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At a Glance

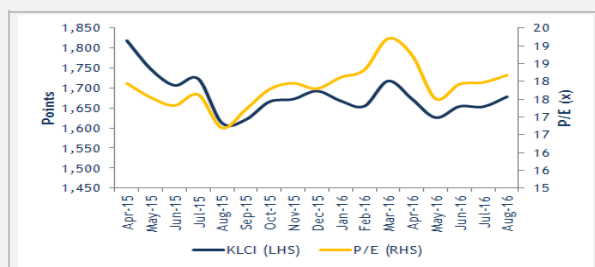
The FBM KLCI slid 1.99 points to 1,643.29, in line with the weaker key Asian markets and Europe as investors decided to stay on the sidelines ahead of the US Federal Reserve meeting tonight amid expectations of a rate hike.....(See full report next page)

Corporate Highlights

- **Maybank (CP: RM7.95):** Sets up sukuk programme of up to RM10bil
- **Destini (CP: RM0.68):** Gets three-year contract extension from Defense Ministry worth RM98.2m
- **SYF Resources (CP: RM0.52):** 1Q net profit up 8%, revenue jumps 57%

Economic Update

- **U.S.:** Fed raises rates by 25bps, sees faster pace of increases in 2017
- **U.S:** Retail sales cool in November after strong gains
- **Canada:** Gravity-Defying Household Debt Swells to C\$2 Trillion



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
US	5-Dec	10:45 PM	Markit US Services PMI	54.9	54.7
US	5-Dec	10:45 PM	Markit US Composite PMI	--	54.90.00%
US	5-Dec	11:00 PM	ISM Non-Manuf. Composite	55.20.00%	54.80.00%
US	6-Dec	9:30 PM	Trade Balance	-\$41.6b	-\$36.4b
US	6-Dec	9:30 PM	Nonfarm Productivity	0.032	0.031
US	6-Dec	9:30 PM	Unit Labor Costs	0.30%	0.30%
US	6-Dec	11:00 PM	Factory Orders	2.50%	0.30%
US	6-Dec	11:00 PM	Durable Goods Orders	0.70%	4.80%
US	7-Dec	8:00 PM	MBA Mortgage Applications	--	-0.094
US	8-Dec	4:00 AM	Consumer Credit	\$17.500b	\$19.292b
US	8-Dec	9:30 PM	Initial Jobless Claims	--	268k
US	8-Dec	9:30 PM	Continuing Claims	--	2081k
US	9-Dec	11:00 PM	U. of Mich. Sentiment	94.1	93.8
CN	5-Dec	9:45 AM	Caixin China PMI Services	--	5240.00%
CN	5-Dec	9:45 AM	Caixin China PMI Composite	--	5290.00%
CN	7-Dec		Foreign Reserves	\$3065.7b	\$3120.7b
CN	8-Dec		Trade Balance	\$46.57b	\$49.06b
CN	8-Dec		Exports YoY	-5.00%	-7.30%
CN	8-Dec		Imports YoY	-1.80%	-1.40%
CN	9-Dec	9:30 AM	CPI YoY	0.022	2.10%
CN	9-Dec	9:30 AM	PPI YoY	2.20%	1.20%
EU	5-Dec	5:00 PM	Markit Eurozone Services PMI	54.1	54.1
EU	5-Dec	5:00 PM	Markit Eurozone Composite PMI	54.1	54.10.00%
EU	5-Dec	5:30 PM	Sentix Investor Confidence	14.5	13.1
EU	5-Dec	6:00 PM	Retail Sales MoM	0.008	-0.002
EU	5-Dec	6:00 PM	Retail Sales YoY	0.017	0.011
EU	6-Dec	5:10 PM	Markit Eurozone Retail PMI	--	48.6
EU	6-Dec	6:00 PM	GDP SA QoQ	0.003	0.003
EU	6-Dec	6:00 PM	GDP SA YoY	0.016	0.016
EU	8-Dec	8:45 PM	ECB Main Refinancing Rate	0	0
EU	8-Dec	8:45 PM	ECB Deposit Facility Rate	-0.004	-0.004
MY	7-Dec	12:00 PM	Exports YoY	-5.50%	-3.00%
MY	7-Dec	12:00 PM	Imports YoY	0.015	-0.10%
MY	7-Dec	12:00 PM	Trade Balance MYR	8.70b	7.56b
MY	7-Dec	3:00 PM	Foreign Reserves	--	\$98.3b
MY	9-Dec	12:00 PM	Manufacturing Sales Value YoY	--	0.011
MY	9-Dec	12:00 PM	Industrial Production YoY	3.70%	3.20%
JP	5-Dec	8:30 AM	Nikkei Japan PMI Services	--	5050.00%
JP	5-Dec	8:30 AM	Nikkei Japan PMI Composite	--	51.3
JP	7-Dec	1:00 PM	Leading Index CI	10150.00%	10030.00%
JP	7-Dec	1:00 PM	Coincident Index	11420.00%	11270.00%
JP	8-Dec	7:50 AM	BoP Current Account Balance	¥1568.1b	¥1821.0b
JP	8-Dec	7:50 AM	GDP SA QoQ	0.60%	0.50%
JP	8-Dec	7:50 AM	GDP Annualized SA QoQ	2.30%	2.20%
JP	8-Dec	7:50 AM	GDP Nominal SA QoQ	0.20%	0.20%
JP	8-Dec	7:50 AM	GDP Deflator YoY	-0.10%	-0.10%

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,643.29	-1.99	-0.12
FBMEMAS	11,491.45	-18.89	-0.16
FBMEMAS SHA	12,031.67	-20.40	-0.17
FBM100	11,222.73	-21.72	-0.19
Volume (mn)	1,435.01	100.14	7.50
Value (RMmn)	1,642.62	-86.88	-5.02
FBMKLCI YTD Chg			-2.91

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Institution	59.7	65.9
Retail	11.1	0.8
Foreign	29.2	-66.7

Top Gainers

	Close	Change+/-	(+/- %)
UNITED PLANTAT	27.80	0.54	1.98
BRIT AMER TOBA	45.50	0.42	0.93
HEINEKEN MALAY	16.90	0.20	1.20

Top Losers

	Close	Change+/-	(+/- %)
PPB GROUP BERH	15.68	-0.26	-1.63
LAFARGE MALAYS	7.60	-0.22	-2.81
DUTCH LADY MILK	55.22	-0.22	-0.40

World Indices

	Close	Change+/-	(+/- %)
DJIA	19,792.53	-118.68	-0.60
NASDAQ	5,436.67	-27.16	-0.50
S&P 500	2,253.28	-18.44	-0.81
FTSE 100	6,949.19	-19.38	-0.28
DAX	11,244.84	-39.81	-0.35
Nikkei 225	19,253.61	142.38	0.74
HSI	22,456.62	9.92	0.04
KOSPI	2,036.87	-7.85	-0.39
STI	2,954.06	-1.17	-0.04
KLCI Futures	1,633.50	(7.50)	(0.00)
USDMYR 3M	13.58	0.02	0.00
USDMYR 6M	13.62	(0.01)	(0.00)
USDMYR 12M	13.05	(0.01)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	51	-0.2	-0.3%
Brent (USD/bbl)	53.9	-1.8	-3.3%
Gold(USD/ounce)	1,138	-5.4	-0.5%
Coal (USD/mt)	87.6	1.6	1.8%
CPO (RM/mt)	3,125	27.0	0.9%
Rubber	240	5.7	2.4%
RM/USD	4.46	0.0116	-0.26%
EUR/USD	0.95	0.0057	0.60%
YEN/USD	117.75	0.71	-0.60%

What To Expect

U.S. Market

- The Dow Jones Industrials Average slashed 118.68 points and ended up at 19,792.53 along with both S&P 500 and Nasdaq closed 18.44 points and 27.16 points lower at 2,253.28 and 5,436.67 points, respectively. U.S. stocks ended a volatile session lower on Wednesday, as investors grappled with the prospect of a faster pace of rate increases in 2017 than had been previously forecast.
- Oil prices slid more than 3 percent on Wednesday as the dollar jumped after the U.S. Federal Reserve's decision to hike U.S. interest rates and after a jump in crude inventories at the biggest U.S. storage center renewed concerns about a glut. Crude tumbled to session lows after the Fed raised interest rates a quarter-point and signaled a faster pace of increases in 2017. The dollar rose, making oil more expensive for countries using other currencies.

- The FBM KLCI slid 1.99 points to 1,643.29, in line with the weaker key Asian markets and Europe as investors decided to stay on the sidelines ahead of the US Federal Reserve meeting tonight amid expectations of a rate hike. There were 418 gainers and 322 decliners in total value traded of RM1.64 billion.
- Among the decliners on Bursa Malaysia were PPB Group which grew 26 cent to RM15.68, Lafarge Malaysia lost 22 cent to RM7.60 and Dutch Lady was down 22 cent to RM55.22.

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 (CP: RM7.95): Sets up sukuk programme of up to RM10bil

Malayan Banking Bhd (Maybank) has set up a sukuk programme of up to RM10bil, rated AAA, to fund its investments in ringgit-denominated and foreign currency-denominated Islamic financial instruments. Maybank Investment Bank Bhd (Maybank IB) said yesterday that Maybank may issue up to RM10bil under the senior sukuk murabahah and/or subordinated sukuk programme under the syariah principle of murabahah. "The sukuk programme will give Maybank the flexibility to raise funds via the issuance of senior sukuk murabahah and/or subordinated sukuk murabahah from time to time," it said. *(Source: The Star)*

Destini (CP: RM0.68): Gets three-year contract extension from Defense Ministry worth RM98.2m

Destini Bhd has secured a three-year contract extension to provide maintenance, repair and overhaul (MRO) services and supply services of safety

and survival equipment for the Royal Malaysian Airforce worth RM98.2 million. In a filing with Bursa Malaysia today, Destini said its unit Destini Prima Sdn Bhd had accepted a letter of award from Ministry of Defence last Thursday (Dec 8), in relation to the award. "As part of its scope of work, Destini will be providing MRO services on Royal Malaysia Airforce safety and survival-related equipment," it said in the filing. *(Source: The Edge)*

SYF Resources (CP: RM0.52): 1Q net profit up 8%, revenue jumps 57%

SYF Resources Bhd's net profit for the first quarter ended Oct 31, 2016 (1QFY17) rose 8.1% to RM11.7 million or 1.91 sen per share, from RM10.8 million or 1.77 sen per share in 1QFY16. However, the increase was not as big as the rise in revenue due to the completion of an industrial project with higher margin. In a filing with Bursa Malaysia, SYF said revenue jumped 57% to RM148.7 million from RM94.9 million in 1QFY16 on increased contribution from property development, and sale of boards and rubberwood furniture. *(Source: The Edge)*

F&N (CP: RM23.14): Expects 40% rise in bottle production with new RM45 mil line

Fraser & Neave Holdings Bhd has inaugurated a new state-of-the-art polyethylene terephthalate (PET) bottling manufacturing line at its plant in Shah Alam worth RM45 million. The PET line has been operational since June 2016 and is expected to increase the group's bottle production by 40% or eight million cases annually, according to the group in a statement today. The 'PET Line 12 Combi', as it is known, is fully automated whereby bottles are blow formed, filled and capped within an integrated system and has an improved efficiency of 12.5%, which improves space utilisation and reduces energy consumption. *(Source: The Edge)*

Gamuda (CP: RM4.90), IJM (CP: RM3.34) and WCT (CP: RM1.79): Likely to gain from new Malaysia-Singapore rail link

Gamuda Bhd, IJM Corp Bhd and WCT Holdings Bhd are among the domestic frontrunners from the construction industry to benefit from the recently-inked bilateral agreement for the Kuala Lumpur-Singapore high speed rail (HSR) project. It was reported that Gamuda would bid for a parcel of the proposed East Coast Rail Link and the HSR. "While it still premature to work out the size of contracts that will spill over to the local contractors, this theme remains relevant to domestic rail players in our coverage such as Gamuda, IJM Corp and WCT. *(Source: The Star)*

ECONOMIC UPDATES

U.S.: Fed raises rates by 25bps, sees faster pace of increases in 2017

The U.S. Federal Reserve raised interest rates by a quarter point on Wednesday and signaled a faster pace of increases in 2017 as the Trump administration takes over with promises to boost growth through tax cuts, spending and deregulation. The rate increase, regarded as a virtual certainty by financial markets in the wake of a string of generally strong economic reports, raised the target federal funds rate 25 basis points to between 0.50 percent and 0.75 percent. "In view of realized and expected labor market conditions and inflation,

the committee decided to raise the target range," the central bank's policy-setting committee said in its unanimous statement after a two-day meeting. (Source: *The Star*)

U.S: Retail sales cool in November after strong gains

U.S. retail sales barely rose in November as households cut back on purchases of motor vehicles, suggesting some loss of momentum in economic growth in the fourth quarter. The Commerce Department said on Wednesday retail sales edged up 0.1%, after two straight months of strong gains. October retail sales were revised downward to show a 0.6% increase instead of the previously reported 0.8% rise. Sales were up 3.8% from a year ago. Excluding automobiles, gasoline, building materials and food services, retail sales also nudged up 0.1% last month, after a downwardly revised 0.6% increase in October. (Source: *The Edge*)

Canada: Gravity-Defying Household Debt Swells to C\$2 Trillion

Canadian household debt has cracked the two-trillion-dollar ceiling. The appetite for bank borrowing remained unabated in the third quarter, setting fresh records for total credit and mortgage borrowing, Statistics Canada reported Wednesday. The widely-followed ratio of household debt to after-tax income rose to another record high of almost 167 percent. The numbers will intensify concern among policy makers the economy has become over-reliant on bank borrowing, and is vulnerable to a housing downturn and rising interest rates. (Source: *Reuters*)

China: Bank lending heads for record as Nov new loans rise despite debt fears

Chinese banks extended 794.6 billion yuan (US\$115.10 billion) in new yuan loans in November and look set to lend a record amount this year, as Beijing boosts the economy to meet growth targets, despite worries about the risks of prolonged debt-fuelled stimulus. Lending continued to be driven by consumer loans, primarily home mortgages, despite a series of measures rolled out by the authorities to cool surging home prices and avoid property bubbles. (Source: *The Edge*)

Japan: Manufacturers' mood brightens to 1-yr high - BOJ tankan

A closely watched central bank survey showed big Japanese manufacturers' sentiment improved for the first time in six quarters to hit a one-year high, as falls in the yen and a pick-up in overseas growth brightened Japan's economic prospects. The Bank of Japan "tankan" survey published on Wednesday found companies also maintained their upbeat spending plans, reinforcing market expectations that the central bank will hold off on expanding monetary stimulus in the coming months. (Source: *The Edge*)

South Korea: Youth Unemployment Rate Rises to Record High

South Korea's youth unemployment rate rose to a record high in November, following political protests that paralyzed the government and led parliament to vote to impeach the president. The unadjusted jobless rate for people aged 25 to 29 rose to 8.2 percent in November, up from 8 percent in October and 7.4 percent a year earlier, Statistics Korea said. That is the highest in comparable data back to 1999. The seasonally-adjusted jobless rate fell to 3.6 percent from

3.7 percent in October, with rising employment in agriculture and fisheries compensating for job losses in manufacturing. *(Source: Reuters)*

Nigeria: Cuts 2017 Growth Forecast to 2.5%

Nigeria cut its 2017 growth forecast by half a percentage point as the ongoing economic slump slows output, the Budget and National Planning Minister Udo Udoma said. West Africa's biggest economy will probably grow by 2.5 percent compared with an earlier projection of 3.02 percent, Udoma told lawmakers in the capital, Abuja on Tuesday. "We realized that it is not achievable due to the current economic recession," he said. Nigeria's economy contracted in the first nine months of this year partly because the price and output of oil, its biggest revenue earner, dropped, and as it suffered shortages of power and foreign currency. *(Source: Reuters)*

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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