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## At a Glance

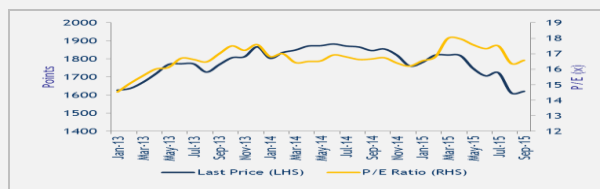
FBMKLCI declined 1.27 points to finish at 1,665.71 due to the profit taking activities.....(See full report next page)

## Corporate Highlights

- **CIMB, HOLD (TP: RM4.90):** CIMB Niaga posts higher Q3 earnings on-quarter
- **Petronas Gas, HOLD (TP: RM23.20):** Earnings down on forex loss
- **FGV, SELL (TP: RM1.30):** New date for FGV's Eagle High purchase no later than Nov 30

## Economic Update

- **Malaysia:** September Domestic PPI Up 0.1 Per Cent
- **Malaysia:** RAM sees Malaysia's deficit target as realistic
- **Japan:** BoJ holds fire on fresh stimulus despite sinking economy



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	2-Nov	5:00 PM	Markit Eurozone Manufacturing PMI	-	52.0
CN	2-Nov	9:45 AM	Caixin China PMI Mfg	47.6	47.2
JP	2-Nov	9:35 AM	Nikkei Japan PMI Mfg	-	52.5
US	2-Nov	10:45 PM	Markit US Manufacturing PMI	-	54.0
US	2-Nov	11:00 PM	Construction Spending MoM	0.5%	0.7%
US	2-Nov	11:00 PM	ISM Manufacturing	49.7	50.2
US	2-Nov	11:00 PM	ISM Price Paid	-	38.0
US	3-Nov	11:00 PM	Factory Orders	-1.0%	-1.7%
EU	4-Nov	5:00 PM	Markit Eurozone Services PMI	-	54.2
EU	4-Nov	5:00 PM	Markit Eurozone Composite PMI	-	54.0
EU	4-Nov	6:00 PM	PPI MoM	-	-0.8%
EU	4-Nov	6:00 PM	PPI YoY	-	-2.6%
CN	4-Nov	9:45 AM	Caixin China PMI Composite	-	48.0
CN	4-Nov	9:45 AM	Caixin China PMI Services	-	50.5
JP	4-Nov	9:32 AM	Nikkei Japan PMI Services	-	51.4
JP	4-Nov	9:32 AM	Nikkei Japan PMI Composite	-	51.2
US	4-Nov	8:00 PM	MBA Mortgage Applications	-	-3.5%
US	4-Nov	9:15 PM	ADP Employment Change	178K	200K
US	4-Nov	9:30 PM	Trade Balance (\$46.50b)	-	0.9%
US	4-Nov	10:45 PM	Markit US Composite PMI	-	54.5
US	4-Nov	10:45 PM	Markit US Services PMI	-	54.4
US	4-Nov	11:00 PM	ISM Non-Manuf. Composite	56.5	56.9
EU	5-Nov	5:10 PM	Markit Eurozone Retail PMI	-	51.9
EU	5-Nov	6:00 PM	Retail Sales MoM	-	0.0%
EU	5-Nov	6:00 PM	Retail Sales YoY	-	2.3%
MY	5-Nov	6:00 PM	BNM Overnight Policy Rate	-	3.25%
US	5-Nov	9:30 PM	Initial Jobless Claims	-	-
US	5-Nov	9:30 PM	Nonfarm Productivity	0.3%	3.3%
US	5-Nov	9:30 PM	Continuing Claims	-	-
US	5-Nov	10:45 PM	Bloomberg Consumer Comfort	-	-
MY	6-Nov	12:00 PM	Exports YoY	2.5%	4.1%
MY	6-Nov	12:00 PM	Imports YoY	1.4%	-6.1%
MY	6-Nov	-	Foreign Reserves	-	\$94.1b
JP	6-Nov	1:00 PM	Leading Index CI	-	103.5
JP	6-Nov	1:00 PM	Coincident Index	-	112.2
US	6-Nov	9:30 PM	Change in Nonfarm Payrolls	177K	142K
US	6-Nov	9:30 PM	Change in Manufact. Payrolls	OK	(9K)
US	6-Nov	9:30 PM	Unemployment Rate	5.1%	5.1%

## Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,665.71	-1.27	-0.08
FBMEMAS	11,573.90	0.74	0.01
FBMEMAS SHA	12,392.83	5.57	0.04
FBM100	11,256.03	-2.23	-0.02
Volume (mn)	2,124.40	-43.77	-2.02
Value (RMmn)	2,044.50	-236.58	-10.37
FBMKLCI YTD Chg			-5.42

## Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	18.4	-0.1
Local Institution	54.3	191.6
Foreign Investors	27.3	-191.5

## Top Gainers

	Close	Change+/-	(+/- %)
LAY HONG	5.80	0.39	7.21
ASIA FILE	4.49	0.39	9.51
DUTCH LADY	47.60	0.36	0.76

## Top Losers

	Close	Change+/-	(+/- %)
BAT	61.82	-0.42	-0.68
RAPID SYNERGY	5.91	-0.31	-4.98
PPB GROUP	15.46	-0.26	-1.65

## World Indices

	Close	Change+/-	(+/- %)
DJIA	17,663.54	-92.26	-0.52
NASDAQ	5,053.75	-20.53	-0.40
S&P 500	2,079.36	-10.05	-0.48
FTSE 100	6,361.09	-34.71	-0.54
DAX	10,850.14	49.30	0.46
Nikkei 225	19,083.10	147.39	0.78
HSI	22,640.04	-179.90	-0.79
KOSPI	2,029.47	-4.69	-0.23
STI	2,998.35	-3.16	-0.11
KLCI Futures	1,636.00	8.00	0.00
USDMYR 3M	17.26	0.13	0.01
USDMYR 6M	16.44	0.11	0.01
USDMYR 12M	15.95	0.16	0.01

## Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	46	-0.4	-0.8%
Brent (USD/bbl)	49.4	-0.1	-0.2%
Gold(USD/ounce)	1,140	-1.7	-0.2%
Coal (USD/mt)	52.8	-0.2	-0.3%
CPO (RM/mt)	2,363	-7.0	-0.3%
Rubber	126	-1.2	-0.9%
RM/USD	4.30	0.0022	-0.05%
EUR/USD	0.91	-0.0013	-0.14%
YEN/USD	120.54	-0.08	0.07%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average declined 92.26 points to 17,663.54 points, S&P 500 dropped 10.05 points to 2,079.36. Nasdaq fell by 20.53 points to 5,053.75. U.S. stock indexes finished with their strongest monthly performances in four years on Friday, even as they dipped for the day amid a mixed bag of earnings reports. For October, all three major indexes posted their biggest percentage increases since October 2011, with the S&P 500 rising 8.3 percent, led by energy and materials, while a measure of volatility fell.
- Investors will be looking at data over the next several weeks, including next Friday's employment report, for clues about the economy's health. The Fed signaled on Wednesday a rate hike in December was still possible.

### The Local Market

- FBMKLCI declined 1.27 points to finish at 1,665.71 due to the profit taking activities. There were 451 gainers and 396 decliners in total value traded of RM2.04 billion.
- Among the losers on Bursa Malaysia were BAT decreased 42 cent to RM61.82, Rapid Synergy fell 31 cent to RM5.91, PPB Group dropped 26 cent to RM15.46 and DKSH Holdings slid 25 cent to RM4.40.

### Strategy

- Our 2015 year-end target is 1,660 based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

## CORPORATE HIGHLIGHTS

### CIMB, HOLD (TP: RM4.90): CIMB Niaga posts higher Q3 earnings on-quarter

PT Bank CIMB Niaga Tbk posted net profit of 442bil rupiah in the third quarter ended Sept 30, 2015 which was 375.3% higher from the 193bil rupiah in the second quarter. It said on Friday the consolidated business as usual (BAU) net profit had excluded the exceptional expense of 471bil rupiah from the mutual separation scheme in the third quarter. "For the nine-month period ended Sept 30, 2015 (9M15), CIMB Niaga recorded a BAU net profit of 618bil rupiah and translating to a BAU earnings per share (EPS) of 24.60 rupiah," it said. CIMB Niaga said its operating income grew 4.8% in 9M15 as its net interest income expanded by 4.8%. But this was partially offset by a 13.3% on-year fall in non-interest income. (Source: The Star)

### Petronas Gas, HOLD (TP: RM23.20): Earnings down on forex loss

Petronas Gas Bhd (PetGas) recorded a 27% drop in net profit to RM304.98mil in the third quarter ended Sept 30, 2015, against RM418.63mil a year ago due to

unrealised foreign exchange (forex) loss on finance lease liabilities. Excluding the impact of forex, PetGas said profit for the quarter increased by 9.1% on higher revenue and other income. Revenue for the third quarter stood at RM1.134bil, slightly higher than RM1.123bil recorded in the previous year. In a filing with Bursa Malaysia, PetGas attributed the increase to higher regasification revenue from improved storage fees and higher gas processing revenue. However, revenue growth was offset by lower utilities revenue from electricity tariff rebate given to customers. (Source: *The Star*)

**FGV, SELL (TP: RM1.30): New date for FGV's Eagle High purchase no later than Nov 30**

Felda Global Ventures Holdings Bhd (FGV) says the signing of the definitive documents for the purchase of Indonesia-based PT Eagle High Plantations Tbk has been extended. FGV said on Friday the company and the vendors "are still in the midst of negotiating the terms of the definitive documentation and aim to sign the definitive documents no later than Nov 30". The earlier deadline was Oct 31. According to a Bloomberg report, FGV may ask for a lower price to acquire Eagle High taken into account issues discovered during the due diligence exercise. In June, FGV proposed to acquire a 37% stake in Eagle High for US\$680mil via US\$632mil cash and the balance of US\$47mil from the issuance of 95 million new FGV shares from Rajawali Group. (Source: *The Star*)

**Nestle, SELL (TP: RM61.50): Ramps up instant noodles output as M'sians eat 3.6m packets a day**

Nestle (Malaysia) Bhd is running a high capacity Maggi noodles line at its Batu Tiga factory to cater to Malaysian consumers. According to a report, Malaysians consume 3.6 million packets of instant noodles a day, of which 1.4 million packets are that of the Maggi brand. That translates to 511 million packets per year and Nestle supplies nearly half of the whole of Malaysia's demand of 1.34 billion packets of instant noodles last year. Therefore, Nestle's manufacturing site in Shah Alam is one of the largest in Malaysia and the Nestle world, and Maggi Noodles Factory is the biggest noodle factory in the region. (Source: *The Star*)

**Sunway REIT (CP: RM1.53): Net profit up slightly in first quarter**

Sunway Real Estate Investment Trust (Sunway Reit) saw a 1.7% year-on-year increase in net profit to RM64.51mil for the first quarter of financial year ending July 31, 2016. Gross revenue for the quarter grew 6.5% to RM121.2mil compared with RM113.81 recorded in the first quarter a year ago. Net property income (NPI) was 4% higher year-on-year to RM89.94mil on the back of growth from the retail and hotel segments. However, lower income contribution from the office segment offset this. The Reit said in a statement that NPI for the retail segment grew 6.2% year-on-year from Sunway Pyramid Shopping Mall and Sunway Putra Mall, despite headwinds affecting consumer and business sentiment. (Source: *The Star*)

**EcoFirst (CP: RM0.28): 1Q profit triples on mall income, condo development**

Recurring mall income and its 'Upper East @ Tiger Lane' condominium development in Ipoh, Perak has doubled EcoFirst Consolidated Bhd's profit for its first quarter ended Aug 31, 2016 (1QFY16) to RM2.34 million, from

RM716,000 previously. In a Bursa Malaysia announcement, the property developer and manager said its Upper East project is 50% completed with more than half of the 529 luxury units sold at the end of the quarter under review. This saw the group's revenue quadrupling to RM23.33 million, from 1QFY15's revenue of RM5.13 million. *(Source: The Edge)*

#### **Bonia (CP: RM0.74): Cautious on 2016 prospects**

Bonia Corp Bhd is remaining cautious for the year ahead after it saw its net profit fall 17.78% this year, hit by slower sales after the implementation of GST. Although it expects more challenges ahead, due to weaker ringgit and uncertain economic conditions, the group is going ahead with its expansion plans in Vietnam, Indonesia, Cambodia and other Asian countries. It saw a 14% fall in sales for its Malaysia operations during the fourth quarter ended June 30, 2015, compared to a year ago, attributed to the GST and the absence of any festivities during the period. The group says in its latest annual report that the year had been a challenging one for the entire retail industry. *(Source: The Star)*

#### **Guocoland (CP: RM1.36): To sell KL Land**

Guocoland (M) Bhd, via its indirect wholly-owned subsidiary Sabna Development Sdn Bhd, plans to sell a piece of land in Kuala Lumpur to the Retirement Fund (Inc) (KWAP) for RM87.92mil. In a filing with Bursa Malaysia, Guocoland said Sabna had entered into a sale and purchase agreement with KWAP for the disposal of the 31,398-sq-ft land. Guocoland said the proposed disposal would enable the group to realise its investment in the property. *(Source: The Star)*

#### **JAKS Resources (CP: RM1.21): JAKS Vietnam unit achieves financial close of power deal**

JAKS Resources Bhd's Vietnam unit has achieved the financial close of the build-operate-transfer (BOT) contract for the US\$1.87bil coal-fired thermal power plant project in Vietnam. It said on Friday its unit Jaks Hai Duong Power Company Ltd had informed Vietnam's Ministry of Industry and Trade about the financial close but this also hinged on fulfilling several requirements. They included the registration of the shareholder loan agreement between China Power Engineering Consulting Group (Hong Kong) Investment Co., Limited and Jaks Hai Duong, with the State Bank of Vietnam and the Ministry of Justice of Vietnam's legal opening. *(Source: The Star)*

#### **Titijaya (CP: RM1.72): Eyes KL property devt via JV with Amona, Metrogale**

Titijaya Land Bhd is teaming up with Amona Development Sdn Bhd and Metrogale Development Sdn Bhd to look into property development opportunities in Kuala Lumpur region. Titijaya said on Friday its unit Titijaya Resources Sdn Bhd had formed a strategic collaboration for the joint venture, business and management of the JV company. It said since was keen to expand its property development business, the JV company would represent an opportunity for the company to strengthen its property development presence in Kuala Lumpur city area. Amona Development had proposed to the government to build school facilities in exchange for a 2.7 acres government land situated at Bukit Bintang. *(Source: The Star)*

## ECONOMIC UPDATES

**Malaysia: September Domestic PPI Up 0.1 Per Cent**

Malaysia's domestic Producer Price Index (PPI) for September 2015 increased slightly by 0.1 per cent to 102.9 from 102.8 in August, the Statistics Department said Friday. The fall was due to the increase in both local production and import price indices of 1.3 per cent and 0.2 per cent respectively. Year-on-year (YoY) comparison showed that the PPI for the domestic economy in September decreased by 5.1 per cent, with the local production index dropping by 7.0 per cent while the import price index rose 1.1 per cent. The PPI for local production increased 1.3 per cent in September 2015 compared to the previous month due to increases in agriculture, forestry and fishing (1.0 per cent), mining (4.0 per cent) and manufacturing (1.2 per cent) while electricity, gas and water supply fell by 0.1 per cent. *(Source: Bernama)*

**Malaysia: RAM sees Malaysia's deficit target as realistic**

Malaysia will be able to meet its reduced deficit target of 3.1% that was made in the Budget 2016 in spite of a low oil price environment, according to RAM Ratings Bhd. "We do think that it is a reasonable target and it is also appropriate given the circumstances. From a sovereign rating angle, we like that the government is committed to fiscal consolidation and remains so," RAM's head of sovereign ratings Esther Lai said in an interview with StarBiz. "Because all said and done, everyone is already expecting for oil prices to remain low. If the Government had come out with a target that was very aggressive at 2.5% or 2%, it would also not be in the best interests of the country as well. *(Source: The Star)*

**Japan: BoJ holds fire on fresh stimulus despite sinking economy**

The Bank of Japan (BoJ) on Friday held fire on expanding its massive stimulus programme despite more weak data as the world's number three economy teeters on the edge of recession. In a short statement following a closely watched meeting, the BoJ said it would hold steady on its record 80 trillion yen (US\$665 billion) annual asset-buying scheme. The central bank also releases its semi-annual inflation and growth projections later in the day, with speculation mounting that it will roll back its outlook as weakness overseas, particularly in China, hurt Japan's prospects. *(Source: AFP)*

**Japan: TPP to play key role in Japan meeting GDP target**

The Trans-Pacific Partnership (TPP) will play a key role in helping the Japanese government to boost economic growth, the Nikkei business daily said. Prime Minister Shinzo Abe vowed in September to raise gross domestic product by nearly a quarter to 600 trillion yen (US\$5 trillion), though he gave no timeframe. A draft by the government's top economic advisory panel, the Council on Economic and Fiscal Policy, suggests the TPP free-trade deal, which still needs ratification, will help boost the nation's potential growth rate to around 2% from current levels of below 1%, the Nikkei said. *(Source: Reuters)*

**U.S.: Jobs data to hold key to Fed's rate plan**

US jobs data due in the coming week may hold the key to whether the Federal Reserve will raise interest rates for the first time since 2006 in December,



signalling its intention to end an era of almost-free dollars. An increase in Fed rates would have consequences well beyond US borders, increasing borrowing costs for dollar debtors in emerging markets, pushing up the greenback against some major currencies and driving a global reallocation of investment money. The Fed, which has a dual mandate including inflation and employment, put a December rate hike firmly in play in the past week and investors will be scrutinising Friday's United States' employment data to work out the odds of such a move. (Source: Reuters)

**China: Economy still wobbly**

Activity in China's manufacturing sector unexpectedly contracted in October for a third straight month, an official survey showed, fuelling fears the economy may still be losing momentum in the fourth quarter despite a raft of stimulus measures. Adding to those concerns, China's services sector, which has been one of the few bright spots in the economy, also showed signs of cooling last month, expanding at its slowest pace in nearly seven years. As the first major indicators of business conditions in China released each month, the Purchasing Managers' Index (PMIs) reinforced the view that the economy remains in the midst of a gradual slowdown which will require Beijing to roll out more support in coming months. (Source: Reuters)

**Taiwan: Economy shrinks for first time in six years**

Taiwan's economy suffered its first quarterly shrinkage since the height of the global financial crisis, hit by worse-than-forecast exports as key trading partner China suffers a painful growth slowdown. An increase in competition in the technology sector, a crucial driver of the island's growth, also added downward pressure in the third quarter. The economy shrank 1.01% year-on-year in July-September, its first contraction since 2009 and missing forecasts by the Directorate General of Budget, Accounting and Statistics, which had predicted growth of 0.10%. It was also much steeper than the 0.5% decline forecast by a Bloomberg survey of economists. (Source: AFP)

# 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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