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At a Glance

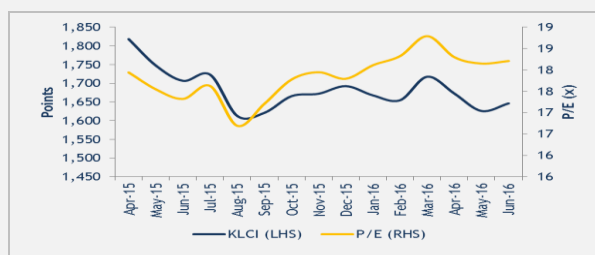
FBMKLCI tumbled 5.61 points to close at 1,654.78 dragged by finance related stocks as negativity priced in after the OPR cut(See full report next page)

Corporate Highlights

- **Maybank, HOLD (TP: RM9.10):** Lowers interest rates to 3%
- **AmProp (CP: RM0.835):** Unit to invest in real estate projects in Spain
- **Sona (CP: RM0.46):** In talks with potential liquidators to wind up

Economic Update

- **Malaysia:** Bond yields fall to lowest since 2013 on surprise OPR cut
- **Malaysia:** OPR cut a pre-emptive move: BNM governor
- **U.S.:** Jobless claims hover at low levels; producer prices rise



KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
MY	12-Jul	12:00 PM	Industrial Production YoY	2.50%	3.00%
MY	12-Jul	12:00 PM	Manufacturing Sales Value YoY	--	-1.20%
US	13-Jul	7:00 PM	MBA Mortgage Applications	--	14.20%
JP	13-Jul	12:30 PM	Industrial Production MoM	--	-2.30%
JP	13-Jul	12:30 PM	Industrial Production YoY	--	-0.10%
CN	13-Jul		Trade Balance	\$46.00b	\$49.98b
CN	13-Jul		Exports YoY	-5.00%	-4.10%
CN	13-Jul		Imports YoY	-6.20%	-0.40%
MY	13-Jul	3:00 PM	BNM Overnight Policy Rate	3.25%	3.25%
US	14-Jul	8:30 PM	Initial Jobless Claims	--	254k
US	14-Jul	8:30 PM	Continuing Claims	--	2124k
US	14-Jul	8:30 PM	PPI Final Demand MoM	0.30%	0.40%
US	14-Jul	8:30 PM	PPI Ex Food and Energy MoM	0.10%	0.30%
US	15-Jul	8:30 PM	Retail Sales Advance MoM	0.10%	0.50%
US	15-Jul	8:30 PM	Retail Sales Ex Auto MoM	0.40%	0.40%
US	15-Jul	9:15 PM	Industrial Production MoM	0.20%	-0.40%
US	15-Jul	9:15 PM	Capacity Utilization	75.10%	74.90%
US	15-Jul	10:00 PM	U. of Mich. Sentiment	93.5	93.5
EU	15-Jul	5:00 PM	CPI MoM	0.20%	0.40%
EU	15-Jul	5:00 PM	CPI YoY	0.10%	0.10%
EU	15-Jul	5:00 PM	CPI Core YoY	0.90%	0.90%
CN	15-Jul	10:00 AM	Industrial Production YoY	5.90%	6.00%
CN	15-Jul	10:00 AM	Industrial Production YTD YoY	5.90%	5.90%

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,654.78	-5.61	-0.34
FBMEMAS	11,583.59	-28.51	-0.25
FBMEMAS SHA	12,158.01	-35.87	-0.29
FBM100	11,284.93	-30.72	-0.27
Volume (mn)	1,578.36	-128.83	-7.55
Value (RMmn)	1,892.66	-477.15	-20.13
FBMKLCI YTD Chg			-2.23

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	56.5	-154.1
Local Retail	15.2	16.9
Foreign Investors	28.3	137.2

Top Gainers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	60.80	0.80	1.70
AJINOMOTO	13.42	0.24	1.82
DKSH HOLDINGS	4.25	0.30	7.60

Top Losers

	Close	Change+/-	(+/- %)
UNITED PLANTAT	26.54	-0.26	-0.97
APEX HEALTH	3.74	-0.22	-5.56
PPB GROUP	16.50	-0.18	-1.08

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,506.41	134.29	0.73
NASDAQ	5,034.06	28.33	0.57
S&P 500	2,163.75	11.32	0.53
FTSE 100	6,654.47	-15.93	-0.24
DAX	10,068.30	137.59	1.39
Nikkei 225	16,385.89	154.46	0.95
HSI	21,561.06	238.69	1.12
KOSPI	2,008.77	3.22	0.16
STI	2,910.65	-3.73	-0.13
KLCI Futures	1,647.50	(2.00)	(0.00)
USDMYR 3M	11.66	0.01	0.00
USDMYR 6M	11.77	0.05	0.00
USDMYR 12M	11.78	0.04	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	45	-0.4	-0.8%
Brent (USD/bbl)	47.4	1.1	2.4%
Gold(USD/ounce)	1,335	-0.5	0.0%
Coal (USD/mt)	61.1	0.0	0.0%
CPO (RM/mt)	2,249	27.0	1.2%
Rubber	179	7.5	4.4%
RM/USD	3.95	-0.019	0.48%
EUR/USD	0.90	0.0005	0.06%
YEN/USD	105.23	-0.12	0.11%

What To Expect

U.S. Market

- The Dow Jones Industrials Average continued the uptrend momentum by adding 134.29 points to 18,506.41 and S&P 500 lifted 11.32 points to 2,163.75. Nasdaq added 28.33 points to 5,034.06. Stocks rose for a fifth day Thursday to extend all-time highs as speculation grew for looser global monetary policies while a better-than-forecast profit from JPMorgan Chase & Co. boosted optimism for bank earnings.
- Global equities climbed Thursday as speculation grew that Japan's Prime Minister Shinzo Abe is contemplating so-called helicopter money, which involves the central bank directly funding government spending. The Bank of England left its key rate at a record low and signaled its readying stimulus for August as the economy reels from Britain's vote to leave the European Union.

The Local Market

- FBMKLCI tumbled 5.61 points to close at 1,654.78 dragged by finance related stocks as negativity priced in after the OPR cut. There were 352 gainers and 416 decliners in total value traded of RM1.89 billion.
- Among the losers on Bursa Malaysia were United Plantation lost 26 cent to RM26.54, Apex Healthcare fell 22 cent to RM3.74, PPB Group declined 18 cent to RM16.50 and Sarawak Oil Palm dropped 17 cent to RM3.62.

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, HOLD (TP: RM9.10): Lowers interest rates to 3%

Malayan Banking Bhd is lowering the interest rates for loans and savings by 20 basis points with effect from Friday. It said the base rate (BR) will be lowered by 20 basis points from 3.20% per annum to 3% per annum while its base lending rate (BLR) will also be revised from 6.85% to 6.65% per annum. The Islamic base rate and base financing rate will be reduced by 20 basis points to 3% per annum and 6.65% per annum respectively from 3.20% and 6.85% previously. The move by the country's largest bank followed Bank Negara Malaysia's (BNM) unexpected move to reduce the Overnight Policy Rate (OPR) by 25 basis points to 3% at its Monetary Policy Committee (MPC) meeting, citing rising risks from Britain's exit from the European Union. (Source: *The Star*)

AmProp (CP: RM0.835): Unit to invest in real estate projects in Spain

Amcorp Properties Bhd (AmProp) plans to invest in a portfolio of real estate development and value-added projects in Madrid and other cities in Spain. In a filing to Bursa Malaysia today, it said Amcorp Horizon Sdn Bhd (formerly known as Cemara Harapan Sdn Bhd) has signed an agreement with Grosvenor Europe Investments Ltd (GEIL) and its manager, Grosvenor Fund Management Spain, SLU. This is to set up a joint venture (JV) company known as Urban Value Add I (Spain), S.L., which is also a party to the agreement. GEIL is principally involved in property investment through its holdings in a number of investment vehicles. (Source: *The Edge*)

Sona (CP: RM0.46): In talks with potential liquidators to wind up

Sona Petroleum Bhd is in talks with several potential liquidators to wind up the company as the timeframe for it to complete its qualifying acquisitions expires on July 29. The special purpose acquisition company (SPAC) said on Thursday it would evaluate the liquidators together with their proposals and announce further details on the winding-up after the board has decided on the matter. "The board intends to commence the winding-up process as soon as possible after the expiry of the permitted timeframe on July 29, 2016," it said. (Source: *The Star*)

Atlan (CP: RM5.20): Q1 net profit up 21%

Atlan Holdings Bhd's net profit for the first quarter ended May 31, 2016 rose 21% to RM15.68 million from RM12.92 million a year ago, mainly contributed by the duty-free segment that saw a higher net foreign exchange gain of RM1.3 million. Its revenue jumped 24% to RM231.77 million compared with RM186.46 million in the previous corresponding quarter mainly from the duty-free segment with an improvement in the pricing for certain products as well as revenue contributed from the new outlets at klia2. It declared a first interim single-tier dividend of 12.50 sen per share of RM1 each for the financial year ending Feb 28, 2017 (FY17), which will be paid on Aug 19. (Source: *The Sun*)

Omesti (CP: RM0.525): Fixes placement issue price at 50 sen apiece

Omesti Bhd, which is seeking to raise up to RM29.95 million via a private placement, has fixed the placement issue price at 50 sen apiece. In a filing with Bursa Malaysia today, Omesti said the issue price represents a discount of approximately 0.91 sen or 1.79% from the five-day weighted average market price of 50.91 sen per share from July 5 to 13. Omesti, formerly Formis Resources Bhd, is a computer equipment and software distributor. In January, the company announced plans to issue up to 59.89 million shares to independent third party investor(s) to raise up to RM29.95 million. The bulk of the proceeds, ranging from RM11.32 million to RM11.38 million, will be set aside for working capital. (Source: *The Edge*)

IPO: Dancomech IPO's public portion oversubscribed by 26.84 times

Dancomech Holdings Bhd saw the public portion of its initial public offering (IPO) oversubscribed by 26.84 times. In a filing with Bursa Malaysia today, Malaysian Issuing House Sdn Bhd (MIH) said a total of 8,063 applications for 208.79 million new shares were received from the public for the 7.5 million new shares available for public subscription. Dancomech engages in trading and

distributing process control equipment and measurement instruments in Malaysia, Italy, Indonesia, and internationally. The placement agent also confirmed that the offer for sale of 11.37 million existing shares has been fully placed out, by way of private placement to selected investors. (Source: *The Edge*)

ECONOMIC UPDATES

Malaysia: Bond yields fall to lowest since 2013 on surprise OPR cut

Malaysian bonds rose for a second day and the three-year yield dropped to its lowest level since 2013 after the central bank unexpectedly cut interest rates on Wednesday. Bank Negara Malaysia reduced the overnight rate to 3 percent, the first policy shift since it tightened in 2014. Only Goldman Sachs Group Inc. forecast the move among economists in a Bloomberg survey. The central bank cited downside risks from the U.K. vote to leave the European Union and revised the floor for its base rate lower, suggesting room for more cuts. (Source: *The Star*)

Malaysia: OPR cut a pre-emptive move: BNM governor

The decision to cut the Overnight Policy Rate (OPR) is a pre-emptive action to ensure that the economy continues to remain on a steady growth path, says Bank Negara Malaysia (BNM) governor Datuk Muhammad Ibrahim. "It's not that we expected growth to be weaker in the second half. We anticipate it to be stronger and that growth for the whole year is expected to remain between 4.0 and 4.5%. "Now, what we intend to do is to ensure this happens. Basically it is a pre-emptive move," he told Bernama in his maiden media interview since his appointment as the central bank governor on May 1, 2016. (Source: *The Sun*)

U.S.: Jobless claims hover at low levels; producer prices rise

The number of Americans filing for unemployment benefits unexpectedly held at lower levels last week, pointing to further momentum in the labor market after job growth surged in June. Another report on Thursday showed producer prices recorded their biggest gain in a year in June on rising costs for energy products and services. The data signaled economic strength that could allow the Federal Reserve to raise interest rates later this year. Initial claims for state unemployment benefits were unchanged at a seasonally adjusted 254,000 for the week ended July 9, the Labor Department said. Claims are near the 43-year low of 248,000 touched in mid-April. (Source: *The Edge*)

Indonesia: Sukuk beats Malaysia in attracting Brexit-haven funds

Indonesia's Islamic bond yields have fallen faster than Malaysia's in the past three months, as the nation's higher-yielding notes do better at attracting investors fleeing plunging rates in the developed world. Yields on rupiah sukuk due 2019 slid 39 basis points in the period, compared with 26 basis points for equivalent paper in Malaysia. Indonesia's three-year Islamic bonds pay 7.21%, while those in Malaysia yield 3.25%. Overseas investors pumped US\$6.6 billion into Indonesian debt as of July 12 and US\$4.9 billion into Malaysian securities in the first six months, data compiled by Bloomberg show. (Source: *The Edge*)

South Korea: BoK keeps interest rates on hold, trims growth and inflation forecasts

South Korea's central bank left rates unchanged as expected on Thursday, slightly downgrading its growth and inflation forecasts and propping the door open to further easing as it monitors the government's ongoing efforts to craft a supplementary budget. Interest rates were kept at 1.25% after a surprise rate cut in June, as correctly forecast by 28 out of 29 analysts surveyed by Reuters. The bank now sees this year's growth at 2.7%, barely changed from 2.8%. Inflation this year is now seen at 1.1%, ticking down from 1.2% forecast earlier. *(Source: The Star)*

U.K.: London house-price index falls to seven-year low on Brexit

A measure of London house prices fell to its lowest level since the height of the financial crisis as Brexit sent shock waves across the U.K. The index dropped to minus 46 in June from minus 35 the previous month, the Royal Institution of Chartered Surveyors said Thursday, citing a survey of real-estate agents. That's the weakest reading since early 2009. All responses were received after the European Union referendum on June 23. A separate report from Acadata Ltd. and LSL Property Services Plc showed home values in the capital were already being hurt ahead of the vote, with prices decreasing 1.4% in May, the biggest monthly fall since June 2011. *(Source: The Edge)*

U.K.: Bank of England surprises markets by keeping rates on hold, signals August move

The Bank of England kept interest rates unchanged on Thursday, wrong-footing many investors who had expected the first cut in more than seven years as Britain's economy reels from last month's Brexit vote. The Bank said it was likely to deliver stimulus in three weeks' time, possibly as a "package of measures" once it has assessed how the June 23 referendum decision to leave the European Union has affected the economy. In the absence of a further worsening in the trade-off between supporting growth and returning inflation to target on a sustainable basis, most members of the Committee expect monetary policy to be loosened in August," the Bank said in minutes of its July meeting which ended on Wednesday. *(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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