

PROFIT TAKING ON GLOVE STOCKS BUT TOP GLOVE HITS NEW PEAK

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KUALA LUMPUR (June 9): Profit taking emerged among rubber glove stocks, pushing some into negative territory today.

Supermax Corp Bhd soared to an all-time high of RM9.30 in the morning. Selling pressure surfaced, pulling the share price to a day's low of RM8.61 before it closed at RM8.65, down 23 sen or 2.6%, with 24.75 million shares traded.

The lower liners, namely Comfort Gloves Bhd, Careplus Group Bhd and Rubberex Corp (M) Bhd, were hit harder. Comfort Gloves dropped 23 sen or 6.3% to RM3.40, while Careplus, which released its quarterly results last Friday, fell seven sen, or 4.3%, to RM1.56. Rubberex shed 18 sen, or nearly 5%, to RM3.45.

Careplus and Rubberex were the two best performers among glove counters listed on Bursa Malaysia, followed by Supermax and Comfort Gloves, with gains of more than 900% and 500% year to date.

Analysts said retail investors and traders were locking some profit after the strong rally.

However, the big boys managed to hold onto the ground and climbed higher.

Top Glove Corp Bhd continued its steady climb to a fresh peak today. It closed at a new record high of RM17 as analysts kept raising their target prices. The latest was CGS-CIMB, lifting its target price to RM25. The stock brokerage anticipates Top Glove to achieve a net profit of RM1.37 billion for the financial year ending Aug 31, 2020 (FY20) and RM3.7 billion for FY21.

Top Glove is expected to release its financial results this week.

The two other glove stocks that also ended in the green territory were Hartalega Holdings Bhd and Kossan Rubber Industries Bhd, gaining 2.62% to RM12.52 and 1.67% to RM9.13 respectively.

A total of 17.67 million Hartalega shares were traded, valuing the company at RM42.38 billion. Kossan saw 7.6 million units changing hands, giving it a market capitalisation of RM11.68 billion.

Last week, Maybank Kim Eng head of regional equity research Anand Pathmakanthan said the craze for rubber glove shares amid the Covid-19 pandemic was nowhere near the end just yet.

The strong interest, according to him, was not just a simple cyclical phenomenon, but a structural step up for the sector in terms of demand as well as pricing.

"It is a multi-year story for glove makers, and not just a blip," he said, adding that while the cyclical element of the rubber glove sector was

obvious, the market may have missed that the sector also has a structural element to it.