M&A Securities

Morning Call

Market Access

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Thursday, September 01, 2016

Report of the Day

Result Review: TM2Q16 – *"Stronger Subscription Base"*
Result Review: CMSB 2Q16 – *"Good Recovery Seen"*
Result Review: Imaspro 4Q16 – *"Cushioned by Higher Sales Margins"*

Daily Equity Market Strategy

"All Eyes on US Friday Employment Report; Oil Down"

Expect cautiousness to take centre stage for the rest of the week…….(See full report next page)

At a Glance

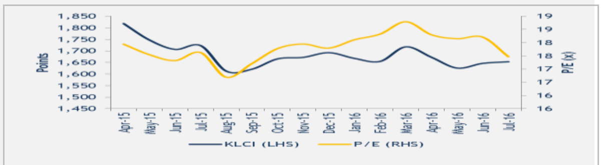
FBMKLCI turned its winning position by losing 3.54 points to close at 1,678.06 as late selling of Genting and Maybank that pushed the index ……(See full report next page)

Corporate Highlights

- **TM, HOLD (TP: RM7.05):** 2Q net profit falls 34%; declares 9.3 sen dividend
- **CMSB, BUY (TP: RM4.66):** 2Q net profit fell by 80.6% due to exceptional items
- **Muhibbah Engineering (CP: RM1.25):** Posts 39% increase in 2Q net profit

Economic Update

- **U.S.:** The US economy will soon be at full employment
- **Australia:** Warns new lawmakers to weigh Chinese investment cautiously
- **China:** Funds cut equity allocations, raise bonds and cash



KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
US	29-Aug	8:30 PM	Personal Spending	0.30%	0.40%
US	29-Aug	8:30 PM	PCE Deflator MoM	0.00%	0.10%
US	29-Aug	8:30 PM	PCE Deflator YoY	0.80%	0.90%
US	30-Aug	9:00 PM	S&P CoreLogic CS 20-City MoM SA	-0.14%	-0.05%
US	30-Aug	9:00 PM	S&P CoreLogic CS 20-City YoY NSA	5.10%	5.24%
US	30-Aug	10:00 PM	Consumer Confidence Index	97	97.3
JP	30-Aug	7:50 AM	Retail Trade YoY	-1.00%	-1.40%
JP	30-Aug	7:50 AM	Retail Sales MoM	0.80%	0.20%
EU	30-Aug	5:00 PM	Economic Confidence	104.2	104.6
EU	30-Aug	5:00 PM	Business Climate Indicator	0.37	0.39
EU	30-Aug	5:00 PM	Industrial Confidence	-2.6	-2.4
EU	30-Aug	5:00 PM	Services Confidence	11.2	11.1
EU	30-Aug	5:00 PM	Consumer Confidence	-8.5	-8.5
MY	30-Aug		Money Supply M3 YoY	--	1.90%
US	31-Aug	7:00 PM	MBA Mortgage Applications	--	-2.10%
US	31-Aug	8:15 PM	ADP Employment Change	173k	179k
US	31-Aug	10:00 PM	Pending Home Sales MoM	0.80%	0.20%
US	31-Aug	10:00 PM	Pending Home Sales NSA YoY	2.20%	0.30%
JP	31-Aug	7:50 AM	Industrial Production YoY	-2.90%	-1.50%
JP	31-Aug	1:00 PM	Annualized Housing Starts	0.993m	1.004m
EU	31-Aug	5:00 PM	Unemployment Rate	10.00%	10.10%
EU	31-Aug	5:00 PM	CPI Estimate YoY	0.30%	0.20%
EU	31-Aug	5:00 PM	CPI Core YoY	0.90%	0.90%
US	1-Sep	8:30 PM	Nonfarm Productivity	-0.50%	-0.50%
US	1-Sep	8:30 PM	Initial Jobless Claims	--	261k
US	1-Sep	8:30 PM	Unit Labor Costs	2.00%	2.00%
US	1-Sep	8:30 PM	Continuing Claims	--	2145k
US	1-Sep	9:45 PM	Markit US Manufacturing PMI	--	52.1
US	1-Sep	10:00 PM	Construction Spending MoM	0.60%	-0.60%
US	1-Sep	10:00 PM	ISM Manufacturing	52	52.6
US	1-Sep	10:00 PM	ISM Prices Paid	54.5	55
US	1-Sep	10:00 PM	ISM New Orders	--	56.9
JP	1-Sep	1:00 PM	Vehicle Sales YoY	--	-0.20%
EU	1-Sep	4:00 PM	Markit Eurozone Manufacturing PMI	51.8	51.8
CN	1-Sep	9:00 AM	Manufacturing PMI	49.9	49.9
CN	1-Sep	9:00 AM	Non-manufacturing PMI	--	53.9
CN	1-Sep	9:45 AM	Caixin China PMI Mfg	50.2	50.6
MY	1-Sep	12:30 PM	Nikkei Malaysia PMI	--	48.1
US	2-Sep	8:30 PM	Trade Balance	-$43.0b	-$44.5b
US	2-Sep	8:30 PM	Change in Nonfarm Payrolls	180k	255k
US	2-Sep	8:30 PM	Two-Month Payroll Net Revision	--	18k
US	2-Sep	8:30 PM	Change in Private Payrolls	178k	217k
US	2-Sep	8:30 PM	Unemployment Rate	4.80%	4.90%
US	2-Sep	8:30 PM	Labor Force Participation Rate	--	62.80%
US	2-Sep	8:30 PM	Underemployment Rate	--	9.70%
US	2-Sep	10:00 PM	Factory Orders	1.90%	-1.50%
US	2-Sep	10:00 PM	Durable Goods Orders	--	4.40%
EU	2-Sep	5:00 PM	PPI MoM	0.10%	0.70%
EU	2-Sep	5:00 PM	PPI YoY	-2.90%	-3.10%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,678.06	-3.54	-0.21
FBMEMAS	11,783.40	-7.35	-0.06
FBMEMAS SHA	12,430.50	12.71	0.10
FBM100	11,496.78	-8.18	-0.07
Volume (mn)	1,997.06	510.23	34.32
Value (RMmn)	2,263.66	831.34	58.04
FBMKLCI YTD Chg			-0.85

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	46.2	13.0
Local Retail	15.6	16.4
Foreign Investors	38.2	-29.4

Top Gainers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	58.88	0.32	1.70
HONG LEONG IND	9.40	0.15	1.62
NESTLE (MALAY)	78.84	0.34	0.43

Top Losers

	Close	Change+/-	(+/- %)
BRIT AMER TOBAC	49.22	0.54	-1.09
CARLSBERG	14.70	-0.30	-2.00
LATITUDE TREE	4.80	-0.30	-5.88

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,400.88	-53.42	-0.29
NASDAQ	5,213.22	-9.77	-0.19
S&P 500	2,170.95	-5.17	-0.24
FTSE 100	6,781.51	-39.28	-0.58
DAX	10,592.69	-64.95	-0.61
Nikkei 225	16,887.40	162.04	0.97
HSI	22,976.88	-39.23	-0.17
KOSPI	2,034.65	-5.09	-0.25
STI	2,820.59	-7.80	-0.28
KLCI Futures	1,669.50	(1.50)	(0.00)
USDMYR 3M	11.57	0.15	0.01
USDMYR 6M	11.38	0.05	0.00
USDMYR 12M	11.32	(0.04)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	45	0.2	0.4%
Brent (USD/bbl)	46.9	-1.8	-3.8%
Gold(USD/ounce)	1,310	0.6	0.0%
Coal (USD/mt)	68.8	0.8	1.1%
CPO (RM/mt)	2,526	9.0	0.4%
Rubber	151	-1.7	-1.1%
RM/USD	4.07	0.0153	-0.38%
EUR/USD	0.90	0	0.00%
YEN/USD	103.33	-0.1	0.10%

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What To Expect

U.S. Market

- The Dow Jones Industrials Average declined 53.42 points to 18,400.88 while S&P 500 dropped by 5.17 points to 2,170.95. Nasdaq also fell 9.77 points to 5,213.22. Stocks closed lower on the final trading day of August, a month that has been devoid of market scares, as traders look ahead to a key jobs report Friday and a Federal Reserve decision on interest rates in late September.

- The Fed has kept rates steady all year, after boosting rates off zero back in December, its first rate hike in nearly a decade. Wall Street is not set up for a September rate hike, and is betting the first hike in 2016 won't come until December at the earliest. If the Fed moves earlier than expected, market volatility is likely to elevate quickly.

The Local Market

- FBMKLCI turned its winning position by losing 3.54 points to close at 1,678.06 as late selling of Genting and Maybank that pushed the index into red amid mixed broader market. There were 409 gainers and 419 decliners in total value traded of RM2.26 billion.

- Among the losers on Bursa Malaysia were British American Tobacco tumbled 54 cent to RM49.22, Calsberg declined 30 cent to RM14.70, Latitude Tree dropped 30 cent to RM4.80 and UMW Holdings fell 28 cent to RM5.57.

Strategy

- **“All Eyes on US Friday Employment Report; Oil Down”**
  Wall Street’s affair mid-week ended in lower note as cautious trading mode kicked in ahead of Friday US employment report. **S&P 500** and **DJIA** lost **5.17 (-0.24%)** and **53.42 (0.29%)** points to end at **2,170.95** and **18,400.88** respectively. Of note, US August unemployment report will be out this Friday and it is expected to drop to 4.8%, according to consensus, against June and July level of 4.9%. This may spark jitteriness given the impending US interest rate adjustment, widely speculated to be in September. Oil was down to USD44.96 per barrel as a result. All in, this large overhang may prove costly as risk taking will be hampered. Hence, expect cautiousness to take centre stage for the rest of the week.

- 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.

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CORPORATE HIGHLIGHTS

TM, HOLD (TP: RM7.05): 2Q net profit falls 34%; declares 9.3 sen dividend

Telekom Malaysia Bhd (TM)'s net profit fell 34.24% to RM139.45 million or 3.71 sen per share in the second quarter ended June 30, 2016 (2QFY16) from RM212.07 million or 5.69 sen per share a year ago, on lower operating profit, higher finance cost and foreign exchange losses on its borrowings arising from the weakening of ringgit against US dollar. Revenue for the quarter, however, rose 7.39% to RM3.05 billion from RM2.84 billion in 2QFY15, a filing with Bursa Malaysia showed. In a separate filing, TM said announced a first interim single tier dividend of 9.3 sen per share for the financial year ending Dec 31, 2016 (FY16), payable Oct 7. The ex-date and entitlement date fall on Sept 15 and Sept 20 respectively. *(Source: The Edge)*

CMSB, BUY (TP: RM4.66): 2Q net profit fell by 80.6% due to exceptional items

Cahya Mata Sarawak Bhd (CMSB)'s net profit for the second quarter of financial year ended June 30, 2016 (2QFY16) fell by 80.6% to RM7.90 million, from RM40.66 million in the corresponding quarter a year ago, due mainly to the share of exceptional losses of an associate of the group. The group's revenue climbed higher by 5.83% to RM398.82 million, as compared with its revenue of RM376.86 million in the prior's year's corresponding quarter. CMSB's net profit for the first half of financial year ended June 30, 2016 (1HFY16) saw a sharp decline of 90.88% to RM8.95 million, from RM98.08 million in 1HFY15. The group's revenue for the 1HFY16 also fell by 14.07% to RM745.72 million, from RM867.84 million in 1HFY15. *(Source: The Edge)*

Muhibbah Engineering (CP: RM1.25): Posts 39% increase in 2Q net profit

Muhibbah Engineering (M) Bhd's second quarter net profit rose 39.2% to RM26.8 million or 5.67 sen per share from RM19.3 million or 4.17 sen per share a year earlier, due to more contribution from its construction, shipyard and concession divisions. Revenue for the quarter ended June 30, 2016 (2QFY16) rose 1.2% to RM406.3 million from RM401.5 million in 1QFY15, Muhibbah said in bourse filing. For the first half of the financial year (1HFY16), net profit went up 18.8% to RM50.6 million or 10.74 sen per share from RM42.5 million or 9.52 sen per share in 1HFY15. Revenue climbed 14.8% to RM888.1 million from RM773.5 million. As at Aug 23, its total outstanding secured order book in hand was RM1.86 billion, said Muhibbah. *(Source: The Edge)*

LITRAK (CP: RM5.90): 1Q net profit jumps by 40.47% due mainly to scheduled LDP toll rate hike

Lingkaran Trans Kota Holdings Bhd (Litrak)'s net profit for first quarter of financial year ended June 30, 2016 (1QFY17) jumped by 40.47% to RM61.09 million or 11.68 sen per share, from RM43.49 million or 8.42 sen per share a year ago, mainly attributable to higher revenue recognized resulting from the scheduled toll rates increase for LDP, scheduled for Jan 1, 2016. The Group's revenue for the quarter grew by 41.43% to RM136.02 million, from RM96.17 million, due mainly to higher traffic volume recorded in the current quarter. The higher revenue in the current quarter as compared to preceding year's corresponding quarter, was also due mainly to LDP's scheduled Jan 1, 2016 toll rates increase. *(Source: The Edge)*

Time DotCom (CP: RM8.07): 2Q net profit falls by 36.7% on lower fair value gain

Time DotCom Bhd (Time)’s net profit for the second quarter for financial year ended June 30, 2016 (2QFY16) fell by 36.7% to RM199.80 million or 34.71 sen, from RM315.43 million or 54.97 sen in the corresponding quarter a year ago. The lower earnings was mainly due to lower realisation of fair value gain from available-for-sale reserve of RM157.4 million arising from the disposal of DiGi.com Bhd shares, versus RM274.0 million in 2QFY15. “Excluding the said realisation of fair value gain from available-for-sale reserve and corresponding dividend income from the said shares, the current quarter consolidated profit before tax (PBT) would have been RM43.8 million, which is RM5.0 million or 12.9% higher than the similarly adjusted consolidated PBT in 2QFY2015 of RM38.8 million,” Time's note filed with Bursa said. *(Source: The Edge)*

Karex (CP: RM2.42): Buys US Line One assets for RM32 million

Karex Bhd’s wholly owned subsidiary Karex International Sdn Bhd (KISB) is buying Line One Laboratories, Inc. (USA)’s trademarks and intellectual property rights, which will enable Karex to increase its market share in the US, for US$8 million (RM32 million) cash. Line One owns the intellectual property rights for trademarks and patents of Trustex, Kameleon, Fantasy and Trustex 360 on a worldwide basis. Karex said the purchased assets, especially the Trustex brand, are established and key brands in the health segment of the US condom market and has the Food and Drug Administration 510k approvals to be marketed in the US. “With the acquisition of Trustex, Karex Group will be able to increase its market share in the sale of condoms and lubricants under the health segment within the US. In addition, the exercise is expected to increase the customer base of Karex Group, where cross selling opportunities can be further developed,” it explained in a stock exchange filing. *(Source: The Sun)*

Parkson (CP: RM0.725): Selling assets

Parkson Holdings Bhd is in the final stages of discussions for an asset disposal, of which proceeds would be used to shore up its balance sheet. A Parkson spokesperson told StarBiz that the company was always on the lookout for opportunities to unlock the value of its assets.“One of the main reasons for the reduction in our cash reserves is that we paid cash totalling RM1bil for the construction of our Lionmall in Qingdao, which started operations in June 2016,” he said. The company believes that despite the rise in e-commerce, the department store business still has its place in the wider industry despite it going through some tough times at the moment. *(Source: The Star)*

OSK (CP: RM1.56): 2Q net profit slips 11% to RM43.65m, proposes 2.5 sen dividend

OSK Holdings Bhd saw its net profit for the second quarter ended June 30, 2016 (2QFY16) drop 11.15% to RM43.65 million, from RM49.13 million a year earlier. Revenue jumped by 22.5 times to RM309.53 million, from RM13.78 million, OSK said in a filing with Bursa Malaysia. The group has proposed a single-tier interim dividend of 2.5 sen per share for the current financial year ending Dec 31, 2016 (FY16). For the first half of FY16 (1HFY16), OSK said its net profit increased 19.63% to RM113.27 million, from RM94.68 million in 1HFY15. It said the

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earnings growth was mainly due to profit contribution from the business acquired by the group of RM58.11 million. *(Source: The Edge)*

XinGuan (CP: RM0.16): Reject shoes cost XingQuan RM250m in losses

XingQuan International Sports Holdings Ltd announced its worst ever quarterly net loss since its listing on Bursa Malaysia in the fourth quarter ended June 30, 2016 (4QFY16), no thanks to reject shoes and weaker sales. The Chinese-based shoe soles maker posted a net loss of RM386.52 million or 103 sen per share for 4QFY16, compared with a net profit of RM7.69 million or four sen per share in the previous corresponding quarter. In its quarterly result announcement to Bursa Malaysia, XingQuan said the company recorded a loss of 415.7 million yuan (RM252.06 million), because the custom-made shoes that were delivered to customers in April, were found falling short of specifications. *(Source: The Edge)*

Pestech (CP: RM1.53): Posts RM22.4m earnings in quarter ended June 30

Pestech International Bhd posted earnings of RM22.46mil in the quarter ended June 30, 2015 on the back of RM190.66mil in revenue and plans to increase its share of power infrastructure project. The power technology company said on Tuesday the revenue was from projects and products which accounted for RM188mil or 98.6% and RM2.6mil or 1.4% respectively. “The group recorded a gross profit margin of 29.8% for FY ended June 30, 2016,” it said. Pestech said its FY was changed from Dec 31 to June 30 to cover the 18 months from Jan 1, 2014 to June 30, 2015 and thereafter, to end at June 30 each year. Hence, there were no comparative figures following the change of financial year end. *(Source: The Edge)*

Petronas: Offered to explore 10 new O&G blocks in Indonesia

Petroliam Nasional Bhd (Petronas) has been offered to explore 10 new blocks of oil and gas (O & G) fields in Indonesia, said Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi. He said the invitation involving seven exploration blocks in the Exclusive Economic Zone and three in Natuna Island was made by Indonesia’s Coordinating Minister for Maritime Affairs, Luhut Binsar Panjaitan, in a meeting in Putrajaya on Tuesday. Speaking in a press conference later, Ahmad Zahid said with the invitation, Petronas had the opportunity to participate in the open tender by Pertamina, Indonesia’s state-owned oil company, for the exploration of new blocks in other locations. *(Source: The Star)*

Telco Sector (OVERWEIGHT): Bandwidth windfall, Govt charges telcos RM2.7bil in fees

The Government has finally set a new benchmark for the sale of spectrum in the country, and in the first round, could raise about RM2.7bil in one-off fees for two blocks of bandwidth in the 900MHz and 1,800MHz spectrums from the four mobile players. This would be the first time the Government, via the Malaysian Communications and Multimedia Commission (MCMC), is charging players a lump sum fee for usage of the two spectrums, with telecommunications players having paid usage fees for the spectrum all these years. Spectrum is a prized commodity, and globally, many countries have imposed huge fees for its usage on telecoms companies via a bidding process that has earned the Governments billions of dollars. *(Source: The Star)*

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ECONOMIC UPDATES

U.S.: The US economy will soon be at full employment

US private payrolls increased by 177,000 in August, according to the ADP Research Institute. Economists had estimated that private payrolls grew by 175,000, according to Bloomberg. The increase for July was revised higher, to 194,000 from 179,000. Employment in the goods-producing sector fell again, accelerating by 1,000 to a loss of 6,000 jobs. Manufacturing jobs were flat. But hiring among service producers offset these declines. Service-producing employment rose by 183,000 — fewer than the 199,000 jobs created in July. Strong employment in August would complete a “hat trick of stellar jobs reports,” the third consecutive strong month, wrote Craig Erlam, senior market analyst at Oanda. *(Source: Yahoo)*

Australia: Warns new lawmakers to weigh Chinese investment cautiously

Australia has urged legislators to take a more cautious approach in backing China's pursuit of "legitimate interests" and stay alert to the motives guiding its investments, in a briefing book published by the non-partisan parliamentary library. Authored by government officials and distributed ahead of Tuesday's opening of parliament, the booklet raises concerns that "creating a Eurasia-wide, China-led bloc to counter the United States" is the long-term aim of China's "One Belt, One Road" project, including its investments in northern Australia. "Some see this initiative as a profound challenge to the current global political and economic status quo," a parliamentary library researcher wrote in the book, designed to guide lawmakers on issues likely to come before them. "Australia needs to adopt a more economically and strategically prudent attitude in determining how the Australia-China economic relationship is to further develop." *(Source: The Edge)*

China: Funds cut equity allocations, raise bonds and cash

China fund managers continued to cut suggested equity holdings for the next three months, as they seek to reduce exposure at a time when the market sees limited upside opportunity in a rangebound market, according to Reuters' latest monthly poll. Eight fund managers polled by Reuters cut their recommended equity allocations for the next three months to 71.9 percent from 76.3 percent a month ago. The fund managers raised their recommended bond allocations to 8.8 percent from 5.6 percent last month, and also suggested increasing cash holdings to 19.4 percent from 18.1 percent a month ago. *(Source: The Star)*

Eurozone: Economic confidence declines

Eurozone economic confidence worsened more than analysts predicted in August in a sign that the reverberations of Britain’s decision to leave the European Union may finally be reaching companies and households. An index of industry and consumer confidence fell to 103.5 from a revised 104.5, the European Commission in Brussels said. That compares with a median estimate of 104.1 in a Bloomberg survey of economists, and follows an unexpected increase in July. With European Central Bank (ECB) president Mario Draghi leaving it largely to economic data to fine-tune policy expectations before next week’s Governing Council meeting, the release provides a case for more stimulus to sustain the recovery and revive inflation. *(Source: The Star)*

India: Said to mull US$1.5 mil investor visa to spur growth

India is aspiring to compete with the likes of Singapore and Hong Kong for foreign entrepreneurs by offering residence in return for investment, according to people with knowledge of the matter. Foreigners investing 100 million rupees (US$1.5 million) over 18 months, or 250 million rupees over three years, would be eligible to live in India for 10 years under a home ministry proposal, the people said, asking not to be identified as the details aren't public. The so-called permanent residency status could be extended by another decade providing certain conditions are met, they said. Prime Minister Narendra Modi is trying to capitalize on India's position as the fastest-growing big economy to woo investment, particularly in manufacturing to create jobs for the poor. (*Source: The Edge)*

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Canada: Economy Shows Signs of Life Beneath Oil-Fire Damage

Canada's economy grew at the fastest pace in three years in June, regaining momentum after Alberta wildfires led to the biggest quarterly contraction since 2009. While crimped oil production cut second-quarter output by a 1.6 percent annualized pace, Statistics Canada said Wednesday from Ottawa, gross domestic product grew 0.6 percent in June, exceeding consensus expectations for a 0.4 percent expansion. Economists often put more weight on the last month of a quarter as a sign of future growth. "We know that second quarter growth would have been marginally positive without the impact of the fire in Alberta, and we are going to get a nice lift in the third quarter," Avery Shenfeld, chief economist at Canadian Imperial Bank of Commerce, said in a telephone interview. "June was the first taste of that." *(Source: Bloomberg)*

Italy: Unemployment Falls As Fewer People Entered Job Market

Italy's unemployment rate unexpectedly fell in July as fewer people entered the labor market after being classified as "inactive" amid concerns about the outlook for recovery in the euro region's third-biggest economy. Unemployment dropped to 11.4 percent from 11.6 percent in June, national statistics agency Istat said Wednesday in Rome. The median estimate in a Bloomberg survey of 11 analysts called for 11.6 percent in July. Euro-area unemployment for July will be released later in the day, and a separate Bloomberg survey calls for a rate of 10 percent for the 19-nation region. *(Source: Bloomberg)*

Japan: Factory output flat in July, weak demand clouds outlook

Growth in Japan's industrial output ground to a halt in July after June's gains, underscoring the fragility of factory activity and the continuing challenge to policymakers grappling with a stalling economy. The flat reading compared with

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economists' median estimate in a Reuters poll of a 0.8% increase, following a 2.3% increase in June, data by the Ministry of Economy, Trade and Industry showed on Wednesday. Manufacturers surveyed by the ministry expect output to rise 4.1% in August and decline 0.7% in September. "July output data was a little weak and it suggested factory activity was stalling," said Hidenobu Tokuda, senior economist at Mizuho Research Institute. "Output may temporarily rise in the current quarter as effects of Kumamoto earthquakes fade." *(Source: The Edge)*

Thailand: July indicators show signs of weakness in economy

Thailand's economy grew at a slower pace in July as weakness in private spending and investment and a deeper slump in exports dragged on its fragile recovery. Pivotal domestic demand and exports have not fired up for a long time, suggesting growth is still patchy for Southeast Asia's second-largest economy after more than two years under military rule. In a bid to lift growth, the junta that seized power in May 2014 has introduced stimulus measures and ramped up investment spending. The Bank of Thailand, however, said on Wednesday its private consumption index in July fell 0.3% from June while private investment was flat. *(Source: The Edge)*

U.K.: Demand for credit slows in month after vote to quit EU

UK mortgage approvals slumped to an 18-month low in July and consumer borrowing slowed following the decision to quit the European Union. Banks and mutually owned lenders signed off on 60,912 home loans, the fewest since January last year, the Bank of England (BoE) said. Unsecured lending rose by £1.2bil (US$1.6bil), the least in almost a year and well below the £1.6bil averaged over the past six months. The figures point to a slowdown in the borrowing and spending splurge that have left consumer credit running at an annual growth rate of more than 10%. Quickening inflation fuelled by the pound’s sharp decline since the June 23 Brexit vote is set to erode the purchasing power British households, economists say. *(Source: The Star)*

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STOCK RECOMMENDATIONS

BUY	*Share price is expected to be ≥+10% over the next 12 months.*
TRADING BUY	*Share price is expected to be ≥+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 ≥-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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