

**21 Mar 2024**

# | Daily Digest

**Key indices**

	Close	Chg	% Chg
KLCI	1,540	(5)	(0.3)
FBM EMAS	11,485	(34)	(0.3)
DJIA	39,111	320	0.8
NASDAQ	16,167	63	0.4
FTSE	7,720	(18)	(0.2)
HSI	16,543	14	0.1
NIKKEI	40,004	263	0.7
STI	3,177	4	0.1
KOSPI	2,690	34	1.3

Source: Bloomberg

**Market data**

	Close	3MMA	12MMA
Volume (m)	3,815	4,151	3,427
Value (RM m)	2,655	2,828	2,211

  

	Close	Prev	% Chg
CPO	4,320	4,354	-0.8
RM/ US\$	4.74	4.74	0.0
Crude oil (brent)	86.8	87.4	-0.7
MGS 10 yr	3.89	3.86	0.6

Source: Bloomberg, CIMB Securities

**Relative performance**
**(CIMB Securities)**

Top gainers (%)	1M	3M	12M
SP SETIA	37	46	85
ECONPILE	24	53	135
MAH SING	17	27	65
KPJ	17	24	55
JENTAYU	15	(24)	6
E&O	15	56	192
MPI	15	3	(3)
MAHB	14	17	20
MFCB	14	12	15
UNISEM	14	3	6

  

Top losers (%)	1M	3M	12M
ASTRO	(16)	(28)	(60)
AIRASIA X	(15)	(31)	(14)
PHARMANIAGA	(14)	(17)	(0)
COASTAL	(14)	(15)	(35)
CTOS DIGITAL	(12)	(13)	(10)
TAN CHONG	(12)	(17)	(26)
TUNE PROTECT	(8)	(18)	(25)
MAXIS	(8)	(14)	(18)
MALAKOFF	(8)	(6)	(16)
RCE CAPITAL	(8)	(8)	47

Source: Bloomberg

**Top Glove Corporation - Expects lower losses in 2HFY8/24**

TOPG's 2QFY8/24 core net loss of RM70.6m missed estimates due to sharp margin erosion from a spike in raw material prices and further declines in ASPs. However, we believe TOPG will post lower hoh losses in 2HFY8/24F, backed by higher sales volume, margin expansion due to ongoing increases in ASPs, and an expected decline in input costs. We upgrade TOPG to a Hold (from Reduce previously) given the recent decline in share price. We expect current valuations to be supported by TOPG's improved earnings prospects in terms of gradual increases in both ASPs and sales volume.

**BNM Economic Review 2023 - Economic Growth Projected At 4.0%-5.0%**

Bank Negara Malaysia (BNM) expects economic growth to range between 4.0% and 5.0%, (2023: 3.7%), unchanged from MOF's forecast last October and in tandem with CIMB's in-house forecast of 4.9%. However, BNM's working estimate for GDP growth of 4.5% is slightly lower than MOF's point estimate of 4.8%, suggesting a more cautious outlook moving forward.

**Autos –Seasonally softer TIV in Feb**

In Feb 24, TIV decline 4% mom, due to fewer working days coinciding with Chinese New Year festivities. However, 2M23 TIV rose 13% yoy, driven by strong demand for passenger vehicle segment (+16% yoy). We project TIV to increase mom in Mar-24 as automakers push to fulfill deliveries to meet 1Q24F sales target. However, we expect a softer TIV in 2H24F as the planned fuel subsidy rationalization and high value goods tax implementation are expected to dampen consumer sentiment. Maintain a Neutral rating on the auto sector due to its undemanding valuation of 7.6x CY24F P/E. Our key picks are Bermaz and MBM Resources for its attractive dividend yields.

**Yinson Holdings – Funding for clean energy**
**| News Headlines**

- Hibiscus Petroleum secures 30-month extension for Fyne Oil Field licence
- Top Glove targets return to profit in two more quarters as glove demand recovers
- SCGM's substantial shareholders planning injection of agriculture business to regularise cash company status
- Eco World International posts RM182,000 net profit after nine straight quarters of losses
- Bank Negara: Priorities to build strong Islamic finance ecosystem in 2024 to support Malaysian's economic transformation

## Newsflow

### **Hibiscus Petroleum secures 30-month extension for Fyne Oil Field licence**

The Fyne Field oil field development licence for Hibiscus Petroleum Bhd's unit has been extended by 30 months by the UK's North Sea Transition Authority (NSTA). Hibiscus' indirect wholly-owned subsidiary Anasuria Hibiscus UK Ltd owns a 42.5% stake in the licence, with Ping Petroleum UK Plc, an indirect subsidiary of Dagang NeXchange Bhd, holding another 42.5% interest. Rapid Oil Production Ltd owns the remaining 15%. NSTA approved the extension request for the second term of the licence from March 31, 2024 to Sept 30, 2026. [The Edge]

### **Top Glove targets return to profit in two more quarters as glove demand recovers**

Top Glove Corp Bhd is keeping to its target to return to the black as early as August this year, as demand for gloves continues to pick up after two years of inventory destocking due to excess capacity built up during the Covid-19 pandemic. The group previously said the same in December last year, when it saw month-on-month jump in orders of about 30%-40%. "We target two more quarters to turn to profit as the situation has improved. Starting from March onward, industry players from China and Thailand have increased selling prices by more than 10%. So, our selling prices will increase," Top Glove executive chairman Tan Sri Lim Wee Chai told a virtual media and analysts' briefing on Top Glove's results for the second quarter ended Feb 29, 2023 (2QFY2024). [The Edge]

### **SCGM's substantial shareholders planning injection of agriculture business to regularise cash company status**

SCGM Bhd's substantial shareholders are injecting their agriculture-related business into the cash company as part of plans to regularise the listed entity after disposing of its core business back in 2022. SCGM has entered into a head of agreement (HOA) to acquire Eramas Global Group Sdn Bhd from Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Chin, Tan Tai Chong and Lau Sie Khian at a price to be determined later. Eramas is involved in the sale and distribution of coconut-related products, palm oil and fat products, and dairy products to local and overseas markets as well as manufacturing of coconut and palm oil-related products, SCGM told Bursa Malaysia on Wednesday. [The Edge]

### **Eco World International posts RM182,000 net profit after nine straight quarters of losses**

Eco World International Bhd (EWI) returned to the black with a net profit of RM182,000 for the first quarter ended Jan 31, 2024 (1QFY2024), after nine consecutive quarters of losses. The group, which mainly develops real estate in the UK and Australia, posted a RM30.82 million net loss in the previous year's corresponding quarter. EWI told Bursa Malaysia that earnings for 1QFY2024 were boosted by foreign exchange gains due to the appreciation of the British pound against the Malaysian ringgit as a result of the repayment of advances made by its joint venture company Ecoworld-Ballymore and the conversion of British pound-denominated bank balances. [The Edge]

### **Guan Chong hunts for beans amid supply panic**

Guan Chong Bhd, one of the world's biggest cocoa processors, is scouting for beans worldwide as bad weather and disease pummelling crops in top West African growers send prices to a record. The Bursa Malaysia-listed company is looking to procure cocoa from countries such as Ecuador, Peru and Indonesia — all minor growers — and paying premiums to book their beans. That's due to worries that some sellers in heavyweights like Ivory Coast and Ghana may default on supply contracts. "Everybody is panicking," Brandon Tay Hoe Lian, chief executive officer of the firm, said in an interview in Kuala Lumpur. Prices are going higher every day, but the beans are not coming, he said. "We not only have to fight for beans, we're also paying premiums." [The Edge]

### **Bank Negara: Priorities to build strong Islamic finance ecosystem in 2024 to support Malaysian's economic transformation**

Bank Negara Malaysia's (BNM) priorities in 2024 are to build on Malaysia's strong Islamic finance ecosystem. As the Islamic financial system continues to mature, there is significant potential for the industry to support Malaysia's economic transformation and deliver impactful solutions that can address the current and future needs of the economy and society. In its Annual Report 2023 released today, BNM said it will continue to focus efforts on three areas, namely encouraging value-based finance innovation that embeds the fundamental values of Shariah, providing a more conducive regulatory and Shariah environment to accelerate market development, and continuously strengthening Malaysia's proposition to tap global opportunities and deepen the domestic Islamic financial market. [The Star]

## **Forthcoming Events**

<b>Date</b>	<b>Event</b>
22 Mar 2024	International Reserves of BNM as at 15 March 2024
29 Mar 2024	Detailed Disclosure of International Reserves as at end-February 2024
29 Mar 2024	Monthly Highlights & Statistics for February 2024
5 Apr 2024	International Reserves of BNM as at 29 March 2024

Source: Bank Negara, CIMB Securities

## DISCLAIMER

The content of this report (including the views, opinions and recommendations expressed and the information contained in this report) has been prepared by and belongs to CIMB Securities Sdn Bhd (formerly known as KAF Equities Sdn Bhd) ("**CIMB Securities**").

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, you represent and warrant that you are entitled to receive this report in accordance with the restrictions in this report and agree to be bound by the limitations in this report. Any failure to comply with these limitations may constitute a violation of law.

This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, in whole or in part, to any other person.

This report is general in nature and has been prepared for information purposes only. It is intended for distribution in Malaysia by CIMB Securities to the clients of CIMB Securities, CIMB Investment Bank Berhad and CIMB Bank Berhad generally and does not have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive this report.

**The information, views, opinions or recommendations in this report are not and should not be construed or considered as an offer, or solicitation to buy or sell, or an invitation to subscribe for, the securities of the company(ies), related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.**

**You are advised to make your own independent evaluation of the information contained in this report**, consider your own individual investment objectives, financial situation and particular needs and consult your own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. The securities of the company(ies) may not be eligible for subscription or sale in all jurisdictions or to all categories of investors.

CIMB Securities may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB Securities has no obligation to update this report to include any material omission or in the event of a material change to the information contained in this report.

CIMB Securities does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the contents of this report constitute all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and recommendations; and accordingly, CIMB Securities as well as its affiliates, related and associate corporations (and their respective directors, officers and/or employees) shall not be liable in any manner whatsoever for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any reliance thereon or usage of this report. In particular, CIMB Securities disclaims all responsibility and liability for the views, opinions and recommendations set out in this report.

Unless otherwise specified, this report is based upon sources or data which CIMB Securities considered to be reasonable, correct and reliable at the time of issue of this report. Such sources or data will, unless otherwise specified, for market data, be market data and prices available from the stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of your investments may go down and you may lose some or all of your investments.

This report may contain information obtained from third party content providers. Reproduction and distribution of third party contents in any form is prohibited except with the prior written consent of the related third party content provider.

Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such contents. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their contents.

CIMB Securities as well as its affiliates, related and associate corporations (and their respective directors, officers and/or employees) may own or have positions in securities of the company(ies) covered in this report or any securities related to it and may from time to time add to or dispose of, or may be materially interested in, any such securities.

Further, CIMB Securities as well as its affiliates, related and associate corporations do and seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers (for its own account or the account of its customers)

and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit investment, advisory or other services from any company(ies) mentioned in this report.

CIMB Securities as well as its affiliates, related and associate corporations may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB Securities may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst(s) responsible for the production of this report certifies that the views, opinions and recommendations expressed herein accurately and exclusively reflect his/her personal views, opinions and recommendations about any and all of the company(ies) or securities analysed in this report and were prepared independently and autonomously.

In reviewing this research report, you should be aware that any or all of the foregoing, among other things, may give rise to actual or potential conflicts of interest. Subject to the duties of confidentiality, additional information may be available, on request, at our sole discretion.

## **RATING GUIDE**

<b>Stock Rating</b>	<b>Definition</b>
<b>Buy</b>	The stock's total return is expected to exceed 10% over the next twelve (12) months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> (a) <i>the percentage difference between the target price and the current price; and</i> (b) <i>the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months</i>
<b>Sector Rating</b>	<b>Definition</b>
<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

## **DISCLOSURE OF CONFLICTS OF INTEREST**

### ***Disclosure by CIMB Securities***

CIMB Securities hereby declares that:

(a) CIMB Securities, CIMB Investment Bank Berhad and/or CIMB Bank Berhad has/have proprietary positions in the following securities of the company(ies) mentioned in this report:

Nil

(b) CIMB Securities (only in respect of its Equities Research Department) received material benefit in relation to the production of this report for the following companies mentioned in this report:

Nil

### ***Disclosure by Analyst(s)***

The analyst(s) who prepared this report declares that:

(a) He/she received material benefit in relation to the production of this report for the following companies mentioned in this report:

Nil

(b) He/she has/have an interest in the securities in the following company(ies) recommended in this report:

Nil

(c) He/she serves as a director or board member of the following company(ies) mentioned in this report:

Nil

Information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/her coverage of company(ies) in the performance of his/her duties or the correlation between his/her views, opinions or recommendations and the performance of the securities of the company(ies) and may also participate in the solicitation of the businesses.

This report is distributed in Malaysia by CIMB Securities solely for the benefit of and for the exclusive use of the clients of CIMB Securities, CIMB Investment Bank Berhad and CIMB Bank Berhad. Recipients of this report are to contact CIMB Securities at Level 14, Chulan Tower, No. 3, Jalan Conlay, 50450 Kuala Lumpur in respect of any matters arising from or in connection with this report. CIMB Securities has no obligation to update, revise or reaffirm its opinion or the information in this research report after the date of this report.

This report is not directed to or intended for distribution or publication outside of Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located and seek the advice of professional advisers in your jurisdiction.