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At a Glance

FBMKLCI gained 7.80 points to finish at 1,749.17 lifted by heavyweight stocks.....(See full report next page)

Corporate Highlights

- **Wah Seong, HOLD (TP: RM1.38):** Tenders for RM4bil-RM5bil projects
- **AirAsia (CP: RM2.12):** Welcomes MAS' intention to collaborate
- **Paramount (CP: RM1.87):** Records RM157mil in sales for Q1

Economic Update

- **Malaysia:** New Malaysia guidance to tackle uneven Islamic finance practices
- **Japan:** Services PMI Expands To 51.5 In May - Markit
- **Australia:** Economy grows faster than expected



KEY ECONOMIC RELEASE					
Date	Local Time	Event	Survey	Prior	
EU	1-Jun	4:00 PM	Markit Eurozone Manufacturing PMI	-	52.3
CN	1-Jun	9:00 AM	Manufacturing PMI	50.2	50.1
CN	1-Jun	9:45 AM	HSBC China Manufacturing PMI	49.3	49.1
JP	1-Jun	7:50 AM	Capital Spending YoY	-	2.8%
JP	1-Jun	9:35 AM	Markit/JMMA Japan Manufacturing PMI	-	50.9
JP	1-Jun	1:00 PM	Vehicle Sales YoY	-	5.0%
US	1-Jun	8:30 PM	Personal Income	0.3%	0.0%
US	1-Jun	8:30 PM	Personal Spending	0.1%	0.4%
US	1-Jun	9:45 PM	Markit US Manufacturing PMI	-	53.8
US	1-Jun	10:00 PM	Construction Spending MoM	0.7%	-0.6%
US	1-Jun	10:00 PM	ISM Manufacturing	51.9	51.5
US	1-Jun	10:00 PM	ISM Price Paid	42.5	40.5
EU	2-Jun	5:00 PM	PPI MoM	-	0.2%
EU	2-Jun	5:00 PM	PPI YoY	-	-2.3%
EU	2-Jun	5:00 PM	CPI Estimate YoY	-	-
US	2-Jun	10:00 PM	Factory Orders	-0.2%	2.1%
EU	3-Jun	4:00 PM	Markit Eurozone Services PMI	-	53.3
EU	3-Jun	4:00 PM	Markit Eurozone Composite PMI	-	53.4
EU	3-Jun	5:00 PM	Unemployment Rate	-	11.3%
EU	3-Jun	5:00 PM	Retail Sales MoM	-	-0.8%
EU	3-Jun	5:00 PM	Retail Sales YoY	-	1.6%
EU	3-Jun	7:45 PM	ECB Main Refinancing Rate	-	0.050%
EU	3-Jun	7:45 PM	ECB Deposit Facility Rate	-	-0.200%
EU	3-Jun	7:45 PM	ECB Marginal Lending Facility	-	0.300%
CN	3-Jun	9:45 AM	HSBC China Composite PMI	-	51.3
CN	3-Jun	9:45 AM	HSBC China Services PMI	-	52.9
JP	3-Jun	9:35 AM	Markit Japan Services PMI	-	51.3
JP	3-Jun	9:35 AM	Markit/JMMA Japan Composite PMI	-	50.7
US	3-Jun	7:00 PM	MBA Mortgage Applications	-	-
US	3-Jun	8:15 PM	ADP Employment Change	180K	169K
US	3-Jun	8:30 PM	Trade Balance	(\$44.3B)	(\$51.4B)
US	3-Jun	9:45 PM	Markit US Composite PMI	-	56.1
US	3-Jun	9:45 PM	Markit US Services PMI	-	56.4
US	4-Jun	8:30 PM	Nonfarm Productivity	-2.9%	-1.9%
US	4-Jun	8:30 PM	Initial Jobless Claims	-	-
US	4-Jun	8:30 PM	Continuing Claims	-	-
EU	5-Jun	5:00 PM	GDP SA QoQ	-	0.4%
MY	5-Jun	12:00 PM	Exports YoY	-	2.3%
MY	5-Jun	12:00 PM	Imports YoY	-	5.8%
MY	5-Jun	12:00 PM	Trade Balance MYR	-	7.82B
MY	5-Jun	-	Foreign Reserves	-	\$106.2B
US	5-Jun	8:30 PM	Unemployment Rate	5.4%	5.4%
US	5-Jun	8:30 PM	Labour Force Participation Rate	-	62.8%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,749.17	7.80	0.45
FBMEMAS	12,138.39	54.02	0.45
FBMEMAS SHA	12,685.78	107.79	0.86
FBM100	11,810.04	53.81	0.46
Volume (mn)	1,478.81	-251.49	-14.53
Value (RMmn)	1,986.67	-160.62	-7.48
FBMKLCI YTD Chg			-0.69

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	16.1	0.5
Local Institution	57.9	162.7
Foreign Investors	26.0	-163.2

Top Gainers

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	72.50	1.50	2.11
KL KEPONG	22.38	0.92	4.29
BAT	61.20	0.56	0.92

Top Losers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	45.28	-0.18	-0.40
CI HOLDINGS BHD	2.78	-0.15	-5.12
ENRA GROUP BHD	1.94	-0.15	-7.18

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,076.27	64.33	0.36
NASDAQ	5,099.23	22.71	0.45
S&P 500	2,114.07	4.47	0.21
FTSE 100	6,950.46	22.19	0.32
DAX	11,419.62	90.82	0.80
Nikkei 225	20,473.51	-69.68	-0.34
HSI	27,657.47	190.75	0.69
KOSPI	2,063.16	-15.48	-0.74
STI	3,349.18	8.43	0.25
KLCI Futures	1,742.00	21.00	0.01
USDMYR 3M	10.16	0.04	0.00
USDMYR 6M	10.07	0.01	0.00
USDMYR 12M	10.13	0.03	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	60	0.0	0.1%
Brent (USD/bbl)	63.8	-1.7	-2.6%
Gold(USD/ounce)	1,185	0.3	0.0%
Coal (USD/mt)	58.0	0.2	0.3%
CPO (RM/mt)	2,294	-21.0	-0.9%
Rubber	189	0.8	0.4%
RM/USD	3.69	-0.0135	0.37%
EUR/USD	0.89	0.0014	0.16%
YEN/USD	124.36	0.11	-0.09%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 64.33 points to 18,076.77; S&P 500 up 4.47 points to 2,114.07. Nasdaq surged by 22.71 points to 5,099.23. Stocks closed higher on Wednesday despite a sharp rally in bond yields as investors found encouragement in signs of economic growth and coming resolution in the Greece debt talks.
- The Federal Reserve's Beige Book said economic activity expanded at a modest to moderate pace, a view affirmed by the morning's data reports on private payrolls, the service sector and trade.

The Local Market

- FBMKLCI gained 7.80 points to finish at 1,749.17 lifted by heavyweight stocks. There were 444 gainers and 358 decliners in total value traded of RM1.98 billion.
- Among the gainers on Bursa Malaysia were Nestle surged RM1.50 to RM72.50, KLK up by 92 cent to RM22.38, British American Tobacco soared 56 cent to RM61.20, and Cocoland gained 42 cent to RM2.46.

Strategy

- Our 1H15 year-end target is 1,840 based on PER of 16.0x and hence, FBMKLCI is poised to record a gain of 4.5% against 2014 closing of 1,761. We have an **OVERWEIGHT** call on auto, construction, rubber gloves and telco respectively. We predict Malaysia to grow by 5.0% in 2015 against the projection of 5.9% in 2014.

CORPORATE HIGHLIGHTS

Wah Seong, HOLD (TP: RM1.38): Tenders for RM4bil-RM5bil projects

Oil and gas service provider Wah Seong Corp Bhd is tendering for RM4bil to RM5bil worth of projects this year. Group chief executive officer Chan Cheu Leong said projects from the oil and gas segment formed the bulk, while renewable energy projects made up the remainder. Chan said the group's oil and gas division had RM1.2bil worth of projects in its order book. *(Source: The Star)*

AirAsia (CP: RM2.12): Welcomes MAS' intention to collaborate

AirAsia Bhd is looking for possible areas to collaborate with Malaysia Airlines (MAS) in response to a statement by new MAS chief executive officer (CEO) Christoph Mueller on Tuesday to seek collaboration with the low-cost carrier and other potential partners. AirAsia Group CEO Tan Sri Tony Fernandes said both companies had already entered into discussions but it was still in the early stages. In reducing the cost, it will be a great thing if the two of us can make a regional power house in maintenance, repair, overhaul (MRO)...that's great and make sense. He said if that happened, both airlines would reduce their cost and most importantly, through their volume, they could offer services to third party

airlines globally and make Malaysia a bigger MRO centre and create more jobs. (Source: The Star)

Paramount (CP: RM1.87): Records RM157mil in sales for Q1

Known as one of Malaysia's long-standing investment holding companies, Paramount Corp Bhd recorded RM157mil in sales from its property division for the first quarter ended March 31, 2015. Chew said the group recorded stronger sales volume in the first three months of 2015 driven by concerns of the goods and services tax (GST). With total unbilled sales at RM420mil, Chew said the group is currently building its sales organisation with an aim to push up sales. Its current landbank size is 900 acres with gross domestic value (GDV) of RM9bil, mainly in the Klang Valley, Batu Kawan, Sungai Petani and Bukit Mertajam. (Source: The Star)

New Hoong Fatt (CP: RM2.80) Allocates RM20mil capex

Automotive replacement parts maker New Hoong Fatt Holdings Bhd (NHF) has allocated a capital expenditure (capex) of RM20mil for its current financial year ending Dec 31, 2015. Managing director Chin Jit Sin said part of the capex would be for the design and development of new parts. For its first quarter ended March 31, 2015, NHF's net profit grew to RM4.37mil from RM2.48mil in the previous corresponding period, driven by higher product demand in its overseas market. Revenue in the first quarter improved to RM48.20mil from RM45.95mil a year earlier. (Source: The Star)

Melati Ehsan (CP: RM1.22): Wins RM652.9 mil concession agreement in Sabah

Turnkey contractor and property developer Melati Ehsan Holdings Bhd's (MEHB) subsidiary, B.H.O Melati Sdn Bhd (BHOME), entered into a 30-year concession agreement with the Education Ministry and Universiti Malaysia Sabah (UMS) today, to undertake the development of the university's teaching hospital in Kota Kinabalu, Sabah, for RM652.9 million. In a filing with Bursa Malaysia, MEHB said its 49%-owned BHOME would undertake the planning, construction, equipping, testing and commissioning of the facilities and infrastructure of UMS Teaching Hospital, and carry out the Asset Management Services. (Source: The Edge)

Tropicana (CP: RM1.07): Metropark's central park worth RM800mil, total GDV RM7bil

Tropicana Corp Bhd's 88-acre freehold integrated development, Tropicana Metropark in Subang Jaya, contains a 9.2-acre central park that is worth RM800mil. The real estate developer carved out the portion of the land from the development to add value and a sense of wholesomeness to it. He said this after a press conference where Tropicana Metropark hosted a media preview of its transformation from an industrial site into a liveable one. He added that the park featured a man-made lake with a bio-filtration system to prevent mosquito breeding, a pedestrian promenade and a food-and-beverage strip for alfresco indulgence. (Source: The Star)

Scanwolf (CP: RM0.67): Director resigns to avoid 'board tussle'

Plastic extrusion manufacturer Scanwolf Corp Bhd said its director Ong Sing Guan has ceased to be a member of an investigative committee set up to investigate "possible irregularities" in the company's affairs, after he resigned as the company's director yesterday. Ong, who was the group's independent and non-executive director, cited "management disagreement and do not want to be drawn in the board tussle" as the reason for his resignation. (Source: *The Edge*)

Utusan Melayu (CP: RM0.66): To venture into new businesses

Utusan Melayu (M) Bhd plans to sustain its newsprint business while also venturing into other businesses to broaden its earnings base. This is to mitigate the group's declining revenue which dropped to RM291.2mil for the financial year ended Dec 31, 2014 (FY14) from RM342.4mil in FY13, with the newsprint division making up 96% of revenue. The group incurred a bigger net loss of RM81.9mil in FY14 compared with RM16.2mil in FY13. (Source: *The Star*)

Daya Materials (CP: RM0.11): Aborts MoU on subsea installation project

Oil and gas service player Daya Materials Bhd unit Meridian Orbit Sdn Bhd has terminated a memorandum of understanding (MoU) signed in March with Glotel Sdn Bhd to jointly study, evaluate and tender for subsea installation projects within South-East Asia region. Daya Materials told Bursa Malaysia that the MoU was deemed terminated effective June 3, but it did not provide any reason. Glotel's businesses are in the areas of information technology, communications solutions, medical equipment and consultancy services. (Source: *The Star*)

Bank Negara: Probes 1MDB, no special exception for 1MDB

Bank Negara has launched a formal enquiry into 1Malaysia Development Bhd's (1MDB) investments abroad and foreign debts. The central bank said yesterday that it would issue a legal directive to compel 1MDB to provide it with the required information. The investigation entails taking statements from individuals involved in the governance process and obtaining information from other relevant domestic and foreign parties. 1MDB had been under fire after it had to ask for help from the Government to pay for its operations. The company had racked up RM42bil in debts as of March 31 2014, of which an estimated RM26bil is denominated in foreign currency. (Source: *The Star*)

ECONOMIC UPDATES

Malaysia: New Malaysia guidance to tackle uneven Islamic finance practices

Malaysia's central bank said it would finalise operating standards for all major Islamic finance contracts by the end of this year, creating the first comprehensive set of practical guidance for the industry. The set of 11 standards will complement existing sharia guidelines issued by Bank Negara, as the regulator aims to address inconsistencies in the use of Islamic contracts. Market practices can vary across the industry partly because many standards are not legally enforceable. Malaysia's current sharia standards are enforceable and have been in place for years, but they are technical rather than practical and still open to interpretation, Mohamad Akram Laldin, deputy chairman of the sharia advisory council of Bank Negara, told Reuters. *(Source: The Edge)*

Japan: Services PMI Expands To 51.5 In May - Markit

The services sector in Japan advanced at an accelerated pace in May, the latest survey from Markit Economics showed on Wednesday, with a PMI score of 51.5. That's up from 51.3 in April, and it moves further above the boom-or-bust line of 50 that separates expansion from contraction. The composite index came in at 51.6, up from 50.7 in April. A rise in service sector activity was supported by a further increase in new orders at Japanese services companies in May. The rate of expansion was the sharpest since November last year. *(Source: RTT News)*

Australia: Economy grows faster than expected

Forecasts were for quarterly growth of between 0.5% and 0.7%. Official statistics also showed that household consumption expenditure boosted the quarterly growth numbers. But economist Shane Oliver told the BBC the numbers were "well below potential". On an annual basis the economy expanded 2.3%, beating expectations for 2.1%. Economic growth in the March quarter of 2014 was 2.9%. *(Source: BBC News)*

China: Services sector hits three-year high

After Monday's report that the manufacturing sector was stable, a private survey on Wednesday said China's services sector accelerated in May as new business rose at the fastest pace in three years. The HSBC China Services Business Activity Index posted 53.5 in May up from 52.9 in April, the 13th successive month of expansion for the sector. Anything above the 50-point level represents expansion. The service sector helped the HSBC China Composite PMI, which covers both manufacturing and services, stay steady while manufacturing production contracted for the first time in five months. The HSBC Composite inched down to 51.2 in May from 51.3 the previous month. Adding to the positive news, employment at services firms grew at the fastest rate since January 2013. That's especially good to hear as the manufacturing sector lost jobs for the 19th consecutive month, although at the slowest rate since February. *(Source: Asia Times)*

Europe: OPEC finds oil output consensus: 'Don't rock the boat'

OPEC is set to carry on pumping oil nearly flat-out for months more, content that last year's shock market therapy has revived moribund demand and knocked back growing competition. With oil prices having stabilised, for now, at

around \$65 a barrel, some \$20 off their January lows, there's little appetite within the Organization of the Petroleum Exporting Countries to modify production limits, as some analysts have suggested is an outside possibility. The group meets on Friday following a two-day seminar featuring the chief executives of the world's biggest energy groups, including BP and Exxon, companies whose fortunes have been abruptly altered by OPEC's decision to abandon efforts aimed at sustaining oil prices at more than \$100 a barrel in favour of defending market share. *(Source: BBC News)*

Eurozone: Job growth 'at four-year high'

Employment rose for the seventh straight month in May, the survey from research firm Markit found. However, it also indicated that economic growth in the eurozone's private sector lost steam last month. Markit's purchasing managers' index (PMI) dipped to 53.6 in May from 53.9 in April. A figure above 50 indicates growth. Markit said that job creation accelerated last month in Germany, France and Spain. Job growth in Spain hit its fastest rate for more than seven years. However, the survey also showed rates of expansion in other areas slowing. *(Source: BBC News)*

Eurozone: PMI slows less than expected

The eurozone's economy slowed less sharply than first estimated in May as activity among France's service providers picked up, according to surveys of purchasing managers. The surveys continue to indicate that the eurozone economy has emerged from a long period of near stagnation, aided by lower oil prices, a weakening euro and firming confidence following the ECB's launch of a program that will see it buy more than €1 trillion (\$US1.1 trillion) of mostly government bonds by the end of September 2016. The ECB's main goal is to lift the inflation rate back to its target of just under 2 per cent. There were early signs of success in data released on Tuesday, which showed consumer prices were higher in May than a year earlier, the first such rise since November. *(Source: Herald Sun)*

U.S.: Trade deficit narrows as exports of services hit record high

The US trade deficit narrowed in April as exports of services hit a record high and imports fell. The US Commerce Department on Wednesday said that the US trade gap shrunk to US\$40.9bil (RM151bil) in April, down from March's revised deficit of US\$50.6bil (RM186.8bil). The March deficit was previously reported at US\$51.4bil (RM189.8bil). The 26.6% drop in the April trade deficit was the largest decrease since early 2009. Analysts polled by Reuters had forecast the trade deficit falling to US\$44bil (RM162.3bil). Imports fell 3.3% to US\$230.8bil (RM851.6bil) as West Coast ports, a key entry point for goods to and from Asia, cleared a backlog created by a labour dispute that was settled earlier this year. Exports increased 1.0% to US\$189.9bil (RM700.6bil) in April. A stronger US dollar has in recent months made US goods and services less affordable abroad. Exports of US services swelled to US\$60.9bil (RM224.7bil), the highest ever recorded. *(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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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