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At a Glance

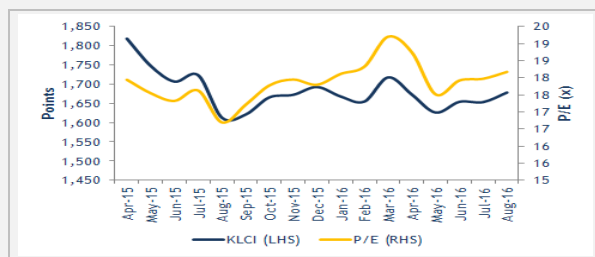
FBM KLCI ended higher by adding 3.81 points at 1,666.73 as overall investor sentiment remained cautious amid the weaker ringgit.....(See full report next page)

Corporate Highlights

- **Sime Darby (CP: RM7.79)**, I&P Group In Deal To Exchange Assets In Johor, Selangor
- **RHB Bank, BUY (TP: RM5.80)**: Completes Second Issuance Of US\$500 Million Senior Notes
- **E.A Technique (CP: RM0.72)**: Eyes Contracts Worth RM1 Billion Despite Subdued O&G Businesses

Economic Update

- **Malaysia**: World Bank revises GDP forecast
- **US**: Jobless claims fall, point to labor market strength
- **Germany**: Industry orders rise more than expected in August



KEY ECONOMIC RELEASE

Date	Local Time	Event	Survey	Prior
US	3-Oct 9:45 PM	Markit US Manufacturing PMI	--	51.4
US	3-Oct 10:00 PM	Construction Spending MoM	0.30%	0.00%
US	3-Oct 10:00 PM	ISM Manufacturing	50.2	49.4
US	3-Oct 10:00 PM	ISM Prices Paid	53.5	53
US	3-Oct 10:00 PM	ISM New Orders	--	49.1
EC	3-Oct 4:00 PM	Markit Eurozone Manufacturing PMI	52.6	52.6
JN	3-Oct 8:30 AM	Nikkei Japan PMI Mfg	--	50.3
EC	4-Oct 5:00 PM	PPI MoM	-0.10%	0.10%
EC	4-Oct 5:00 PM	PPI YoY	-2.20%	-2.80%
US	5-Oct 7:00 PM	MBA Mortgage Applications	--	-0.70%
US	5-Oct 8:15 PM	ADP Employment Change	160k	177k
US	5-Oct 8:30 PM	Trade Balance	-\$41.5b	-\$39.5b
US	5-Oct 9:45 PM	Markit US Services PMI	--	51.9
US	5-Oct 9:45 PM	Markit US Composite PMI	--	52
US	5-Oct 10:00 PM	ISM Non-Manf. Composite	53	51.4
US	5-Oct 10:00 PM	Factory Orders	-0.50%	1.90%
US	5-Oct 10:00 PM	Factory Orders Ex Trans	--	0.20%
US	5-Oct 10:00 PM	Durable Goods Orders	--	0.00%
US	5-Oct 10:00 PM	Durables Ex Transportation	--	-0.40%
EC	5-Oct 4:00 PM	Markit Eurozone Services PMI	52.1	52.1
EC	5-Oct 4:00 PM	Markit Eurozone Composite PMI	52.6	52.6
EC	5-Oct 5:00 PM	Retail Sales MoM	-0.20%	1.10%
EC	5-Oct 5:00 PM	Retail Sales YoY	1.50%	2.90%
JN	5-Oct 8:30 AM	Nikkei Japan PMI Services	--	49.6
JN	5-Oct 8:30 AM	Nikkei Japan PMI Composite	--	49.8
US	6-Oct 8:30 PM	Initial Jobless Claims	--	254k
US	6-Oct 8:30 PM	Continuing Claims	--	2062k
EC	6-Oct 4:10 PM	Markit Eurozone Retail PMI	--	51
US	7-Oct 8:30 PM	Change in Private Payrolls	170k	126k
US	7-Oct 8:30 PM	Change in Manuf. Payrolls	0k	-14k
US	7-Oct 8:30 PM	Unemployment Rate	4.90%	4.90%
US	7-Oct 8:30 PM	Average Hourly Earnings MoM	0.20%	0.10%
US	7-Oct 8:30 PM	Average Hourly Earnings YoY	2.60%	2.40%
US	7-Oct 10:00 PM	Wholesale Inventories MoM	--	-0.10%
US	7-Oct 10:00 PM	Wholesale Trade Sales MoM	--	-0.40%
CH	7-Oct	Foreign Reserves	\$3182.5b	\$3185.2b
MA	7-Oct 12:00 PM	Exports YoY	--	-5.30%
MA	7-Oct 12:00 PM	Imports YoY	--	-4.80%
MA	7-Oct 12:00 PM	Trade Balance MYR	--	1.91b
MA	7-Oct 3:00 PM	Foreign Reserves	--	\$97.7b
JN	7-Oct 1:00 PM	Leading Index CI	--	100
JN	7-Oct 1:00 PM	Coincident Index	--	112.1

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBM KLCI	1,666.73	3.81	0.23
FBMEMAS	11,772.99	12.36	0.11
FBMEMAS SHA	12,412.76	-18.03	-0.15
FBM100	11,477.46	13.42	0.12
Volume (mn)	1,792.58	166.34	10.23
Value (RMmn)	1,727.89	-428.33	-19.86
FBM KLCI YTD Chg			-1.52

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)	
Local Institution	59.3	34.2	16.19
Local Retail	14.9	-34.7	-13.91
Foreign Investors	25.8	0.5	

Top Gainers

	Close	Change+/-	(+/- %)
UNITED PLANTAT	28.00	0.50	1.70
DUTCH LADY MILK	59.56	-0.94	-1.55
PETRONAS DAG	23.72	0.24	1.02

Top Losers

	Close	Change+/-	(+/- %)
FCW HLDG BHD	0.96	-0.11	-10.28
ENG KAH CORP	1.75	-0.25	-12.50
LEBTECH BHD	1.30	-0.20	-13.33

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,268.50	-12.53	-0.07
NASDAQ	5,306.85	-9.17	-0.17
S&P 500	2,160.77	1.04	0.05
FTSE 100	6,999.96	-33.29	-0.47
DAX	10,568.80	-16.98	-0.16
Nikkei 225	16,899.10	79.86	0.47
HSI	23,952.50	164.19	0.69
KOSPI	2,065.30	12.30	0.60
STI	2,881.79	4.28	0.15
KLCI Futures	1,663.00	3.00	0.00
USDMYR 3M	10.39	0.03	0.00
USDMYR 6M	10.51	0.03	0.00
USDMYR 12M	10.88	0.02	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	51	0.1	0.2%
Brent (USD/bbl)	52.5	0.6	1.3%
Gold(USD/ounce)	1,255	0.3	0.0%
Coal (USD/mt)	84.8	1.2	1.4%
CPO (RM/mt)	2,579	23.0	0.9%
Rubber	167	2.7	1.6%
RM/USD	4.15	0.0045	-0.11%
EUR/USD	0.90	0.0011	0.12%
YEN/USD	103.92	-0.03	0.03%

What To Expect

U.S. Market

- The Dow Jones Industrials Average dropped marginally by 12.53 points to 18,281.03 and S&P 500 edged up 1.04 points to 2,160.77. Nasdaq slid 9.17 points to 5,306.85. U.S. stocks flatlined on Thursday as investors abstained from making big bets ahead of Friday's much-anticipated September jobs report. Stocks sold off in early trade, but the market recouped much of its losses after a high-ranking European Central Bank official repudiated reports that the central bank had discussed tapering its bond-buying program.
- The Labor Department is scheduled to release its September jobs report on Friday, with economists polled by Reuters expecting the U.S. economy to have added 175,000 jobs and unemployment holding steady at 4.9 percent. The jobs report will come on the back of upbeat U.S. data released Wednesday, including the strongest print on the ISM non-manufacturing index for the year. On Thursday, weekly jobless claims fell to 249,000.

The Local Market

- FBMKLCI ended higher by adding 3.81 points at 1,666.73 as overall investor sentiment remained cautious amid the weaker ringgit. There were 288 gainers and 477 decliners in total value traded of RM1.72 billion.
- Among the gainers on Bursa Malaysia were United Plantation surged 50 cent to RM28.00, Dutch Lady soared 42 cent to RM59.98, Petronas Dagangan added 24 cent to RM23.72 and Genting Malaysia added 22 cent to RM4.75.

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

Sime Darby (CP: RM7.79), I&P Group In Deal To Exchange Assets In Johor, Selangor

Sime Darby Bhd has entered into transactions with I&P Group Sdn Bhd to exchange assets in Johor and Selangor that would result in a better strategic fit for the respective companies. Sime Darby in a statement today said under the deal, its wholly-owned unit, Sime Darby Plantation Sdn Bhd, had proposed to acquire two oil palm estates measuring 769 hectares (ha) and a mill in Yong Peng, Johor from I&P Group for RM106.7 million. In addition, The Glengowrie Rubber Company Sdn Bhd, a subsidiary of Sime Darby Property Bhd, has proposed to dispose of two land parcels in Semenyih, Selangor measuring some 325.77ha to Petaling Garden Sdn Bhd, a subsidiary of I&P Group, for RM428.8 million. (Source: *Bernama*)

RHB Bank, BUY (TP: RM5.80): Completes Second Issuance Of US\$500 Million Senior Notes

RHB Bank Bhd has completed its second issuance of US\$500 million (US\$1 = RM4.14) senior unsecured notes in nominal value under its US\$5 billion euro medium-term note programme which was established on Sept 23, 2014. In a statement here today, it said, the senior notes were rated 'A3' by Moody's Investors Service Inc and 'BBB+' by Standard & Poor's Rating Services. It said the senior notes, with a tenure of five years, were priced at +137.5 basis points, or a yield of 2.503 per cent per annum. *(Source: Bernama)*

E.A Technique (CP: RM0.72): Eyes Contracts Worth RM1 Billion Despite Subdued O&G Businesses

Shipping company E.A Technique (M) Bhd's long-term prospect remains robust as it is in the midst of tendering for four to five new contracts in the shipping and oil and gas segments worth close to RM1 billion. Its Managing Director, Datuk Abdul Hak Md Amin said the contracts complemented its current order book of RM1.7 billion, which would help it sustain until 2025. "It's not all gloom and doom in the shipping and oil and gas industries. We are tendering for jobs valued close to RM1 billion and this will complement whatever we have." *(Source: Bernama)*

LPI Capital (CP: RM16.50): Higher earnings for LPI Capital in Q3

Insurer LPI Capital Bhd posted higher earnings of RM77.67mil in the third quarter ended Sept 30, contributed by profit from the general insurance segment under Lonpac Insurance Bhd. Kicking off the start of the third quarter, 2016 earnings season, LPI said on Thursday the earnings were up 2.5% from the RM75.84mil a year ago. Profit before tax increased by 2.6% to RM97.40mil from RM94.87mil while revenue rose 4% to RM363.53mil from RM349.512mil. Earnings per share were 23.43 sen compared with 22.85 sen. LPI said its underwriting profit rose 2.8% to RM69.7mil from RM67.8mil, primarily driven by 6.4% growth in earned premium income. However, investment holding segment recorded slightly lower profit of RM12.0mil versus RM12.7mil a year ago. *(Source: The Star)*

Westport (CP: RM4.36): RM1.05b CT8 expansion on track to completion

Work on Westports Holdings Bhd's RM1.05 billion Container Terminal 8 (CT8) is on track, with construction of Phase 1 of the terminal having been completed. Work on Phase 2 has also started with the piling for the second 300-metre wharf, said Westports in a press statement today. Westports had previously said the first phase of works — started in early 2015 — would be completed by 2016, while the second phase should be done by mid-2017. "The CT8 expansion is being undertaken in two phases and the construction work of Phase 1, which commenced in January 2015, has now been completed. The first 300-metre wharf has been commissioned into service in the middle of 2016 with the deployment of an additional four units of new state-of-the-art 52 metre high ship-to-shore cranes," it said today. *(Source: The Edge)*

Mesiniaga (CP: RM1.09): Secures RM10.4mil contract

Mesiniaga Bhd has secured a contract worth RM10.41mil from Malaysian Investment Development Authority (Mida) for ICT hardware and software

maintenance services. In a filing with Bursa Malaysia, Mesiniaga said the contract was for a period of three years commencing from Oct 1, 2016. "The proposed transaction will not have any material effect on the company's net assets for the financial year ending Dec 31, 2016 but is expected to contribute positively to the company's earnings over the period of contract," Mesiniaga said. (Source: The Star)

ECONOMIC UPDATES

Malaysia: World Bank revises GDP forecast

The World Bank has slashed its growth forecast for Malaysia from 2016 through 2018 due to the subdued global economy weighing on the country's prospects. In its latest forecasts, the global financial institution predicted Malaysia's gross domestic product (GDP) would slow to 4.2% this year from 5% in 2015 because of the weak global demand for oil and manufactured exports. This contrasted with its April forecast of a 4.4% growth for the country for 2016. (Source: The Star)

US: Jobless claims fall, point to labor market strength

The number of Americans filing for unemployment benefits unexpectedly fell last week to near a 43-year low, an indication of firmness in the labor market which may support an interest rate increase by the US Federal Reserve this year. Initial claims for state unemployment benefits declined 5,000 to a seasonally adjusted 249,000 for the week ended Oct. 1, the Labor Department said on Thursday. Economists polled by Reuters had forecast first-time applications for jobless benefits rising to 257,000 in the latest week. First-time claims were the lowest since April, when initial applications for aid were at levels not seen since November 1973. (Source: The Edge)

Germany: Industry orders rise more than expected in August

Strong demand from eurozone countries and domestic customers drove a bigger-than-expected rise in German industrial orders in August, suggesting factories will contribute to growth in Europe's biggest economy in coming months. Contracts for goods 'Made in Germany' were up by 1.0% on the month, the economy ministry said on Thursday. That compared with a Reuters consensus forecast for a rise of 0.2%. Domestic demand rose by 2.6% while foreign orders inched down by 0.2%. However, demand from eurozone countries rose by 4.1%, nearly offsetting a drop of 2.8% of contracts from outside the common currency bloc. (Source: The Star)

Norway: Stimulus Seen Fading as Economy Survives Oil Crash

The Norwegian government is seen rolling back some its massive fiscal stimulus amid signs the economy of western Europe's largest oil producer is on the mend. The government will unveil stimulus substantially below the 1.1 percentage point push it provided this year, according to economists at Svenska Handelsbanken and DNB ASA. Conservative Prime Minister Erna Solberg is on Thursday presenting her last budget ahead of next year's election. (Source: Bloomberg)

Saudi Arabia: Engine of Future Growth Is Running Out of Gas

The first year of Saudi Arabia's drive to reduce its oil dependence may end with the opposite result. A flurry of cost-cutting measures will likely push the non-oil economy into recession, analysts say. That means that any overall growth in 2016 will be largely due to record crude output. Efforts to manage the fallout from cheap oil gathered steam over the past two weeks. Policy makers have suspended bonuses and trimmed allowances for government employees. *(Source: Bloomberg)*

U.K.: Services Defy Brexit Gloom as Economy Maintains Growth

Britain's powerhouse services sector grew more than forecast last month as the economy continued to display resilience following the June vote to leave the European Union. IHS Markit said Wednesday its Purchasing Managers Index dipped marginally to 52.6, above the 52.2 forecast in a Bloomberg survey. It marks the second month over 50, the dividing line between expansion and contraction. The figure follows better-than-expected manufacturing and construction indexes, which point to economic expansion of 0.1 percent in the third quarter, Markit said. Omitting July's across-the-board slump, the most recent figures suggest growth of about 0.3 percent. *(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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