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## At a Glance

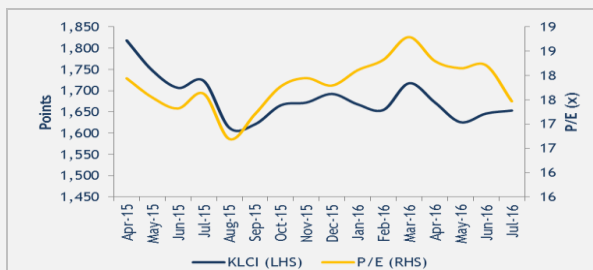
FBMKLCI turned its losing position by adding 1.24 points to close at 1,671.79 as fund buying of Public Bank and Axiata, lifting the index to close higher on last Friday.....(See full report next page)

## Corporate Highlights

- **Maybank, BUY (TP: RM9.10):** Partners CGC in RM1.5bil financing deal
- **Amcorp Prop (CP: RM0.24):** Rides on strong partnerships
- **Ranhill (CP: RM0.995):** Tipped for another IPP, a 300 MW power plant in Sabah

## Economic Update

- **U.S.:** Nonfarm payrolls rise less than expected; wage growth moderates
- **U.S.** Trade deficit narrows as exports hit 10-month high
- **China:** Xi says hopes for fair Australia investment policy



KEY ECONOMIC RELEASE					
Date	Local Time	Event	Survey	Prior	
JP	5-Sep 8:30 AM	Nikkei Japan PMI Services	--	50.4	
JP	5-Sep 8:30 AM	Nikkei Japan PMI Composite	--	50.1	
CN	5-Sep 9:45 AM	Caixin China PMI Services	--	51.7	
CN	5-Sep 9:45 AM	Caixin China PMI Composite	--	51.9	
EU	5-Sep 4:00 PM	Markit Eurozone Services PMI	53.1	53.1	
EU	5-Sep 4:00 PM	Markit Eurozone Composite PMI	53.3	53.3	
EU	5-Sep 5:00 PM	Retail Sales MoM	0.40%	0.00%	
EU	5-Sep 5:00 PM	Retail Sales YoY	1.90%	1.60%	
US	6-Sep 9:45 PM	Markit US Services PMI	51.1	50.9	
US	6-Sep 9:45 PM	Markit US Composite PMI	--	51.5	
MY	6-Sep 3:00 PM	Foreign Reserves	--	\$97.5b	
EU	6-Sep 4:10 PM	Markit Eurozone Retail PMI	--	48.9	
EU	6-Sep 5:00 PM	GDP SA QoQ	0.30%	0.30%	
EU	6-Sep 5:00 PM	GDP SA YoY	1.60%	1.60%	
US	7-Sep 7:00 PM	MBA Mortgage Applications	--	2.80%	
CN	7-Sep	Foreign Reserves	\$3198.0b	\$3201.1b	
MY	7-Sep 12:00 PM	Exports YoY	--	3.40%	
MY	7-Sep 12:00 PM	Imports YoY	--	8.30%	
MY	7-Sep 12:00 PM	Trade Balance MYR	--	5.52b	
MY	7-Sep 3:00 PM	BNM Overnight Policy Rate	--	3.00%	
US	8-Sep 8:30 PM	Initial Jobless Claims	--	263k	
US	8-Sep 8:30 PM	Continuing Claims	--	2159k	
JP	8-Sep 7:50 AM	GDP SA QoQ	0.00%	0.00%	
JP	8-Sep 7:50 AM	GDP Annualized SA QoQ	0.10%	0.20%	
JP	8-Sep 7:50 AM	GDP Nominal SA QoQ	0.20%	0.20%	
JP	8-Sep 7:50 AM	GDP Deflator YoY	0.80%	0.80%	
JP	8-Sep 7:50 AM	GDP Private Consumption QoQ	0.20%	0.20%	
JP	8-Sep 7:50 AM	GDP Business Spending QoQ	-0.40%	-0.40%	
CN	8-Sep	Trade Balance	\$59.05b	\$52.31b	
CN	8-Sep	Exports YoY	-3.80%	-4.40%	
CN	8-Sep	Imports YoY	-4.80%	-12.50%	
CN	8-Sep	Exports YoY CNY	3.00%	2.90%	
CN	8-Sep	Imports YoY CNY	0.40%	-5.70%	
CN	8-Sep	Trade Balance CNY	371.70b	342.80b	
CN	8-Sep 12:00 AM	Foreign Direct Investment YoY CNY	--	-1.60%	
EU	8-Sep 7:45 PM	ECB Main Refinancing Rate	0.00%	0.00%	
EU	8-Sep 7:45 PM	ECB Deposit Facility Rate	-0.40%	-0.40%	
EU	8-Sep 7:45 PM	ECB Marginal Lending Facility	--	0.25%	
EU	8-Sep 7:45 PM	ECB Asset Purchase Target	EUR0b	EUR0b	
CN	9-Sep 9:30 AM	CPI YoY	1.70%	1.80%	
CN	9-Sep 9:30 AM	PPI YoY	-0.90%	-1.70%	
MY	9-Sep 12:00 PM	Industrial Production YoY	--	5.30%	
MY	9-Sep 12:00 PM	Manufacturing Sales Value YoY	--	2.90%	

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## Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,671.79	1.24	0.07
FBMEMAS	11,750.81	15.35	0.13
FBMEMAS SHA	12,391.47	9.86	0.08
FBM100	11,462.76	13.05	0.11
Volume (mn)	1,424.35	-385.46	-21.30
Value (RMmn)	1,520.44	-507.62	-25.03
FBMKLCI YTD Chg			-1.22

## Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	58.5	66.4
Local Retail	17.9	-22.3
Foreign Investors	23.6	-44.1

## Top Gainers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	62.70	1.86	1.70
FRASER & NEAVE	24.92	0.34	1.38
TOP GLOVE CORP	4.60	0.22	5.02

## Top Losers

	Close	Change+/-	(+/- %)
TAHPS GROUP	6.20	-0.20	-3.13
CARLSBERG	14.80	-0.20	-1.33
KHIND HOLDINGS	2.50	-0.15	-5.66

## World Indices

	Close	Change+/-	(+/- %)
DJIA	18,491.96	72.66	0.39
NASDAQ	5,249.90	22.69	0.43
S&P 500	2,179.98	9.12	0.42
FTSE 100	6,894.60	148.63	2.20
DAX	10,683.82	149.51	1.42
Nikkei 225	16,925.68	-1.16	-0.01
HSI	23,266.70	104.36	0.45
KOSPI	2,038.31	5.59	0.28
STI	2,816.47	-16.38	-0.58
KLCI Futures	1,658.00	4.50	0.00
USDMYR 3M	11.28	(0.04)	(0.00)
USDMYR 6M	11.29	0.03	0.00
USDMYR 12M	11.19	(0.01)	(0.00)

## Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	44	-0.3	-0.6%
Brent (USD/bbl)	46.6	-0.2	-0.5%
Gold(USD/ounce)	1,323	-2.2	-0.2%
Coal (USD/mt)	69.2	0.1	0.1%
CPO (RM/mt)	2,595	75.0	3.0%
Rubber	160	1.5	0.9%
RM/USD	4.09	0.0098	-0.24%
EUR/USD	0.90	-0.0002	-0.02%
YEN/USD	103.96	0.04	-0.04%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average climbed 72.66 points to 18,491.96 while S&P 500 dropped by 9.12 points to 2,179.98. Nasdaq also up 22.69 points to 5,249.90. U.S. equities traded higher as markets opened Friday to a disappointing employment report. According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment increased by 151,000 in August, and the unemployment rate remained at 4.9 percent, versus expectations of 180,000 jobs and a decrease in the unemployment rate to 4.8 percent.
- The US Federal Reserve has hinted at a rate rise before the end of this year, with some economists saying ahead of the latest job figures that a move could come at central bank's meeting later this month. But the Fed chair, Janet Yellen, has also said she and fellow policymakers would watch the economic data closely. As a result, analysts said the weaker jobs number would probably keep interest rates on hold for now.

### The Local Market

- FBMKLCI turned its losing position by adding 1.24 points to close at 1,671.79 as fund buying of Public Bank and Axiata, lifting the index to close higher on last Friday. There were 469 gainers and 327 decliners in total value traded of RM2.26 billion.
- Among the gainers on Bursa Malaysia were Dutch Lady which gained 206 cent to RM62.90, F&N rose 34 cent to RM24.92, Top Glove added 22 cent to RM4.60 and Kossan increased 17 cents to RM6.60.

### Strategy

- Our 2016 year-end FBMKLCI target is 1,790 based on PER of 17.1x. FBMKLCI is NEUTRAL. We have OVERWEIGHT call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.3% in 2016.

## CORPORATE HIGHLIGHTS

### Maybank, BUY (TP: RM9.10): Partners CGC in RM1.5bil financing deal

Maybank has partnered with Credit Guarantee Corporation Malaysia Bhd (CGC) to avail up to RM1.5bil of financing to the small and medium enterprises (SME). The scheme is via CGC's portfolio guarantee scheme, which is the largest ever amount in Malaysia to support local SMEs in growing their businesses further. Under the scheme, SMEs can apply for either Islamic or conventional loans from Maybank from a minimum of RM50,000 up to a maximum of RM1.5mil and at a fixed tenure of up to seven years. While the financing is processed by the bank, 70% of the principal financing amount will be guaranteed by CGC. (Source: TheStar)

**Amcorp Prop (CP: RM0.24): Rides on strong partnerships**

Strong partnerships and established business relationships are helping smallish property developer Amcorp Properties Bhd (Amcorp Prop) to weather the current volatility in the property market. Some of these partnerships date back to just after the global financial crisis in 2009 when Amcorp Prop decided to enter the market in London. Amcorp Prop managing director Ben Lee said the company continued to ride on its decision it has made then and opined that the short-term volatility due to the Brexit decision has not had much of a negative impact upon the company. (Source: *The Star*)

**Ranhill (CP: RM0.995): Tipped for another IPP, a 300 MW power plant in Sabah**

Water and power generation company Ranhill Holdings Bhd, which is already the largest independent power producer (IPP) in Sabah, is poised to secure a mandate for another third combined-cycle power plant in the state. According to industry sources, the Energy Commission (EC) was looking favourably at a proposal to give Ranhill the job to construct, commission and operate a 300MW combined-cycle plant. If the award comes through, it will be the third combined-cycle gas plant for Ranhill in Sabah. It is learnt that Ranhill will have 51% stake in the company awarded the job while a Sabah-based government-linked company will have a 25% stake. A private company is likely to hold the remaining 24%. (Source: *The Star*)

**Mah Sing (CP: RM1.61): To launch last two Cerrado blocks**

MAH SING Group Bhd's large scale residential projects, acquired some time ago in anticipation of mass market demand, is using economies-of-scale to reduce prices, says group managing director Tan Sri Leong Hoy Kum. Prices vary but Cerrado residential suites Tower A and B in Southville are fully sold with prices beginning from RM370,000. It will be launching Cerrado Tower C and D soon. There will be 404 units per tower with built-up areas starting from 656 sq ft. Prices will be below RM500,000, the developer says. The two blocks are scheduled to be completed in 2020. (Source: *The Star*)

**EcoWorld (CP: RM1.34): Version of British Graham Garden**

ECO WORLD Development Group Bhd's (EcoWorld) newest modern integrated green township is located in the North-West of Klang Valley, or Ijok in Kuala Selangor. It is 45km from the Kuala Lumpur city centre, 40km from the Petaling Jaya and 18km from the Sungai Buloh town centre. Slated for launch this month, its initial offering will be double-storey landed Graham Garden within Eco Grandeur. The British-sounding Graham Garden makes up about 10% of the township's residential offering. EcoWorld's president and CEO Datuk Chang Khim Wah says: "These homes are affordable without compromising on quality and are targeted at first-time home owners." (Source: *The Star*)

**Bintai Kinden (CP: RM0.195): Subsidiary gets RM169mil S'pore hospital job**

Bintai Kinden Corp Bhd's subsidiary Bintai Kindenko Pte Ltd has clinched a S\$56.13mil (RM168.7mil) subcontract to supply and install air-conditioning and mechanical ventilation system at the proposed 19-storey Outram Community Hospital, which will be linked to Singapore General Hospital, as well as at its Campus Logistics Centre. In a filing with Bursa Malaysia, the mechanical and electrical engineering firm said the 69.82%-owned subsidiary had on Friday

accepted the letter of award from Penta Ocean Construction Co Ltd. Bintai Kinden expected the project to be completed by February 2019. (Source: *The Star*)

**SCGM (CP: RM2.82): 1Q net profit up 12.8%, pays 2 sen dividend**

Thermo-form food packaging manufacturer SCGM Bhd saw its net profit rise 12.8% to RM5.51 million or 4.18 sen per share in its first financial quarter ended July 31, 2016 (1QFY17), from RM4.89 million or 6.11 sen per share a year ago, on improved local and export sales. SCGM said 1QFY17 local sales improved by 41.3% to RM21.7 million, from RM15.3 million a year ago; while export sales grew 13.3% to RM16.2 million, from RM14.3 million. Revenue rose 27.8% to RM37.88 million in 1QFY17, from RM29.64 million in 1QFY16. (Source: *The Edge*)

**WZ Satu (CP: RM1.06): Gets RM110.3m West Coast Expressway contract**

WZ Satu Bhd has secured another construction job for the West Coast Expressway project, this time for part of the civil works package for the Changkat Cermin interchange to Beruas interchange. In a filing with Bursa Malaysia today, the steel maker turned construction outfit said its wholly-owned subsidiary, WZS KenKeong Sdn Bhd, was awarded the RM110.3 million subcontract by Laksana Amanbina Sdn Bhd. The duration of the job is 30 months and the scope of work is in the mainline of the expressway, including imported granular materials, drainage works, pavement works, traffic signs, road markings and road furniture works, it said. (Source: *The Edge*)

**V.S. Industry (CP: RM1.42): Unit issues profit warning on impairment**

V.S. International Group Ltd (VSIG), a Hong Kong-listed 43.7%-owned subsidiary of V.S. Industry Bhd, has issued a profit warning to investors that it expects to incur losses for its financial year ended July 31, 2016 (FY16), due to provision for impairment. In a filing with the Hong Kong Exchange today, VSIG warned that the group is expected to record a substantial increase in its loss for FY16, compared with that for FY15, mainly due to a provision to be made for impairment in relation to the deposits paid for its proposed acquisition of a 20% stake in a solar power plant in the Inner Mongolia Autonomous Region. In a statement, V.S. Industry said the agreement has since lapsed, following non-fulfillment of certain conditions, and VSIG has been in discussion with the vendor for the refund of the deposits paid. (Source: *The Edge*)

**ECONOMIC UPDATES**

**U.S.: Nonfarm payrolls rise less than expected; wage growth moderates**

U.S. employment growth slowed more than expected in August after two straight months of robust gains and wage gains moderated, which could effectively rule out an interest rate increase from the Federal Reserve this month. Nonfarm payrolls rose by 151,000 jobs last month after an upwardly revised 275,000 increase in July, with hiring in manufacturing and construction sectors declining, the Labor Department said on Friday. The unemployment rate was unchanged at 4.9 percent as more people entered the labor market. Last

month's jobs gains, however, could still be sufficient to push the Fed to raise interest rates in December. The rise in payrolls reinforces views that the economy has regained speed after almost stalling in the first half of the year. (Source: *The Star*)

#### **U.S. Trade deficit narrows as exports hit 10-month high**

The US trade deficit fell more than expected in July as exports rose to their highest level in 10 months, offering further evidence that economic growth picked up early in the third quarter. The Commerce Department said on Friday the trade gap narrowed 11.6% to US\$39.5bil (RM161.0bil), declining after three straight months of increases. June's trade deficit was revised slightly up to US\$44.7bil (RM182.2bil). When adjusted for inflation, the deficit dropped to US\$58.3bil (RM237.9bil) from US\$64.5bil (RM263.2bil) in June. (Source: *The Star*)

#### **China: Xi says hopes for fair Australia investment policy**

China hopes Australia can provide a fair and transparent environment for foreign investors, President Xi Jinping said on Sunday, as he met Australian Prime Minister Malcolm Turnbull for the first time since Canberra blocked a major deal. Australia angered China last month after Turnbull's government stopped the A\$10 billion (\$7.57 billion) sale of the country's biggest energy grid to Chinese bidders after they failed to overcome security concerns. After a meeting on the sidelines of a G20 summit in the eastern Chinese city of Hangzhou, Xi said China "hopes the Australian side continues to dedicate itself to providing foreign investors a fair, transparent and predictable policy environment". (Source: *The Star*)

#### **China: Must rely on reforms to keep fast economic growth**

China must rely on reforms to help maintain a medium-to-high rate of economic growth over the long term, Chinese President Xi Jinping said on Saturday, as the country undergoes structural changes, including reductions in excess factory capacity. Speaking to a business forum on the eve of a summit of leaders of the world's 20 biggest economies in Hangzhou, Xi said the G20 should combine monetary and fiscal policies with structural reforms to promote growth, and warned that isolationism could not resolve problems faced by the global economy. Xi said plans to cut excess capacity in the steel and coal sectors were based on consideration of China's long-term growth and structural adjustments. (Source: *The Star*)

#### **Sweden: Central bank seen holding record stimulus**

Sweden's central bank will hold off for now from adding more to its record stimulus as an unexpected weakening of the krona is giving it a helping hand in its struggle to spark inflation. The Riksbank will keep the repo rate at a record low of minus 0.5% in an announcement set for Wednesday, according to 20 of 21 analysts surveyed by Bloomberg. It will also keep its bond purchasing volumes unchanged, according to all of Sweden's five biggest banks, but three of the lenders predict the programme will be extended later this year. (Source: *The Star*)

**Europe: EU scrutinising around six other 1990 Irish tax opinions**

The European Commission is scrutinising around six tax opinions multinationals received in Ireland in the early 1990s, the same period in which it said one granted to Apple amounted to illegal state aid, Ireland's Sunday Business Post said. Last week, European Union antitrust regulators ordered Apple to pay up to 13 billion euros (\$14.5 billion) in taxes to the Irish government after ruling that Ireland granted undue and selective tax benefit to the company. Apple denies that Dublin gave it any tax breaks, a view shared by Ireland's Office of the Revenue Commissioners, which assesses and collects taxes, and the Irish government, which on Friday agreed to join Apple in appealing the decision. (Source: The Star)

**U.K.: British PM May to review security risks of Chinese-funded nuclear deal**

Prime Minister Theresa May said on Sunday she wanted her security advisers to review a delayed nuclear power investment from China - a source of diplomatic tension - as she arrived in the country to attend a G20 summit. May upset Chinese officials in July by delaying a \$24 billion project that would see French firm EDF build Britain's first new nuclear power plant in decades with the help of \$8 billion from China. Speaking during her first visit to China, May was asked whether she would ask the National Security Council, a team of ministers supported by intelligence officers, to look at the potential security implications of the Hinkley deal. (Source: The Star)

# M&A Securities

## STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between $-10\%$ and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

## SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

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