

KGI MORNING MEETING

30 NOVEMBER 2020

The background features several circular gauges and arrows. One large gauge on the left has a scale from 140 to 260. Other gauges are smaller and scattered across the image. Arrows indicate a clockwise direction of movement for the gauges. The overall aesthetic is technical and data-oriented.

Macro

PRODUCT/RESEARCH

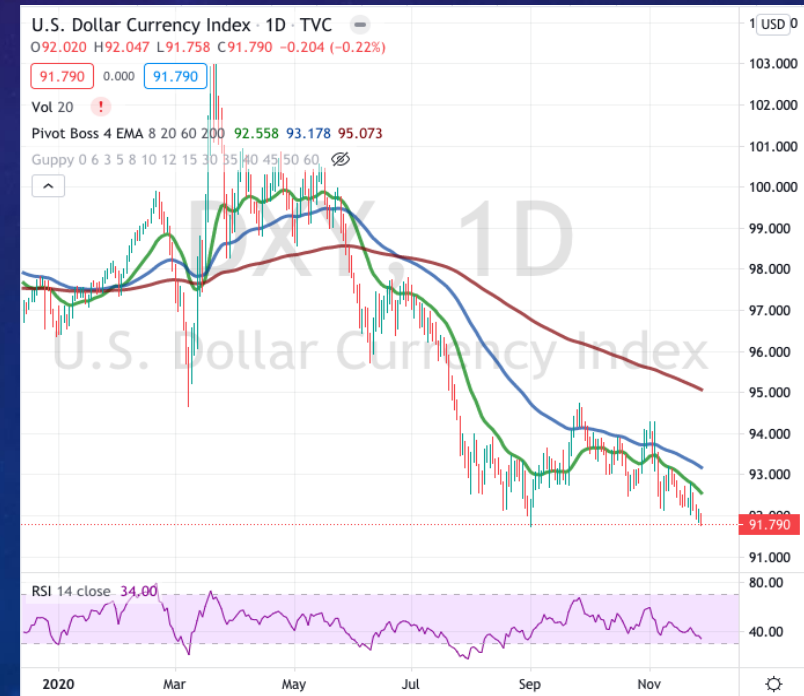
GUANGZHI, CFA

WEEK AHEAD

- US
 - Non-farm payroll in November
 - Fed Chair Powell's testimony before Congress
 - Pending homes sales in October
- Europe
 - Inflation rate in November
 - Unemployment rate in November
 - Retail sales in October
- China
 - NBS manufacturing and servicing PMI in November
 - Caixin manufacturing PMI in November
- OPEC+ meeting
 - To reach an agreement to delay a planned output hike in January

SELLOFF IN GOLD

- Gold has dropped for three consecutive weeks, down closed to 10% from high to low.
 - Substantial vaccine progresses after US election gave hopes that global economies will accelerate recoveries
 - Delayed and downsized US stimulus relief some excessive liquidities concerns
 - Month/Year end portfolio rebalancing
 - However, US dollar did not strengthen
 - Remain some controversies on the US election final results
 - Risk assets have been overbought since the post-US election day; US investor sentiment reached a new high since early 2018
- Gold price closed below 200dma, a key support; To test the 50% Fibonaci retracement level of US\$1,765/oz
- RSI indicator (<30%) shows gold has been oversold
- Risk-off hedge:
 - ETF: GLD US; GDX US
 - Equity: Barrick gold (GOLD US); Shandong gold (1787 HK)



TRADING IDEAS

- Canada's Justice Minister David Lametti introduced a bill in the country's parliament to legalize sports betting
 - Canadians spend C\$10bn(US\$7.7bn) per year on single-event betting through illegal bookies and a further C\$4bn on international betting websites
- **Hugh upside potential for online sports betting in the US**
 - Despite the drop in sporting activity in 1H20, sports betting marked a 27% increase year-on-year for 9M20, cashing in a total of US\$678mn
 - Online sports wagers and iGaming created almost US\$160mn in tax revenue in 2019 in the U.S., according to the American Gaming Association
 - Eilers & Krejcik Gaming, a self-described boutique research firm, expects total tax revenue across the U.S. to reach \$5bn in 2023
- **Trading recommendation**
 - ETF: Roundhill sports betting and igaming ETF (BETZ US)
 - Equity: Draftkings (DKNG US), Boyd gaming (BYD US)

The background features a dark blue gradient with faint, light-colored technical diagrams. These include circular gauges with numerical scales (e.g., 140, 150, 160, 170, 180, 190, 210, 220, 230, 240, 250, 260) and various circular arrows indicating clockwise or counter-clockwise directions. The overall aesthetic is technical and scientific.

Sunny Optical (2382 HK) Corporate Access

PRODUCTS/RESEARCH

KENNY

SUNNY OPTICAL (2382 HK) CORPORATE ACCESS

- Date: 4 December, Friday, 10.30am
- Speakers: Jasmine Wong, IR Director; Tina Yau, IR Assistant
- Sunny Optical designs and manufactures optical products, and are known for being the largest handset camera module (CCM) supplier in China, and 2nd largest handset lens maker, behind Largan (3008 TT)



Sample camera module

SUNNY OPTICAL (2382 HK) CORPORATE ACCESS

- Date: 4 December, Friday, 10.30am
- Speakers: Jasmine Wong, IR Director; Tina Yau, IR Assistant
- Current key customers – Xiaomi, Oppo, Vivo, Samsung, (Huawei)
- 10M20 lens production is +17% YoY, above coy guidance of 10%
- 10M20 CCM production is +18.8% YoY, also above 10% coy guidance
- Share price rallied ~23% in Nov, recently cooled down slightly
- Key catalysts being 1) **Easing of US-China tensions**, esp. on Huawei, 2) **Sale of Honor sub-brand** (thus circumventing Huawei ban), 3) **potentially entering Apple's supply chain of iPad and iPhone camera module**

The background features a dark blue gradient with faint, light blue technical diagrams. On the left side, there is a large circular scale with numerical markings from 140 to 260 in increments of 10. Several circular arrows and dashed lines are scattered across the scene, suggesting a technical or scientific context.

SUMMARY

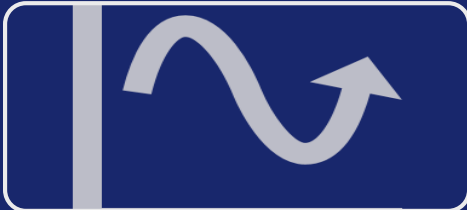
PRODUCT/RESEARCH

KGI TOP IDEAS – 30 NOVEMBER WEEK



Singapore Small-Cap Picks

- Jiutian Chemical (JIUC SP) - Fair value of S\$0.14 vs current price of S\$0.09; Riding on high ASP and low material costs
- Samudera Shipping (SAMU SP) – Only SGX-listed shipping company; profitable and net-cash position



Tactical Picks – Nov/Dec 2020

- Transportation (ComfortDelGro)
- Industrials (Keppel Corp, Sunpower Group)
- Consumer Discretionary (ThaiBev)
- Gold (GLD US, Shandong Gold 1787 HK)
- Online sports betting (DKNG US, BETZ US)
- Buy the Dip in Tech (ISDN, UMS)



REITS

- Continue to accumulate
- Retail – 2021 dividend recovery
- Industrial
- Office – Tactical play (Suntec)



REITS Yield Enhancement (pls see Products Team for details)

- 2.25% financing cost
- Minimum loan S\$100,000
- Valid for 1 year upon loan drawdown

Recommendations may only be suitable for accredited investors and funds. See the last page for important disclosures.

KGI NOVEMBER/DECEMBER 2020 CALENDAR

December

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29	30	1	2 UMS Ex-div	3 SPH Ex-div	4	5
6	7	8	9	10	11 EC World & Sasseur REIT Ex- div	12
13	14	15	16	17	18	19
20	21	22	23	24 US Christmas Holiday	25 US Christmas Holiday	26
27	28	29	30	31		

*PM – After market close, AM – Before market opens

Source: KGI Research

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