEM	6.33	-1.6	2.56
9	DIALOG	3.61	-0.6	3.82	IHH	5.38	-0.4	0.64	CIMB	3.57	-1.4	6.36
10	MAYBANK	7.61	-0.4	3.36	MAYBANK	7.61	-0.4	3.36	TENAGA	11.58	-1.4	5.91

Notes: # KL Composite Index (FBMKLCI) component stocks

## Corporate News

- **UMW implements measures to mitigate dampened business outlook**

UMW Holdings Bhd said it has set in place measures to mitigate the adverse effects of a dampened business outlook and weak private consumption, against the backdrop of unprecedented challenging business environment. Its acting president and group chief executive officer said the group is also actively looking into revenue elevation initiatives, increasing sales across sectors, strategically widening its international footprint and strengthening operating efficiencies and profitability. *(The Edge)*

- **Sapura Energy to cut 20% of its 4,000 full-time staff**

Sapura Energy Bhd plans to cut about 800 or 20% of its 4,000 full-time employees, in an attempt to adapt to the double whammy of volatile oil prices and the coronavirus-induced economic slowdown. The latest move came on the heels of multiple other attempts by Sapura Energy to adjust its cost structure recently, including salary cuts and other initiatives out of 136 cost-cutting initiatives identified and assessed by the company. *(The Edge)*

- **Widad buys UiTM Seremban 3 campus concessionaire for RM122m**

Widad Group Bhd is acquiring the entire stake in Inovatif Mewah Sdn Bhd (IMSB) – the owner of a concession to develop and maintain the UiTM Seremban 3 campus (US3C) – for RM122m in cash. The group said its indirect wholly-owned unit, Innovative City Holdings Sdn Bhd, is acquiring IMSB from Menang Development (M) Sdn Bhd, Menang industries (M) Sdn Bhd and Tentu Selesa Sdn Bhd. The acquisition will be funded via internally-generated funds and borrowings, said Widad in a filing with Bursa Malaysia. *(The Edge)*

- **KUB hives of 40% stake in waste treatment firm to Berjaya for RM80m**

KUB Malaysia Bhd has disposed of its 40% equity interest in KUB-Berjaya Enviro Sdn Bhd (KUBE) to Berjaya Group Bhd for RM80m. KUBE is principally involved in waste treatment and electricity generation. The stake sale to Berjaya, which owns the remaining 60% of KUBE, was completed, KUB said in a filing to Bursa Malaysia. *(The Edge)*

- **Ikhmas Jaya raising RM13m via private placement to fund flood mitigation project**

Ikhmas Jaya Group Bhd is raising some RM13m via private placement to primarily part-finance its flood mitigation project in Sungai Pendang, Kedah, the group said in a bourse filing. The engineering and construction firm had, on June 25, entered into subscription agreements with 10 independent third parties for 232.1m new Ikhmas Jaya shares, representing a 39.5% stake in the company, the filing noted. The subscription price was fixed at 5.6 sen per share, which is a discount of 1.38 sen or 19.8% to the five-day volume weighted average price of Ikhmas Jaya shares up to and including the last practicable date (LPD) of June 24. *(The Edge)*



26 June 2020

## Macro Bits

### Global

- [EU is 'very concerned' by delayed WTO decision on tariffs vs U.S.](#) A delay to a decision on whether the European Union can impose tariffs against the United States over subsidies for Boeing is unjustified and harms the bloc's right to retaliate, the European Commission said on Thursday. *(Reuters)*
- [India plans to impose strict rules and tariffs on Chinese imports](#) India plans to impose stringent quality control measures and higher tariffs on imports from China, people with the knowledge of the matter said, as a military stand-off between the neighbours threaten economic ties. *(Bloomberg)*

### Malaysia

- [IMF revises Malaysian 2020 GDP contraction to 3.8% from 1.7%](#) The International Monetary Fund (IMF) has revised its Malaysia 2020 gross domestic product (GDP) forecast to a 3.8% year-on-year (y-o-y) contraction from the previously estimated 1.7% contraction as the Covid-19 pandemic has had a more negative impact on global activity in the first half of 2020 (1H20) than anticipated. *(The Edge Markets)*
- [Malaysia's unemployment rate will continue to rise as economy slows down, says World Bank](#) The World Bank has projected that Malaysia's unemployment rate will continue to rise as the economy experiences a sharp slowdown during the second quarter of the year. *(The Edge Markets)*
- [Malaysia will ride out COVID-19 storm better than others, says World Bank](#) The World Bank is confident of Malaysia's fiscal resilience to withstand the onslaught of the economic crisis caused by the COVID-19 pandemic. *(The Edge Markets)*

### Asia Pacific

- [Philippine central bank cuts key interest rate to record low](#) The Philippine central bank on Thursday cut its key interest rate by 50 basis points to counter the economic slowdown brought on by the coronavirus pandemic. The reduction brought the benchmark interest rate to a record low of 2.25%. The bank has cut rates by a total of 175 basis points so far this year. *(Nikkei Asian Review)*
- [BOK expects no inflation this year](#) The central bank expects flat inflation this year due to the effect of the coronavirus pandemic. The Bank of Korea (BOK) on Thursday projected this year's inflation at 0.3% and next year's at 1.1%. This is lower than last year's 0.4% and far lower than the BOK's target of 2% for this year. *(Korea JoongAng Daily)*

### Americas

- [US layoffs stay high as weak demand lingers despite businesses reopening](#) Weak demand is forcing US employers to lay off workers, keeping new applications for unemployment benefits extraordinarily high, even as businesses have reopened, buttressing views the labour market could take years to recover from the Covid-19 pandemic. *(Reuters)*
- [Canada's pandemic spending necessary, Trudeau says in response to Fitch rating cut](#) Canada's emergency spending to help the country bridge the downturn caused by the COVID-19 pandemic was needed to lay the groundwork for a recovery, Prime Minister Justin Trudeau said on Thursday in response to Fitch's rating downgrade. *(Reuters)*

### Europe

- [UK retailers gloomy before June's lockdown easing](#) British retailers remained gloomy in the run-up to a relaxation of coronavirus lockdown rules earlier this month which allowed non-essential stores to reopen to the public for the first time since March. *(Reuters)*
- [Spanish economy may have shrunk near 20% in second quarter, says central bank](#) Spain's coronavirus-battered economy may have shrunk close to 20% in the second quarter from the previous quarter, in what would be the sharpest such decline on record, the Bank of Spain said on Thursday. *(Reuters)*
- [ECB sets up new backstop for central banks outside euro area](#) The European Central Bank (ECB) will set up a precautionary facility to provide euros to central banks outside the currency area to help ease any liquidity stress as a result of the coronavirus pandemic. *(Bloomberg)*

26 June 2020

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

NAME*	LAST PRICE	RSI 14D	RSI 9D	RSI 3D	LOW 30D
PANASONIC MANUFACTURING MALA	29.040	24.59	9.96	0.11	29.020
ASTRO MALAYSIA HOLDINGS BHD	0.845	28.15	18.85	4.97	0.840
DUTCH LADY MILK INDS BHD	43.000	29.44	21.04	9.58	43.000

\*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
SERN KOU RESOURCES BHD	1.300	85.10	85.29	73.50	1.350
PANSAR BHD	0.905	74.41	67.61	53.14	0.920
BATU KAWAN BHD	14.500	72.20	73.88	72.18	14.540
JHM CONSOLIDATION BHD	1.320	71.10	73.12	65.20	1.430
SAM ENGINEERING & EQUIPMENT	7.220	71.10	74.14	74.09	7.330
VITROX CORP BHD	9.200	70.94	76.73	94.61	9.200
KRETAM HOLDINGS BHD	0.415	70.77	77.33	93.59	0.425
PPB GROUP BERHAD	18.000	70.48	74.87	89.28	18.080

\*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
LEONG HUP INT-CT	0.100	75.97	75.69	57.04	0.115	29/1/2021
MNC WIRELESS-WA	0.010	72.88	83.32	99.49	0.015	5/11/2021
SUPERCOMNET TECH-WA	0.895	70.06	70.68	63.73	1.010	19/6/2024

Source: Bloomberg



**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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