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At a Glance

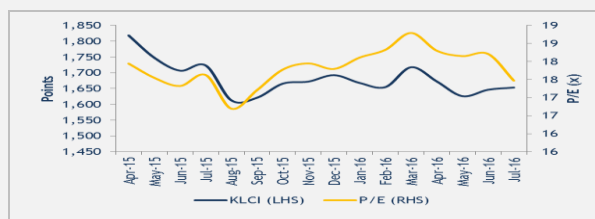
FBMKLCI continued to surge on second day by adding 8.75 points to close at 1,664.04 on stronger Malaysia's June export numbers(See full report next page)

Corporate Highlights

- **IOI Corp (CP: RM4.45):** RSPO suspension on IOI Corp lifted from Aug 8
- **MMC Corp (CP: RM2.22):** Buys 49% of Penang Port for RM200m
- **Unisem (CP: RM2.55):** Q2 net profit rises to RM37.6mil
- **CAB Cakaran (CP: RM1.68):** Biomass power generation project on track

Economic Update

- **Malaysia:** Bank Negara reserves largely unchanged at US\$97.3b as at July 29
- **Malaysia:** June exports up 3.4% on-year, surprises survey
- **U.S.:** Trade deficit rises to 10-month high in June



KEY ECONOMIC RELEASE				
	Date	Local Time	Event	Survey Prior
CN	8-Aug		Trade Balance	\$48.00b \$48.11b
CN	8-Aug		Exports YoY	-3.10% -4.80%
CN	8-Aug		Imports YoY	-7.70% -8.40%
US	9-Aug	8:30 PM	Nonfarm Productivity	0.50% -0.60%
CN	9-Aug	9:30 AM	CPI YoY	1.70% 1.90%
CN	9-Aug	9:30 AM	PPI YoY	-2.00% -2.60%
US	10-Aug	7:00 PM	MBA Mortgage Applications	-- -3.50%
JP	10-Aug	7:50 AM	PPI MoM	-0.20% -0.10%
JP	10-Aug	7:50 AM	PPI YoY	-4.00% -4.20%
US	11-Aug	8:30 PM	Initial Jobless Claims	-- 269k
MY	11-Aug	12:00 PM	Industrial Production YoY	2.30% 2.70%
US	12-Aug	8:30 PM	Retail Sales Advance MoM	0.40% 0.60%
US	12-Aug	8:30 PM	Retail Sales Ex Auto MoM	0.20% 0.70%
US	12-Aug	8:30 PM	Retail Sales Ex Auto and Gas	0.40% 0.70%
US	12-Aug	8:30 PM	PPI Final Demand MoM	0.10% 0.50%
US	12-Aug	10:00 PM	U. of Mich. Sentiment	91.5 90
MY	12-Aug	12:00 PM	GDP SA QoQ	-- 1.00%
MY	12-Aug	12:00 PM	GDP YoY	4.00% 4.20%
EU	12-Aug	5:00 PM	Industrial Production SA MoM	0.60% -1.20%
EU	12-Aug	5:00 PM	Industrial Production WDA YoY	0.90% 0.50%
CN	12-Aug	10:00 AM	Industrial Production YoY	6.20% 6.20%
CN	12-Aug	10:00 AM	Industrial Production YTD YoY	6.00% 6.00%
CN	12-Aug	10:00 AM	Retail Sales YoY	10.50% 10.60%
CN	12-Aug	10:00 AM	Retail Sales YTD YoY	10.30% 10.30%

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,664.04	8.75	0.53
FBMEMAS	11,677.36	55.55	0.48
FBMEMAS SHA	12,291.80	56.07	0.46
FBM100	11,378.09	57.04	0.50
Volume (mn)	2,159.90	105.24	5.12
Value (RMmn)	1,934.96	406.07	26.56
FBMKLCI YTD Chg			-1.68

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	64.0	-87.4
Local Retail	17.0	-15.0
Foreign Investors	19.0	102.4

Top Gainers

	Close	Change+/-	(+/- %)
UNITED PLANTA	27.20	0.62	2.33
PPB GROUP	16.18	0.28	1.76
NESTLE (MALAY)	79.68	0.28	0.35

Top Losers

	Close	Change+/-	(+/- %)
FRASER & NEAVE	24.96	-0.30	-1.19
PANASONIC	37.70	-0.60	-1.57
AJINOMOTO	14.50	-0.30	-2.03

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,543.53	191.48	1.04
NASDAQ	5,221.12	54.87	1.06
S&P 500	2,182.87	18.62	0.86
FTSE 100	6,793.47	53.31	0.79
DAX	10,367.21	139.35	1.36
Nikkei 225	16,254.45	-0.44	0.00
HSI	22,146.09	313.86	1.44
KOSPI	2,017.94	17.91	0.90
STI	2,831.96	0.88	0.03
KLCI Futures	1,644.00	8.50	0.01
USDMYR 3M	11.52	0.06	0.01
USDMYR 6M	11.62	0.04	0.00
USDMYR 12M	11.79	0.03	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	42	0.2	0.4%
Brent (USD/bbl)	44.4	0.1	0.2%
Gold(USD/ounce)	1,333	-2.8	-0.2%
Coal (USD/mt)	65.0	0.0	0.0%
CPO (RM/mt)	2,407	-37.0	-1.5%
Rubber	159	-7.6	-4.6%
RM/USD	4.03	-0.0212	0.53%
EUR/USD	0.90	-0.0002	-0.02%
YEN/USD	102.16	0.34	-0.33%

What To Expect

U.S. Market

- The Dow Jones Industrials Average recovered 191.48 points to 18,543.53 while S&P 500 soared by 18.62 points to 2,182.87. Nasdaq also expanded by 54.87 points to 5,221.12. Stocks and the dollar jumped on Friday on strong U.S. employment data that boosted expectations of an acceleration in economic growth and raised the probability of a Federal Reserve interest rate hike this year.
- Forecast-beating U.S. nonfarm payrolls numbers, released a day after the launch of a Bank of England monetary easing package, sent U.S. Treasury yields higher. U.S. nonfarm payrolls rose by 255,000 in July as hiring increased broadly after an upwardly revised 292,000 surge in June, the U.S. Labor Department said. Economists had expected a rise of 180,000. Fed fund futures priced in an 18 percent chance the Fed will raise rates at its policy meeting next month, up from 9 percent late on Thursday.

The Local Market

- FBMKLCI continued to surge on second day by adding 8.75 points to close at 1,664.04 on stronger Malaysia's June export numbers. There were 444 gainers and 332 decliners in total value traded of RM1.93 billion.
- Among the gainers on Bursa Malaysia were United Plantation surged 62 cent to RM27.20, PPB Group added 28 cent to RM16.18, Nestle expanded 28 cent to RM79.68 and Batu Kawan grew 24 cent to RM18.00

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

IOI Corp (CP: RM4.45): RSPO suspension on IOI Corp lifted from Aug 8

The Roundtable of Sustainable Palm Oil (RSPO) will lift the suspension on IOI Corporation from next Monday after about four months. RSPO said on Friday its board of governors had endorsed the complaints panel's recommendation to lift the suspension of RSPO certification for the entire IOI Corp group. The complaints panel is satisfied that IOI has met the conditions set out in its letter to IOI dated March 14, 2016, based on the actions that IOI has taken and implemented since then," it said. To recap, the initial suspension of IOI Group's RSPO certificates took effect from April 1, 2016. (Source: The Star)

MMC Corp (CP: RM2.22): Buys 49% of Penang Port for RM200m

MMC Corp Bhd is buying a 49% stake in Penang Port Sdn Bhd (Penang Port) for RM200 million in a related party deal. In a filing with the stock exchange, MMC said it entered into a conditional share sale and purchase agreement last Friday with Seaport Terminal (Johore) Sdn Bhd for the stake. Seaport Terminal is a major shareholder of MMC. Penang Port, which was incorporated on Dec 7, 1993, is involved in the operation, maintenance, management and provision of port facilities and other related services. It also maintains, develops, operates and administers a free commercial zone under the Free Zones Act, 1990 and provides warehousing services. For the financial year ended Dec 31, 2015, Penang Port reported a net profit of RM2.22 million, a huge jump compared with RM311,000 in 2014. *(Source: The Sun)*

Unisem (CP: RM2.55): Q2 net profit rises to RM37.6mil

Unisem (M) Bhd's net profit for the second quarter to June 30 rose 19.9% RM37.62mil from RM31.38mil in the same quarter a year ago on higher gain on foreign exchange. The semiconductor assembly firm saw its revenue rose RM320.89mil compared with RM298.79mil a year ago. The increase in revenue for the financial year to date was mainly attributable to improved average selling prices arising from the appreciation of US dollar to ringgit and US dollar to renminbi exchange rates, as compared to the rates that prevailed in the corresponding period a year ago. *(Source: The Star)*

CAB Cakaran (CP: RM1.68): Biomass power generation project on track

Poultry producer CAB Cakaran Corp Bhd remains on track to start its power generation business in 2018, despite having to go it alone after a plan to partner a Japanese company with the technical know-how fell through. Group managing director Christopher Chuah Hoon Phong is unfazed, however, saying that it has already received offers from other firms with the technical abilities to help the company in its endeavour. CAB is now in the midst of completing the purchase of land in Gurun, Kedah, and hopes to kick start the application process to the Sustainable Energy Development Authority (Seda) next year.

Protasco (CP: RM1.52): Unit bags RM315.8m highway job

Protasco Bhd's subsidiary HCM Engineering Sdn Bhd has received a letter of acceptance from Turnpike Synergy Sdn Bhd for the construction of a stretch of the proposed Sungai Besi-Ulu Kelang Elevated Expressway (Suke) for RM315.8 million. In a filing with the stock exchange, Protasco said the contract is to be undertaken jointly by HCM and Hatimuda Sdn Bhd on a 40:60 basis. Work is expected to be completed in 30 months, by Feb 28, 2019, and the contract will have a positive impact on Protasco's net assets and earnings for the financial year ending December 31, 2016. *(Source: The Sun)*

AirAsia (CP: RM2.97): Again denies it plans to sell leasing arm stake

AirAsia Bhd has again denied it plans to sell off its majority stake in its plane-leasing unit, Asia Aviation Capital Ltd. In a filing with the stock exchange, the low-cost carrier said its board of directors had not been presented with any proposal or deliberated on the matter. "As part of our corporate disclosure policy, we will make the necessary disclosures to Bursa Malaysia as and when

there are material developments on this matter in accordance with the Main Market Listing Requirements," it said. AirAsia added that it is continuously assessing and evaluating any corporate proposal that may enhance its shareholders' value such as acquisitions, asset divestment and corporate restructuring. *(Source: The Sun)*

Ranhill (CP: RM0.895): 2Q net profit comes in at RM37.8m

Ranhill Holdings Bhd recorded a net profit of RM37.77 million for the second quarter ended June 30, 2016 (2QFY16), underpinned by revenue of RM357.04 million. For the cumulative six months ended June 30, 2016 (1HFY16), the group registered a net profit of RM44.67 million, and a revenue of RM701.79 million. No comparative figures for the preceding financial year's corresponding quarter and six-month period were available as the group was only listed last December. Compared with the previous quarter, however, the group's revenue increased by 3.5%, while profit before taxation (PBT) rose by RM36.9 million to RM64.7 million, from RM27.8 million. *(Source: The Edge)*

SLP Resources (CP: RM3.00): 2Q profit slips 5.4% on lower domestic sales

SLP Resources Bhd's net profit for the second quarter ended June 30, 2016 (2QFY16) slipped by 5.4% to RM6.07 million or 2.45 sen per share from RM6.41 million or 2.59 sen per share in the same corresponding quarter a year ago, largely due to lower domestic sales. A filing with Bursa Malaysia said the Group recorded lower domestic sales of RM17 million as compared to RM21.7 million 2QFY15 due to slower domestic demand as well as stricter credit control imposed by the Group on domestic customers. The lower average unit selling price of sales denominated in USD due to weaker USD particularly in the month of April has also attributed to lower profit before tax in the current year quarter. *(Source: The Edge)*

Teo Seng (CP: RM1.20): Buys land in Johor to build new factory

Teo Seng Capital Bhd's indirect unit Great Egg Industries Sdn Bhd is buying a freehold industrial land measuring 0.61 hectares in Batu Pahat, Johor, from two directors of its subsidiaries to build a new factory. According to a bourse filing today, Great Egg has signed a sale and purchase agreement with Lim Meng Bin and Ng Eng Leng to acquire the land for RM1.64 million cash. Lim is the director of various subsidiaries of Teo Seng while Ng is the director of Great Egg and other various subsidiaries of Teo Seng. They are the registered owners of the land. The duo bought the tract on Sept 19, 2007 and the total cost of investment was RM434,971.44 as at June 30, 2016. *(Source: The Edge)*

ECONOMIC UPDATES

Malaysia: Bank Negara reserves largely unchanged at US\$97.3b as at July 29

The international reserves of Bank Negara Malaysia amounted to US\$97.3 billion (RM391.1 billion) as at July 29, largely unchanged from US\$97.3 billion (RM390.8 billion) as at July 15. The reserves position is sufficient to finance 8.1 months of retained imports and is 1.2 times the short-term external debt. In a statement today, the central bank said the main components of the international reserves were foreign currency reserves (US\$89.4 billion); International Monetary Fund reserves position (US\$800 million); special drawing rights (SDRs) (US\$1.1 billion); gold (US\$1.5 billion); and other reserve assets (US\$4.5 billion). The assets included Malaysian government papers (RM1.64 billion); deposits with financial institutions (RM2.42 billion); loans and advances (RM7.48 billion); land and buildings (RM2.11 billion); and other assets (RM7.06 billion). (Source: *The Edge*)

Malaysia: June exports up 3.4% on-year, surprises survey

Malaysia's exports delivered a strong set of numbers, up RM2.2bil or 3.4% to RM66.45bil – surprising economists' expectations of a 3.7% decline – underpinned by a strong growth in electrical and electronics. The Statistics Department said on Friday that E&E products increased RM1.1bil or 4.9% from RM23.1bil. It added that refined petroleum products rose RM1.1bil or 34.9% from RM3.2bil due to the increase in export volume (+90.1%) as average unit value fell 29.0%. Timber and timber-based products recorded an of RM133.7mil or 8.1% from RM1.6bil. (Source: *The Star*)

U.S.: Trade deficit rises to 10-month high in June

The US trade deficit rose to a 10-month high in June as rising domestic demand and higher oil prices boosted the import bill while the lagging effects of a strong dollar continued to hamper export growth. The Commerce Department said on Friday the trade gap increased 8.7% to US\$44.5 billion in June, the biggest deficit since August 2015. May's trade deficit was revised slightly down to US\$41.0 billion. June marked the third straight month of increases in the deficit. Economists polled by *Reuters* had forecast the trade gap widening to US\$43.1 billion in June after a previously reported US\$41.1 billion shortfall. When adjusted for inflation, the deficit rose to US\$64.7 billion from US\$60.9 billion in May. The government in its snapshot of second-quarter gross domestic product published last week said trade had contributed two-tenths of a percentage point to the 1.2% annualized growth pace during the period. (Source: *The Edge*)

U.S.: Payrolls gains beat expectations, wages rise

US employment increased more than expected in July and wages picked up, which should bolster expectations of an acceleration in economic growth and raise the probability of an interest rate hike from the Federal Reserve this year. Nonfarm payrolls increased by 255,000 jobs last month as hiring rose broadly after an upwardly revised 292,000 surge in June, the Labor Department said on Friday. The unemployment rate was unchanged at 4.9% as more people entered the labor market. Highlighting labor market strength, average hourly wages

increased a healthy eight cents. May payrolls were revised up to 24,000 from the previously reported 11,000. Economists polled by *Reuters* had forecast payrolls increasing 180,000 in July and the unemployment rate dipping one-tenth of a percentage point to 4.8%. (Source: *The Edge*)

China: July forex reserves fall to \$3.20 trillion

Aug 7 China's foreign exchange reserves fell to \$3.20 trillion in July, central bank data showed on Sunday, matching forecasts. Economists polled by *Reuters* had predicted reserves would fall to \$3.20 trillion from \$3.21 trillion at the end of June. China's reserves, the largest in the world, fell by \$4.10 billion in July. The reserves rose \$13.4 billion in June, rebounding from a 5-year low in May. (Source: *Reuters*)

India's implementation of CPI target to aid inflation fight

India's decision to formally implement its central inflation target of 4 percent can help moderate future price rises and support macroeconomic stability, Moody's Investors Service said on Sunday. The government this week notified parliament that it would introduce the target of 4 percent, plus or minus 2 percent, a key confirmation of the inflation-fighting policies championed by outgoing Reserve Bank of India (RBI) Governor Raghuram Rajan. Moody's said an explicit target could help anchor price expectations and keep actual inflation at moderate levels. The government's implementation was "credit positive" and underlined its commitment to controlling price rises, the ratings agency said. (Source: *Reuters*)

Indonesia: 2Q GDP grows 5.18% y/y, faster than expected

Indonesia's economy grew a faster-than-expected 5.18% in the second quarter from a year earlier, thanks to higher commodity prices and stronger consumption. On Friday, the statistics bureau said Indonesia's gross domestic product expanded 5.18% in the second quarter. A *Reuters* poll forecast 5.00%. The statistics bureau revised annual growth in the first quarter to 4.91% from 4.92%. In 2015, economic growth slowed for the fifth straight year, reaching 4.8%, the weakest pace since the global financial crisis. Household consumption, relatively resilient throughout the slowdown, gained in the second quarter as people spent more money at the start of the Muslim fasting month, which this year began in June. (Source: *The Edge*)

U.K: House prices slide by most in five months after Brexit vote

UK house-prices fell by the most in five months after Britain's decision to quit the European Union, although it's still too early to tell how much Brexit has damped the market, Halifax said. Prices dropped 1% in July, the biggest slide since February, reversing a 1.2% gain in June, the mortgage lender said in a statement on Friday. Values were still up 1.6% in the three months through July and were up 7.8% from a year earlier, to an average 214,678 pounds (US\$281,765). The outlook for Britain's property market is uncertain after Britons voted to leave the EU, even after low borrowing costs and strong demand helped to boost prices in recent years. The Bank of England cut its key interest rate to a record low 0.25% on Thursday and said both housing transactions and house-price inflation "may decline further." (Source: *The Edge*)

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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