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At a Glance

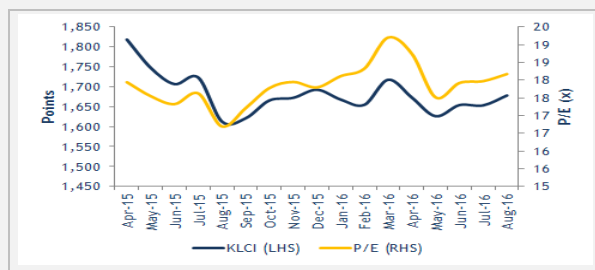
The FBM KLCI cut 3.49 points to 1,634.30 as the ringgit weakened against the US dollar to levels seen during the 1998 Asian financial crisis(See full report next page)

Corporate Highlights

- **TSH (CP: RM1.88):** To privatise Ekowood via scheme of arrangement
- **OCR (CP: RM0.40):** Bags RM155m PR1MA project in Bukit Jalil
- **Mudajaya (CP: RM0.895):** Bags RM559m MRT2 contract

Economic Update

- **U.S.:** Yellen Sees Economic Gains Boosting Workers in Strong Job Market
- **Indonesia:** Central Bank Revives Plan to Cut Three Zeroes From Rupiah
- **India:** \$1 Trillion Hidden Economy Has Stalled

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,634.30	-3.49	-0.21
FBMEMAS	11,432.01	-20.49	-0.18
FBMEMAS SHA	11,965.08	-28.36	-0.24
FBM100	11,155.43	-24.92	-0.22
Volume (mn)	1,333.65	24.30	1.86
Value (RMmn)	1,354.97	-458.74	-25.29
FBMKLCI YTD Chg			-3.44

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Institution	66.9	88.8
Retail	16.3	-3.1
Foreign	16.8	-85.7

Top Gainers

	Close	Change+/-	(+/- %)
BATU KAWAN	18.10	0.40	2.26
BRIT AMER TOBAC	43.60	0.34	0.79
PANASONIC MAN	32.00	0.22	0.69

Top Losers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	55.02	-0.98	-1.75
LAFARGE MALAYSI	7.10	-0.21	-2.87
PETRONAS DAGA	23.50	-0.20	-0.84

World Indices

	Close	Change+/-	(+/- %)
DJIA	19,883.06	39.65	0.20
NASDAQ	5,457.44	20.28	0.37
S&P 500	2,262.53	4.46	0.20
FTSE 100	7,017.16	5.52	0.08
DAX	11,426.70	22.69	0.20
Nikkei 225	19,391.60	-13.97	-0.07
HSI	21,832.68	-188.07	-0.85
KOSPI	2,038.39	8.98	0.44
STI	2,913.08	-24.78	-0.84
KLCI Futures	1,636.50	0.50	0.00
USDMYR 3M	13.65	(0.12)	(0.01)
USDMYR 6M	13.62	(0.04)	(0.00)
USDMYR 12M	13.15	(0.02)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	52	0.0	0.0%
Brent (USD/bbl)	54.9	-0.3	-0.5%
Gold(USD/ounce)	1,137	-0.8	-0.1%
Coal (USD/mt)	86.2	-0.3	-0.3%
CPO (RM/mt)	3,142	-19.0	-0.6%
Rubber	228	-6.1	-2.6%
RM/USD	4.48	-0.0002	0.00%
EUR/USD	0.96	0.0004	0.04%
YEN/USD	117.12	0.03	-0.03%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 39.65 points to 19,883.06 along with both S&P 500 and Nasdaq closed 4.46 points and 20.28 points higher at 2,262.53 and 5,457.44 points, respectively. The Dow Jones Industrial Average posted its sixth consecutive week of gains, even as the postelection rally lost some steam after the Federal Reserve's latest signals on interest rates.
- Bond yields and the dollar rose to their highest levels in years during the week as the Fed raised interest rates for the first time in a year and signaled a quicker-than-expected pace of increases in 2017. Many investors have been concerned about the rapid appreciation of the dollar, which could hamper a widely expected U.S. earnings recovery and make it harder to pay back the trillions in dollar-denominated debt around the world.

- The FBM KLCI cut 3.49 points to 1,634.30 as the ringgit weakened against the US dollar to levels seen during the 1998 Asian financial crisis. There were 360 gainers and 392 decliners in total value traded of RM1.35 billion.
- Among the decliners on Bursa Malaysia were Dutch Lady which decreased 98 cent to RM55.02, Lafarge lost 21 cent to RM7.10 and Petronas Dagang was down 20 cent to RM23.50.

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

TSH (CP: RM1.88): To privatise Ekowood via scheme of arrangement

Ekowood International Bhd said its board of directors had agreed to a proposal from parent TSH Resources Bhd to take it private via a members' scheme of arrangement. In a filing with Bursa Malaysia yesterday, Ekowood said the board will present the scheme to the scheme shareholders for approval. TSH currently holds 113.32 million shares or a 67.46% stake in Ekowood. The persons acting in concert with TSH collectively hold another 10.81 million shares or a 6.44% stake in Ekowood. They include Datuk Dr Kelvin Tan Aik Pen, chairman of both TSH and Ekowood, and Datuk Tan Aik Sim, group managing director of both companies. *(Source: The Edge)*

OCR (CP: RM0.40): Bags RM155m PR1MA project in Bukit Jalil

O&C Resources Bhd (OCR) has bagged an RM155 million contract to develop a project located in Jalan Alam Sutera Utama, Bukit Jalil here at a gross

development cost of RM131.75 million. In a filing with Bursa Malaysia today, OCR said its 70%-owned subsidiary Kita Mampan Sdn Bhd, through its associate AES Builders Sdn Bhd, had on Dec 15 received a letter of award from Perbadanan PR1MA Malaysia to be the main contractor for the proposed project. Kita Mampan holds a 49% stake in AES. *(Source: The Edge)*

Mudajaya (CP: RM0.895): Bags RM559m MRT2 contract

Mudajaya Group Bhd has won a RM558.64 million contract to construct a viaduct gateway for the Mass Rapid Transit Line 2 (MRT2) project. The group said its wholly-owned unit, Mudajaya Corp Bhd, accepted the award today from Mass Rapid Transit Corp Sdn Bhd for the project covering the stretch from Universiti Putra Malaysia in Serdang to Taman Pinggiran Putra in Putrajaya. The MRT2 line starts at Sungai Buloh and passes through several parts of Kuala Lumpur including Kepong, Jalan Tun Razak and KLCC before proceeding to Serdang, and finally Putrajaya. *(Source: The Edge)*

Boustead (CP: RM2.40): Plans RM333m mixed development near Bukit Jalil City

Boustead Holdings Bhd is buying multiple pieces of leasehold commercial land measuring a collective 10.74 acres adjacent to Bukit Jalil City to develop a mixed development project with estimated gross development value of RM333 million. The diversified group is acquiring the land from its single largest shareholder — the Armed Forces Fund Board (LTAT), which held a 60.92% stake in the group — for RM172.78 million, to be satisfied entirely by the proceeds from its rights issue exercise completed on June 23. The purchase consideration took into the consideration the valuation carried out by Nawawi Tie Leung Property Consultants Sdn Bhd of between RM161.7 million and RM171.4 million as stated in a valuation report dated Nov 25. *(Source: The Edge)*

IGB (CP: RM2.46), EcoFirst (CP: RM0.26): To team up for RM400m condo'

IGB Corp Bhd, the property firm that made its name developing Mid Valley City, is set to team up with EcoFirst Consolidated Bhd to undertake a RM400 million high-end condominium project in Kuala Lumpur next year, according to sources. Sources told The Edge Financial Daily that the two will form a 50:50 joint-venture (JV) company to jointly develop a parcel of land measuring four acres (1.62ha) in Jalan Batai, Damansara Heights here over the next three years. The all-residential project, designed by a local award-winning architect, will have no more than 150 units of luxury condominium of 3,000 sq ft each, expected to be priced above RM3 million per unit. *(Source: The Edge)*

ECONOMIC UPDATES

U.S.: Yellen Sees Economic Gains Boosting Workers in Strong Job Market

Federal Reserve Chair Janet Yellen said economic gains are finally raising living standards for most Americans as a healthy labor market contributes to higher wages. "After years of a slow economic recovery, you are entering the strongest job market in nearly a decade," Yellen told a class of graduating students at the

University of Baltimore on Monday, according to the text of her commencement address. "There are also indications that wage growth is picking up, and weekly earnings for younger workers have made strong gains over the past couple of years." (Source: Bloomberg)

Indonesia: Central Bank Revives Plan to Cut Three Zeroes From Rupiah

Indonesia's central bank is reviving a plan to redenominate the currency of Southeast Asia's biggest economy despite the threat of market turmoil as the U.S. steps up the pace of interest-rate increases. "Re-denomination must be done while the economy is stable," Bank Indonesia Senior Deputy Governor Mirza Adityaswara told reporters in Jakarta on Monday. "Now, at this moment, it can be done. The exchange rate has been turbulent but it won't have too much of an impact. The main thing is that the economy must be stable." (Source: Bloomberg)

India: \$1 Trillion Hidden Economy Has Stalled

In Prime Minister Narendra Modi's political base of Varanasi, Hinduism's holiest city, weaver Zainul Abedin stares at the uneven mud floor of his home. Behind him, more than a dozen handlooms lie idle. Abedin is part of the collateral damage of Modi's Nov. 8 decision to ban high-value currency notes, effectively cancelling 86 percent of cash in circulation. The move was designed to stifle corruption and tax evasion, but many of the hardest-hit are workers in India's vast and intricate informal economy -- the small businesses, shops, drivers and countless other basic industries and services that employ more than 90 percent of Indian workers. (Source: Bloomberg)

Canada: Economic Optimism Rises After Trudeau Approves Pipelines

Consumer confidence has increased in Canada since a pair of major pipeline approvals, with hopes for the country's overall economic performance rising, telephone polling shows. The Bloomberg Nanos Canada Confidence Index climbed to 56.6 from 56.2 a week earlier, the second-straight increase. The index reached its highest level since October and is poised to finish the year above its 2016 average of 56.1. The polling results have changed in the two full weeks since Prime Minister Justin Trudeau announced the approval of the Kinder Morgan Inc. Trans Mountain and Enbridge Inc. Line 3 pipelines. The move may eventually ease bottlenecks that now see landlocked Alberta energy producers receive a steep discount for their crude. (Source: Bloomberg)

German: Business Confidence Improves as Growth Strengthens

German business sentiment rose to the highest level in almost three years in December, signaling growth in Europe's largest economy picked up speed toward the end of the year. The Munich-based Ifo institute's business climate index climbed to 111 from 110.4 in November. That's the strongest since February 2014 and compares with a median estimate in a Bloomberg survey of economists of 110.6. (Source: Bloomberg)

Iran: OPEC Win Lacks Substance Without Real Deals With Big Oil

Few countries have benefited from the oil market's 2016 recovery like Iran. Since sanctions on its economy were eased in January, the Persian Gulf producer has doubled exports as prices rallied and won approval from OPEC last

month to pump even more while other members cut. The key to continued growth will be attracting foreign investment to the energy industry. “Iran is definitely better off than they started the year,” said Carsten Fritsch, an analyst at Commerzbank AG in Frankfurt. “Further expansion plans for production have reached a plateau. They need foreign investment.” (*Source: Bloomberg*)

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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A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6
The Boulevard, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893
Website:

Head Of Research



Rosnani Rasul
M&A Securities