

PP14767/09/2012(030761)

Wednesday, July 27, 2016

Report of the Day

Visit Notes: Genting Plantation – “On the Road to Recovery”

At a Glance

FBM KLCI fell 6.84 and closed at 1,661.42 as nervousness build up ahead of United States and Japan's Central Bank meeting this week(See full report next page)

Strategy

“Waiting for the Catalyst, If Any”

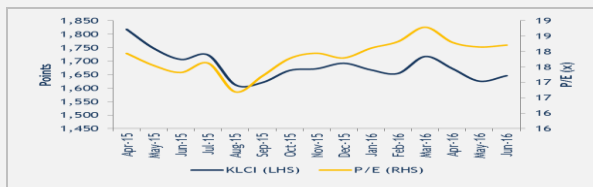
We think that catalyst for the equity market is sorely lacking(See full report next page)

Corporate Highlights

- **Maybank, HOLD (TP: RM9.10):** IB is Malaysia's best investment bank
- **WCT, BUY (TP: RM1.93) KKB (CP RM1.62):** JV secures RM1.29bil contract
- **AWC (CP: RM0.895):** Secures RM12.67mil Cyberjaya project

Economic Update

- **Malaysia:** MIER maintains full year growth forecast at 4.2%
- **U.S.:** New-home sales in US jump to highest level since February 2008
- **China:** Downward pressure on economy still "relatively big"



KEY ECONOMIC RELEASE				
Date	Local Time	Event	Survey	Prior
JP	25-Jul	7:50 AM	Exports YoY	-11.7
JP	25-Jul	7:50 AM	Imports YoY	-21.1
JP	25-Jul	1:00 PM	Leading Index CI	--
JP	25-Jul	1:00 PM	Coincident Index	--
US	26-Jul	9:00 PM	S&P/CS 20 City MoM SA	0.03%
US	26-Jul	9:00 PM	S&P/CS Composite-20 YOY NSA	5.46%
US	26-Jul	9:45 PM	Markit US Services PMI	--
US	26-Jul	9:45 PM	Markit US Composite PMI	--
US	26-Jul	10:00 PM	Consumer Confidence Index	95.5
US	26-Jul	10:00 PM	Richmond Fed Manufact. Index	-4
US	26-Jul	10:00 PM	New Home Sales	560k
US	26-Jul	10:00 PM	New Home Sales MoM	1.60%
US	27-Jul	7:00 PM	MBA Mortgage Applications	--
US	27-Jul	8:30 PM	Durable Goods Orders	-1.00%
US	27-Jul	8:30 PM	Durables Ex Transportation	0.30%
US	27-Jul	10:00 PM	Pending Home Sales MoM	1.80%
US	27-Jul	10:00 PM	Pending Home Sales NSA YoY	3.00%
EU	27-Jul	4:00 PM	M3 Money Supply YoY	0.05
US	28-Jul	2:00 AM	FOMC Rate Decision (Upper Bound)	0.50%
US	28-Jul	2:00 AM	FOMC Rate Decision (Lower Bound)	0.25%
EU	28-Jul	5:00 PM	Consumer Confidence	-7.9
US	29-Jul	8:30 PM	Annual Revision: GDP (Q1 2013 to Q1 2016 revised)	--
US	29-Jul	8:30 PM	GDP Annualized QoQ	2.60%
US	29-Jul	8:30 PM	Personal Consumption	4.10%
US	29-Jul	10:00 PM	U. of Mich. Sentiment	90.5
EU	29-Jul	5:00 PM	Unemployment Rate	0.101
EU	29-Jul	5:00 PM	CPI Estimate YoY	0.002
EU	29-Jul	5:00 PM	CPI Core YoY	0.009
EU	29-Jul	5:00 PM	GDP SA QoQ	0.003
EU	29-Jul	5:00 PM	GDP SA YoY	0.015
JP	29-Jul	7:30 AM	Jobless Rate	0.032
JP	29-Jul	7:50 AM	Industrial Production MoM	0.005
JP	29-Jul	7:50 AM	Industrial Production YoY	-0.03
JP	29-Jul	7:50 AM	Retail Trade YoY	-0.015
JP	29-Jul	7:50 AM	Retail Sales MoM	--
JP	29-Jul	1:00 PM	Housing Starts YoY	-0.034
JP	29-Jul	1:00 PM	Annualized Housing Starts	0.991m
JP	29-Jul	1:00 PM	Construction Orders YoY	--
JP	29-Jul		BOJ Monetary Policy Statement	--
JP	29-Jul		BOJ Policy Rate	-0.001
MY	29-Jul		Money Supply M3 YoY	0.022

Research Team

research@mna.com.my

03-22877228/03-22825373

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,661.42	-6.84	-0.41
FBMEMAS	11,627.69	-56.25	-0.48
FBMEMAS SHA	12,222.37	-61.12	-0.50
FBM100	11,324.62	-55.41	-0.49
Volume (mn)	1,396.02	-208.67	-13.00
Value (RMmn)	1,561.90	-13.00	-0.83
FBMKLCI YTD Chg			-1.84

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	62.8	88.7
Local Retail	16.3	-11.8
Foreign Investors	20.9	-76.9

Top Gainers

	Close	Change+/-	(+/- %)
PANASONIC MAN	36.42	1.44	1.70
DUTCH LADY MILK	62.50	0.60	0.97
AEON CREDIT SER	14.02	0.52	3.85

Top Losers

	Close	Change+/-	(+/- %)
PETRONAS DAGA	22.92	-0.54	-2.30
NESTLE (MALAY)	79.40	-0.40	-0.50
CYCLE & CARR BIN	3.26	-0.22	-6.32

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,473.75	-19.31	-0.10
NASDAQ	5,110.05	12.42	0.24
S&P 500	2,169.18	0.70	0.03
FTSE 100	6,724.03	13.90	0.21
DAX	10,247.76	49.52	0.49
Nikkei 225	16,383.04	-237.25	-1.43
HSI	22,129.73	136.29	0.62
KOSPI	2,027.34	15.02	0.75
STI	2,933.44	3.59	0.12
KLCI Futures	1,653.00	(5.00)	(0.00)
USDMYR 3M	11.96	0.01	0.00
USDMYR 6M	11.88	0.00	0.00
USDMYR 12M	11.91	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	43	-0.2	-0.5%
Brent (USD/bbl)	44.9	0.1	0.3%
Gold(USD/ounce)	1,320	-0.6	0.0%
Coal (USD/mt)	61.1	-0.2	-0.3%
CPO (RM/mt)	2,309	39.0	1.7%
Rubber	181	-8.6	-4.5%
RM/USD	4.06	-0.0042	0.10%
EUR/USD	0.91	-0.0002	-0.02%
YEN/USD	104.81	0.15	-0.14%

What To Expect

U.S. Market

- The Dow Jones Industrials Average continued to weak for second days as it declined by 19.31 points to 18,473.75 while S&P 500 inched up 0.70 points to 2,169.18. Nasdaq also increased by 12.42 points to 5,110.05. Earnings from McDonald's Corp. to Caterpillar Inc. tugged U.S. stocks in opposite directions, leaving benchmark indexes little changed as investors turned attention to Wednesday's Federal Reserve policy decision.
- Traders are pricing in less than even odds of a rate increase until at least March 2017. While recent economic data have beaten forecasts, Chair Janet Yellen and her colleagues have emphasized a gradual pace of tightening. On Tuesday, data showed consumer confidence fell by less than forecast, while new-home sales rose in June to the highest level in more than eight years. Home prices in 20 U.S. cities rose less than projected in May from a year earlier.

The Local Market

- FBMKLCI fell 6.84 and closed at 1,661.42 as nervousness build up ahead of United States and Japans's Central Bank meeting this week. There were 294 gainers and 448 decliners in total value traded of RM1.56 billion.
- Among the losers on Bursa Malaysia were Petronas Dagangan which dropped 54 cent to RM22.92, Nestle eased by 40 cent to RM79.40, Cycle & Carriage edged down 22 cent to RM3.26 and Genting retraced 21 cent to RM8.71.

Strategy

- **"Waiting for the Catalyst, If Any"**
Wall Street closed mixed amid the upcoming US policy decision on Wednesday while oil dropped further. S&P 500 added a paltry 0.70 (0.03%) to end at 2,169.18 while DJIA lost 19.31 (-0.10%) to finish at 18,473.75 respectively. Note that the US FOMC will release its policy decision today with the expectation that the board will maintain its benchmark rate and may need further time to assess the strength of the economy now that Brexit is over. Notwithstanding that, oil price (WTI) maintained it's down sliding mode after ending at USD42.69 per barrel, of which we think that the investors are looking towards the end of the year policy adjustment already. As of now, the outlook on oil is quite dim given the expected few series of policy adjustment by the US. With no catalyst in hand, more so when Yen had gained to 104 per USD and China don't seem to be booming yet again, we think that catalyst for the equity market is sorely lacking. That would be the factor that would deter bigger risk taking in the local market.
- 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): IB is Malaysia's best investment bank

Maybank Investment Bank Bhd (Maybank IB) has been named Malaysia's Best Investment Bank by Euromoney Awards for Excellence, for the second consecutive year. The award was given in recognition of Maybank IB's strong performance during the period under review. Explaining the rationale for the award, Euromoney said that "Maybank has made an almighty transition since its acquisition of Kim Eng in 2011, turning from a largely domestic investment bank to one that operates in 10 countries." It said that Maybank IB had a "serious presence across ASEAN now, and it has become so thanks to the foundation of a domestic business that goes from strength to strength." (Source: The Star)

WCT, BUY (TP: RM1.93) KKB (CP RM1.62): JV secures RM1.29bil contract

WCT Bhd, in joint-venture with KKB Engineering Bhd, has secured a RM1.29bil contract for the phase one of the Pan Borneo Highway project from Lebuhraya Borneo Utara Sdn Bhd. In a filing to Bursa Malaysia Tuesday, WCT Holdings said under the contract, the 30:70 JV company would undertake and complete the proposed development and upgrading of the Pan Borneo Highway in Sarawak, from Sungai Arip Bridge to Bintulu Airport Junction. WCT Holdings said the scope of works for the contract generally included piling works, civil works which included demolition and site clearance, earthworks, geotechnical works, drainage work, roads and pavings and road furniture among others. (Source: The Star)

AWC (CP: RM0.895): Secures RM12.67mil Cyberjaya project

AWC Bhd's wholly owned subsidiary, M&C Engineering and Trading Sdn Bhd has secured a contract worth RM12.67mil for an education hub located in Cyberjaya. In a statement Tuesday, AWC said the contract was to execute and complete the supply, delivery, installation, testing and commissioning of the air conditioning and mechanical ventilation services, electrical and lightning protection services and extra low voltage service packages. The project will commence immediately with a targeted completion date of August 17, 2017. (Source: The Star)

BAT (CP: RM56.00): H1 earnings halved following steep excise hike

British American Tobacco (M) Bhd (BAT), posting disappointing results for the first half year ended June 30, 2016, blamed shrinking sales volume following steep excise increase of about 40% last November as well as escalating cost pressures arising from it. The company, whose main brands include Dunhill and Peter Stuyvesant, reported on Tuesday that its 2016 first-half earnings were halved to RM220.33mil against RM461.09mil in the same period last year. Revenue for the six months ended June 30, 2016, slid 16% to RM1.98bil. (Source: The Star)

Yinson (CP: RM2.89): Completes disposal of non-O&G units; declares dividend of up to RM160m

Yinson Holdings Bhd has announced the completion of the disposal of its non-oil and gas (O&G) subsidiaries to Liannex Labuan Ltd, and has proposed a special dividend of up to RM160 million. In a statement today, the group said the proceeds of RM223.2 million from the exercise comprises the disposal consideration of RM161 million, which is based on the pro forma consolidated net assets of the disposal companies of RM158 million, and inter-company loans of RM62.2 million owed by the disposed subsidiaries. It is noted that the RM223.2 million in proceeds is slightly lower than the initial offer price of RM228 million by Liannex Labuan, which was announced in January. (Source: *The Edge*)

Globetronics (CP: RM3.27): 2Q earnings dive 64% on lower sales, forex loss

Globetronics Technology Bhd saw its net profit dive 64% to RM6.52 million for the second quarter ended June 30, 2016 (2QFY16) from RM17.93 million in the same quarter last year, as its Malaysia and Singapore segments saw lower sales and earnings. The plunge in profit was in line with a 36% decline in revenue to RM57.41 million for the quarter from RM89.03 million a year earlier, Globetronics' bourse filing today showed. "The lower revenue and net profit achieved in the quarter [were] mainly due to lower volume loadings from some of the group's customers as a result of reduction in end customers' demand and forex (foreign exchange) loss recognised, amounting to RM4.7 million," said the group. (Source: *The Edge*)

Melati Ehsan (CP: RM0.735): Posts nine-fold rise in 3Q profit on disposal gain

Melati Ehsan Holdings Bhd's third quarter net profit jumped by more than nine times to RM7.6 million or 6.4 sen per share from RM827,000 or 0.69 sen per share a year ago, mainly due to a gain from the disposal of a subsidiary company. Revenue for the quarter ended May 31, 2016 (3QFY16), however, fell 71.3% to RM13.3 million from RM46.3 million in 3QFY15, it said in a filing with Bursa Malaysia today. Net profit for the nine-month period (9MFY16) grew 209.2% to RM17.03 million or 14.25 sen per share from RM5.51 million or 4.61 sen per share in 9MFY15. (Source: *The Edge*)

IGB REIT (CP: RM1.65): 2Q NPI flat at RM86.64m, declares lower 1H DPU of 4.41 sen

IGB Real Estate Investment Trust (IGB REIT) reported flat growth in net property income (NPI) for the second quarter ended June 30, 2016 (2QFY16) of RM86.64 million from RM86.35 million a year ago, mainly due to higher total rental income and higher property costs in the current quarter. The trust's revenue rose 2.6% to RM124.6 million in 2QFY16 from RM121.36 million in 2QFY15, mainly due to higher total rental income. It also declared a lower distribution per unit (DPU) of 4.41 sen for the first half of 2016, which is lower than the DPU of 4.47 sen a year ago, payable on Aug 29. In a filing with Bursa Malaysia today, IGB REIT said the distributable income for 2QFY16 amounted to RM75.5 million or 2.16 sen per unit, consisting of realised profit of RM66 million and the non-cash adjustment arising mainly from manager fee payable in units of RM8.2 million. (Source: *The Edge*)

Sasbadi (CP: RM1.19): 3Q profit rises 23% on double-digit sales growth

Sasbadi Holdings Bhd's net profit for its third quarter ended May 31, 2016 (3QFY16) rose by 23.44% to RM3.84 million from RM3.11 million a year ago, due to a double-digit growth in sales. In a filing with Bursa Malaysia today, the publisher of primary and secondary school textbooks and workbooks said sales grew 18.8% to RM22.42 million during the quarter compared to RM18.87 million in 3QFY15, though the effects of this on earnings was partly offset by higher staff cost due to higher headcount. The bigger revenue, said Sasbadi, came from the consolidation of the results of its newly acquired 70% interest in Sanjung Unggul Sdn Bhd and the latter's subsidiaries. (Source: *The Edge*)

Milux (CP: RM0.98): Unit sued by subcontractor for non-payment of mining works

Milux Corporation Bhd's unit is being hauled to court over alleged non-payment of RM324,495 worth of works conducted by a subcontractor for the mining of iron ore deposits. In a bourse filing today, Milux said its wholly-owned subsidiary Pansprint Consolidated Sdn Bhd is being sued by Foh Kah Heng Trading (FKH). The Sessions Court in Kuantan has fixed case management on Aug 9. Milux said it is currently in consultation with its solicitors on its next course of action. The company said Pansprint is not a major subsidiary of Milux and the suit will have no impact on the operation of the group for the financial year ending December 2016. (Source: *The Edge*)

ECONOMIC UPDATES**Malaysia: MIER maintains full year growth forecast at 4.2%**

Malaysia's full year economy is expected to grow at 4.2%, the lower range of Ministry of Finance (MOF)'s forecast, as the risk of Brexit has mitigated the catalyst of Bank Negara's recent rates cut, says Malaysian Institute of Economic Research (MIER)'s executive director Dr Zakariah Abdul Rashid. Zakariah said although the central bank's recent rates cut is expected to boost spending, the effective demand had gone down with the Brexit, and this may affect the country's growth in future. "We expect slower growth after Brexit. Thus, Bank Negara's (move to) increase liquidity is to mitigate the falling demand of Brexit," he told reporters in a press conference during the 31st National Economic Briefing. MOF is forecasting the country's economy to grow between 4% to 5%. (Source: *The Edge*)

U.S.: New-home sales in US jump to highest level since February 2008

Purchases of new US single-family homes rose in June to the highest level in more than eight years, indicating a firm housing market. Sales increased 3.5% to a 592,000 annualized pace, the fastest since February 2008, Commerce Department data showed Tuesday in Washington. Figures for May were revised higher. The median forecast in a *Bloomberg* survey called for a 560,000 rate. While the government's new-home purchase data are subject to big swings from month to month, the broader picture for residential real estate shows steady gains fueled by stable employment and low borrowing costs. Faster wage

potential of further stoking the market. (Source: The Edge)

China: Downward pressure on economy still "relatively big"

China's Politburo, a top decision-making body of the ruling Communist Party, said on Tuesday that the economy still faces relatively big downward pressure, state radio reported. Authorities will continue to implement proactive fiscal policy and prudent monetary policy, state radio reported, citing the Politburo meeting chaired by President Xi Jinping. China will keep the yuan exchange rate basically stable, and will also guide reasonable growth in credit and social financing, the state radio said. (Source: Reuters)

Japan: To double direct spending in stimulus package: Nikkei

Japan's government is likely to inject 6 trillion yen (\$57 billion) in direct fiscal outlays into the economy over the next few years under a planned stimulus package, double the amount initially planned, the Nikkei newspaper reported on Tuesday. The Finance Ministry had initially earmarked 3 trillion yen for direct spending from national and local governments under its draft fiscal stimulus plan. But the amount was doubled on requests for bigger spending by government officials and ruling party lawmakers, the Nikkei said without citing sources. Finance Minister Taro Aso told reporters the government is still debating the size of stimulus spending but hopes to make a decision soon. A draft plan obtained by Reuters on Tuesday shows spending will focus heavily on infrastructure. (Source: Reuters)

South Korea: GDP rebounds in second quarter, respite seen short-lived

South Korea's economy grew at an unexpectedly robust 3.2 percent annual rate in the second quarter, driven by firmer domestic consumption and capital investment, but analysts said the lift would probably be temporary. The June quarter's annual 3.2 percent outperformed a poll forecast of 2.9 percent, and topped the 2.8 percent year-on-year growth seen in the first quarter. It was the fastest expansion seen since third-quarter 2014. Gross domestic product expanded 0.7 percent in April-June, following 0.5 percent growth in the first quarter, Bank of Korea (BOK) estimates showed on Tuesday. (Source: Reuters)

Singapore: June manufacturing output falls 0.3% y-o-y on lower biomedical output

Singapore's manufacturing output fell 0.3% y-o-y in June, led by the decline in biomedical manufacturing output, according to the statistics provided by the Singapore Economic Development Board. Without biomedical manufacturing, total output would have increased by 2.4%. On a seasonally adjusted month-on-month basis, manufacturing output fell 2.5% during the month, and would have risen 1.8% if biomedical manufacturing was excluded. Gains in manufacturing output were seen in the electronics and precision engineering clusters, while the rest of the clusters recorded lower output for the month. (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.

DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
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: www.mnaonline.com.my

Head Of Research



Rosnani Rasul
M&A Securities