

PP14767/09/2012(030761)

Tuesday, January 19, 2016

At a Glance

FBMKLCI erased 5.91 points and closed at 1,622.64 on the back of weakening crude oil prices.....(See full report next page)

Strategy**"Market Clue to Come from Regional Market"**

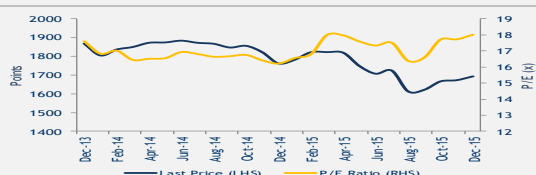
Expect regional stock market to gyrate today.....(See full report next page)

Corporate Highlights

- **CIMB, HOLD (TP: RM4.90):** Has no plan to lay off more staff
- **Media Prima (CP: RM1.34):** Partners Korean firm in home shopping venture
- **Cahya Mata Sarawak (CP: RM5.12):** Plans RM1b sukuk

Economic Update

- **Malaysia:** Five year bond yield falls to lowest since 2013
- **France:** Hollande says France in state of economic emergency
- **India:** December exports fall for 13th month



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
JP	18-Jan	12:30 PM	Industrial Production MoM	-	-1.0%
JP	18-Jan	12:30 PM	Industrial Production YoY	-	1.6%
JP	18-Jan	12:30 PM	Capacity Utilization MoM	-	1.3%
CN	19-Jan	10:00 AM	Industrial Production YTD YoY	6.1%	6.1%
CN	19-Jan	10:00 AM	Industrial Production YoY	6.1%	6.2%
CN	19-Jan	10:00 AM	Retail Sales YoY	11.3%	11.2%
CN	19-Jan	10:00 AM	Retail Sales YTD YoY	10.7%	10.6%
CN	19-Jan	10:00 AM	GDP YTD YoY	6.9%	6.9%
CN	19-Jan	10:00 AM	GDP YoY	6.9%	6.9%
JP	19-Jan	2:00 PM	Machine Tool Orders YoY	-	-
MY	20-Jan	12:00 PM	CPI YoY	-	2.6%
US	20-Jan	8:00 PM	MBA Mortgage Applications	-	21.3%
US	20-Jan	9:30 PM	Housing Starts	1194K	1173K
US	20-Jan	9:30 PM	Buildings Permits	1200K	1289K
US	20-Jan	9:30 PM	CPI MoM	0.0%	0.0%
US	20-Jan	9:30 PM	CPI Ex Food and Energy MoM	0.2%	0.2%
US	20-Jan	9:30 PM	CPI YoY	0.8%	0.5%
US	20-Jan	9:30 PM	CPI Ex Food and Energy YoY	2.1%	2.0%
EU	21-Jan	6:00 PM	CPI MoM	-	-0.1%
EU	21-Jan	6:00 PM	CPI YoY	-	-
EU	21-Jan	6:00 PM	CPI Core YoY	-	0.9%
EU	21-Jan	8:45 PM	ECB Main Refinancing Rate	0.1%	0.1%
EU	21-Jan	8:45 PM	ECB Deposit Facility Rate	-0.3%	-0.3%
EU	21-Jan	8:45 PM	ECB Marginal Lending Facility	0.3%	0.3%
EU	21-Jan	11:00 PM	Consumer Confidence	-	-5.7
MY	21-Jan	6:00 PM	BNM Overnight Policy Rate	-	3.3%
JP	21-Jan	12:30 PM	All Industry Activity Index MoM	-	1.0%
US	21-Jan	9:30 PM	Initial Jobless Claims	-	-
US	21-Jan	9:30 PM	Continuing Claims	-	-
EU	22-Jan	5:00 PM	Markit Eurozone Manufacturing PMI	-	53.2
EU	22-Jan	5:00 PM	Markit Eurozone Services PMI	-	54.2
EU	22-Jan	5:00 PM	Markit Eurozone Composite PMI	-	54.3
MY	22-Jan	6:00 PM	Foreign Reserves	-	\$95.3B
US	22-Jan	10:45 PM	Markit US Manufacturing PMI	51.8	51.2
US	22-Jan	11:00 PM	Existing Home Sales	5.11M	4.76M
US	22-Jan	11:00 PM	Leading Index	0.0%	0.4%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,622.64	-5.91	-0.36
FBMEMAS	11,365.71	-53.31	-0.47
FBMEMAS SHA	12,326.86	-38.47	-0.31
FBM100	11,048.25	-45.35	-0.41
Volume (mn)	2,130.45	253.28	13.49
Value (RMmn)	1,867.43	112.12	6.39
FBMKLCI YTD Chg			-4.13

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	22.1	36.0
Local Institution	55.3	99.7
Foreign Investors	22.6	-135.7

Top Gainers

	Close	Change+/-	(+/- %)
ENRA GROUP BHD	2.32	0.32	16.00
TOP GLOVE CORP	13.88	0.18	1.31
BINTULU PORT	7.15	0.15	2.14

Top Losers

	Close	Change+/-	(+/- %)
BAT	54.88	-0.76	-1.37
PANASONIC MAN	24.00	-0.56	-2.28
AEON CREDIT SER	11.02	-0.46	-4.01

World Indices

	Close	Change+/-	(+/- %)
DJIA	-	-	-
NASDAQ	-	-	-
S&P 500	-	-	-
FTSE 100	5,779.92	-24.18	-0.42
DAX	9,521.85	-23.42	-0.25
Nikkei 225	16,955.57	-191.54	-1.12
HSI	19,237.45	-283.32	-1.45
KOSPI	1,878.45	-0.42	-0.02
STI	2,593.00	-37.76	-1.44
KLCI Futures	1,605.50	3.00	0.00
USDMYR 3M	12.82	0.18	0.01
USDMYR 6M	12.84	0.16	0.01
USDMYR 12M	12.87	0.16	0.01

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	29	-0.3	-1.0%
Brent (USD/bbl)	28.6	-0.4	-1.3%
Gold(USD/ounce)	1,089	-0.3	0.0%
Coal (USD/mt)	48.8	-0.4	-0.7%
CPO (RM/mt)	2,470	6.0	0.2%
Rubber	129	0.0	0.0%
RM/USD	4.39	-0.002	0.05%
EUR/USD	0.92	-0.0002	-0.02%
YEN/USD	117.39	0.07	-0.06%

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What To Expect

U.S. Market

- Markets closed yesterday in the U.S. for Martin Luther King Day.

The Local Market

- FBMKLCI erased 5.91 points and closed at 1,622.64 on the back of weakening crude oil prices. There were 190 gainers and 776 decliners in total value traded of RM1.86 billion.
- Among the losers on Bursa Malaysia were BAT dropped 76 cent to RM54.88, Panasonic Manufacturing fell 56 cent to RM24.00, Aeon Credit declined 46 cent to RM11.02 and Chin Teck Plants slid 31 cent to RM7.53.

Strategy

- **“Market Clue to Come from Regional Market”**
Wall Street was closed yesterday in observance of Martin Luther King Jr. Day and hence market signals might as well come from the regional market. To begin with, China will be releasing three (3) key economic announcements today including its latest IPI numbers along with retail sales and 2015 GDP. The performance of these numbers could determine the investors’ trading mood today. Note that street estimates expect China’s December IPI numbers to come in at around 6% plus with retail sales estimation at around 11% plus. 2015 GDP, in the meantime, is expected to be spot on with the PBoC’s expectation of 6.9%. Should these numbers come in below expectation, expect regional stock market to gyrate today.
- Our 1H16 FBMKLCI target is 1,720 based on PER of 16.5x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.5% in 2016.

CORPORATE HIGHLIGHTS

CIMB, HOLD (TP: RM4.90): Has no plan to lay off more staff

CIMB Group Holding Bhd said it has no new plan to lay off staff in Malaysia and Indonesia in 2016 after the completion of last year's mutual separation scheme (MSS), said chief executive officer Tengku Datuk Seri Zafrul Aziz. Instead, the focus would be on improving productivity within the group and continuing with its business agenda. The banking group, however, confirmed that it had let go 32 staff members from its investment banking and equities business arm in Hong Kong. The redundancy exercise reflected the worsening capital markets environment in North Asia. On the outlook of the banking industry, Zafrul said macroeconomic conditions in the first six months was expected to be challenging. *(Source: The Star)*

Media Prima (CP: RM1.34): Partners Korean firm in home shopping venture

Media Prima's wholly-owned unit, Sistem Televisyen Malaysia Bhd (STMB) has entered into an agreement with Korean firm CJ O Shopping Co Ltd to establish a joint venture (JV) company to venture into the home shopping business. The joint venture is a business-to-consumer (B2C) venture and is expected to provide Media Prima the opportunity to gain lucrative consumer revenue, while expanding the group's portfolio to include retailing business, which is expected to contribute positively to earnings, according to Media Prima's bourse filing today. The shareholding structure of the JV company shall be 51% STMB and 49% CJ O. The JV company's capitalisation shall be RM65 million, to be contributed by the two companies in proportion to their stake in the JV company, in several tranches. *(Source: The Edge)*

Cahya Mata Sarawak (CP: RM5.12): Plans RM1b sukuk

Cahya Mata Sarawak Bhd (CMS) which recently acquired a 50%-stake in telecommunications infrastructure provider, Sacofa Sdn Bhd, is planning a RM1 billion sukuk programme. RAM Ratings has assigned a preliminary rating of AA3/stable to CMS' proposed RM1 billion sukuk Ijarah programme (2016/2036). The ratings agency, however, did not state for what purpose will the Sarawak-based conglomerate use the debt programme for. At the same time, RAM Ratings have reaffirmed the AA3/Stable/P1 corporate credit ratings of CMS, reflecting the group's superior financial profile. *(Source: The Sun)*

OWG (CP: RM2.51): Plans RM50.17m placement to fund Komtar Tower's revitalisation

Only World Group Holdings Bhd (OWG) has proposed a private placement of up 10% of its total issued and paid-up share capital, which could raise about RM50.17 million, based on an indicative issue price of RM2.26 sen apiece, to fund its Komtar Tower revitalisation project. In a filing with Bursa Malaysia today, the food service and amusement park operator said the exercise, comprising up to 22.2 million shares, will be issued to independent third party investors to be identified later. OWG said the placement shares will be priced at a discount of not more than 10% to the five-day volume weighted average market price of its shares immediately preceding the price fixing date. *(Source: The Edge)*

Tiger Synergy (CP: RM0.09): Unit gets RM4m loan facility

Tiger Synergy Bhd's wholly-owned subsidiary Promosi Juara Sdn Bhd (PJSB) has clinched a short term loan of RM4 million from TA Capital Sdn Bhd, for the company's working capital requirement. In a filing with Bursa Malaysia yesterday, Tiger Synergy said the tenure for the loan is three months from the date of drawdown of the loan facility. Assuming the loan facility is fully drawdown, the gearing ratio is 3.09 based on the audited consolidated results of the group as at June 30, 2015. Tiger Synergy operates manufacturing and real estate development businesses. It manufactures furniture parts and wood-based products, and develops residential and commercial real estate projects. (Source: The Sun)

Acoustech (CP: RM0.665): To sell property for RM11m

Acoustech Bhd proposes to sell its property in Klang to Full Sprint Sdn Bhd for RM11 million under a sale and lease back arrangement. In a filing with Bursa Malaysia yesterday, Acoustech said its wholly owned subsidiary Formosa Prosonic Technics Sdn has signed a tenancy agreement with Full Sprint for the rental of the property upon completion of the proposed disposal, for a monthly rental of RM68,044.50 or 80 sen per square foot. Last year, FPT disposed of its manufacturing assets in the Sungai Petani plant and ceased a major part of its operations there. Since then, FPT has consolidated its manufacturing activity in Port Klang, which enabled it to rationalise the group's asset by reducing excess manufacturing capacity. (Source: The Sun)

Abric (CP: RM0.51): Plans cash distribution of 43 sen

Cash rich Abric Bhd plans to distribute 43 sen a share totaling RM63.90mil to its shareholders under a corporate exercise which will lead to its delisting from Bursa Malaysia Securities. Abric, which is a Practice Note 16 company, had on Monday proposed a capital reduction and repayment exercise and a special cash dividend. On Dec 16, 2014, the company was classified a cash company after it had received substantial cash proceeds from the sale of its entire core business. Since then, Abric had been actively trying to identify suitable business opportunities to regularise its condition. (Source: The Star)

PLB (CP: RM1.45): Buys Penang property developer for RM23.5mil

PLB Engineering Bhd has acquired property developer Phoenix Residences Sdn Bhd (PRSB) for RM23.5mil. The property development firm, whose shares were last month reclassified from construction sector to properties sector, told Bursa Malaysia that its unit PLB Land Sdn Bhd signed an agreement on Monday to acquire 100% equity interest in Penang-based PRSB. PLB's announcement did not specify the size of PRSB's landbank or its exact location in Penang. However, it said PRSB's property came with approved development plans and development license already issued by the Urban Wellbeing, Housing and Local Government Ministry, making the asset a very marketable property. (Source: The Star)

Hap Seng (CP: RM6.57): To buy China firm from chairman

Hap Seng Consolidated Bhd has proposed to acquire Lei Shing Hong Wood Products Ltd (LSHWP) from Lei Shing Hong Trading Ltd (LSHT), a wholly-owned subsidiary of Lei Shing Hong Ltd for US\$3.21mil cash. In a filing with Bursa

Malaysia, Hap Seng Consolidated said it proposed to purchase two million ordinary shares of US\$1 (RM4.40) each representing the entire issued and paid-up share capital of LSHWP. The proposed acquisition also presented an opportunity for Hap Seng Consolidated group to expand its fertiliser trading business in China as part of the group's business plan in further diversifying the market in which the fertilisers division currently operates in. *(Source: The Star)*

I-Bhd (CP: RM0.47): Work starts on CentralPlaza@i-City shopping mall at i-City
Work on i-Bhd's joint-venture project, the CentralPlaza@i-City shopping mall at i-City, Selangor has started with a completion date in 13 months. I-Bhd said its JV company Central Plaza i-City Real Estate Sdn Bhd is undertaking the project valued at RM72.80mil. The mall, with a gross development value of RM850mil, is expected to be open by August 2018. I-Bhd said Thailand's leading retail property developer Central Pattana Pcl holds a 60% stake in the project while I-Bhd has a 40% share. Last Friday, Pintaras Jaya Bhd's unit Pintaras Geotechnics Sdn Bhd was awarded the contract for the piling and basement structural works. *(Source: The Star)*

Dagang NeXchange (CP: RM0.23): Taps into renewable energy with Chinese partners

Dagang NeXchange Bhd (DNeX) is tapping into the Asian renewable energy market via a memorandum of understanding (MoU) with three Chinese companies. The move forms a part of DNeX's diversification into the energy sector. In a statement yesterday, DNeX, an e-commerce specialist, said its subsidiary Forward Energy Sdn Bhd signed the MoU with China Everbright International Ltd, Broadgate Engineering (M) Sdn Bhd and HydroChina International Engineering Co Ltd. DNeX said: "Under the MoU, the parties will collaborate and cooperate specifically in submitting business proposals for waste-to-energy technology projects in Malaysia and regional markets." *(Source: The Star)*

IPO: Ranhill plans to operate wastewater treatment plant in China

Ranhill Holdings Bhd plans to operate a wastewater treatment plant for Maoping Industrial Park in the Yongxin County, Jiangxi Province in China, through the incorporation of Ranhill (Yongxin) Water Co Ltd. In a filing with Bursa Malaysia today, Ranhill said its indirect subsidiary, Ranhill Water Hong Kong Ltd (RWHK), has formed Ranhill (Yongxin) in China on Jan 15, 2016. Ranhill (Yongxin) is deemed a wholly-owned subsidiary of RWHK. Ranill (Yongxin), which has yet to commence its business, will principally undertake the design, construction and operation of the wastewater treatment plant. The registered capital of Ranhill (Yongxin) is US\$5 million(RM22.04 million), all of which has not been fully paid-in. *(Source: The Edge)*

ECONOMIC UPDATES

Malaysia: Five year bond yield falls to lowest since 2013

Malaysian government bonds rose, driving the five-year yield to its lowest level since 2013, on speculation the nation's debt is luring investors amid a selloff in stocks. The yield on the notes has dropped 18 basis points in the past month, while the benchmark stock gauge lost 1.5 percent. Malaysia's 10-year bonds, which are rated the fourth-lowest investment grade by Standard & Poor's, offer the second-highest yields among Southeast Asia's three biggest economies. The government will take measures to cut spending, including studying the privatization of projects, the finance ministry's top bureaucrat Mohd Irwan Serigar Abdullah said Wednesday. (Source: *The Star*)

France: Hollande says France in state of economic emergency

President Francois Hollande has set out a €2bn (£1.5bn) job creation plan in an attempt to lift France out of what he called a state of "economic emergency". Under a two-year scheme, firms with fewer than 250 staff will get subsidies if they take on a young or unemployed person for six months or more. In addition, about 500,000 vocational training schemes will be created. France's unemployment rate is 10.6%, against a European Union average of 9.8% and 4.2% in Germany. Mr Hollande said money for the plan would come from savings in other areas of public spending. (Source: *BBC*)

India: December exports fall for 13th month

India's merchandise exports fell for the 13th successive month in December, as orders from the United States and Europe shrank and exporters grappled with a competitively weaker Chinese yuan. The deteriorating global economic growth outlook and rising volatility in currency markets have dampened Indian exports, although the blow has been softened by a collapse in the country's oil import bill. "We are facing terrible times as orders from the US and Europe have dried up," said S.C. Ralhan, president of the Federation of Indian Export Organisations (FIEO), referring to shipments to India's two largest markets. "The slowdown in China and depreciation of its currency have further hit exports," he said, adding that total merchandise exports could fall to about US\$250 billion in the fiscal year ending on March 31. (Source: *Reuters*)

Singapore: December Exports slide

Singapore exports fell more than expected in December as a slump in sales to China deepened, adding to worries that global headwinds will keep the trade-dependent economy on a wobbly footing this year. The data could revive expectations that the central bank will ease its monetary policy again in April or in an off-cycle move before that, especially as oil prices continue to tumble. Non-oil domestic exports (NODX) slid 7.2% in December from a year earlier, trade agency International Enterprise Singapore said in a statement, missing the median forecast of a 5.1% contraction in a *Reuters* poll. That compared with a 3.4% contraction in November. (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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