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Thursday, April 23, 2015

At a Glance

FBMKLCI down 8.03 points to finish at 1,854.77 due to the profit taking activities(See full report next page)

Daily Trading Strategy**"The Bull Takes it Easy; Wall Street Gains Marginally"**

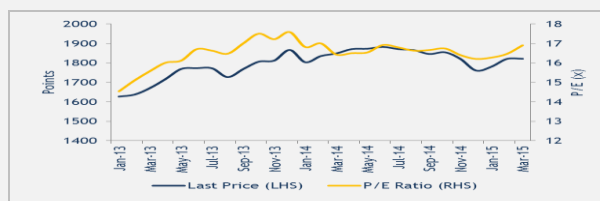
We expect the market to wait for further clue on the market direction.....(See full report next page)

Corporate Highlights

- **BIMB, HOLD (TP: RM4.40):** BIMB's unit issues first tranche of RM300m sukuk murabahah programme
- **AMMB, HOLD (TP: RM7.00):** AmBank gives preference for Malaysian as MD
- **Axiata, BUY (TP: RM7.65):** Celcom inks deal with TM for additional LTE sites

Economic Update

- **Malaysia:** Inflation rate in March up nearly 1%
- **Malaysia:** Ringgit slide more influenced by non-economic factors, says MIER
- **Malaysia:** Manufacturing sector to remain key driver of M'sian economy

**KEY ECONOMIC RELEASE**

	Date	Local Time	Event	Survey	Prior
JP	21-Apr	1:00 PM	Leading Index C1	-	105.3
JP	21-Apr	1:00 PM	Coincident Index	-	110.5
EU	22-Apr	10:00 PM	Consumer Confidence	-	-3.7
US	22-Apr	7:00 PM	MBA Mortgage Applications	-	-2.3%
US	22-Apr	10:00 PM	Existing Home Sales	5.05M	4.88M
US	22-Apr	10:00 PM	Existing Home Sales MoM	3.3%	1.2%
JP	22-Apr	7:50 AM	Trade Balance	(¥424.6B)	(¥425.0B)
JP	22-Apr	7:50 AM	Exports YoY	-	2.4
JP	22-Apr	7:50 AM	Imports YoY	-	-3.6
MY	22-Apr	12:00 PM	CPI YoY	0.8%	0.1%
MY	22-Apr	-	Foreign Reserves	-	\$105.1B
EU	23-Apr	4:00 PM	Markit Eurozone Manufacturing PMI	-	52.2
EU	23-Apr	4:00 PM	Markit Eurozone Services PMI	-	54.2
EU	23-Apr	4:00 PM	Markit Eurozone Composite PMI	-	54.0
US	23-Apr	8:30 PM	Initial Jobless Claims	-	-
US	23-Apr	8:30 PM	Continuing Claims	-	-
US	23-Apr	9:45 PM	Markit US Manufacturing PMI	56.0	55.7
US	23-Apr	10:00 PM	New Home Sales	510K	539K
CN	23-Apr	9:45 AM	HSBC China Manufacturing PMI	-	49.6
JP	23-Apr	9:35 AM	Markit/JMMA Japan Manufacturing PMI	-	50.3
US	24-Apr	8:30 PM	Durable Goods Orders	0.8%	-1.4%
US	24-Apr	8:30 PM	Durable Ex Transportation	0.7%	-0.4%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,854.77	-8.03	-0.43
FBMEMAS	12,764.07	-54.49	-0.43
FBMEMAS SHA	13,272.34	-57.11	-0.43
FBM100	12,433.67	-51.10	-0.41
Volume (mn)	2,737.25	-303.60	-9.98
Value (RMmn)	2,123.13	-346.92	-14.05
FBMKLCI YTD Chg			5.31

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	25.2	0.1
Local Institution	52.6	31.1
Foreign Investors	22.2	-31.2

Top Gainers

	Close	Change+/-	(+/- %)
APM AUTO	5.30	0.29	5.79
PHARMANIAGA	7.30	0.21	2.96
DUTCH LADY	48.60	0.20	0.41

Top Losers

	Close	Change+/-	(+/- %)
BAT	65.50	-1.10	-1.65
NESTLE	74.00	-0.48	-0.64
LPI CAPITAL	14.10	-0.44	-3.03

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,038.27	88.68	0.49
NASDAQ	5,035.17	21.07	0.42
S&P 500	2,107.96	10.67	0.51
FTSE 100	7,028.24	-34.69	-0.49
DAX	11,867.37	-72.21	-0.60
Nikkei 225	20,133.90	224.81	1.13
HSI	27,933.85	83.36	0.30
KOSPI	2,143.89	-0.90	-0.04
STI	3,490.72	-17.89	-0.51
KLCI Futures	1,842.50	(14.50)	(0.01)
USDMYR 3M	9.86	-	-
USDMYR 6M	9.93	(0.01)	(0.00)
USDMYR 12M	10.00	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	56	0.2	0.3%
Brent (USD/bbl)	62.7	0.6	1.0%
Gold(USD/ounce)	1,188	0.9	0.1%
Coal (USD/mt)	58.3	0.0	0.0%
CPO (RM/mt)	2,160	-13.0	-0.6%
Rubber	170	0.3	0.2%
RM/USD	3.61	-0.0258	0.71%
EUR/USD	0.93	0.0002	0.02%
YEN/USD	119.98	0.07	-0.06%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 88.68 points to 18,038.27, S&P 500 up by 10.67 points to 2,107.96. Nasdaq grew by 21.07 points to 5,035.17. Stocks closed about half a percent higher on Wednesday, ending a day of choppy trade as investors weighed mixed earnings and signs of strength in the housing market.
- The housing market was also in focus, with three data reports on the sector out on Wednesday. In an encouraging sign that the housing market is picking up, total mortgage application volume rose 2.3 percent week to week on a seasonally adjusted basis for the week ending April 17th, according to the Mortgage Bankers Association (MBA).

The Local Market

- FBMKLCI down 8.03 points to finish at 1,854.77 due to the profit taking activities. There were 293 gainers and 564 decliners in total value traded of RM2.12 billion.
- Among the losers on Bursa Malaysia were BAT fell RM1.10 cent to RM65.50, Nestle declined 48 cent to RM74.00, LPI Capital dropped 44 cent to RM14.10 and Lafarge Malaysia slipped 32 cent to RM9.88.

Strategy

- **“The Bull Takes it Easy; Wall Street Gains Marginally”**
- Wall Street ended marginally higher on Wednesday, pushed by encouraging US housing market statistics and steady oil prices movement. **S&P 500** and **DJIA** added **10.67 (0.51%)** and **88.68 (0.49%)** to end at **2,107.96** and **18,038.27** respectively. No first tier economic indicator catalyst could excite the trading sentiment yesterday and hence, investors turned to second tier clue to get the feel of the market and they got what they were looking for. Existing home sales for the US in February gained by 6.1% to an annualized rate of 5.19 million homes, slightly beating consensus of 5.05 million expectations while the weekly MBA Mortgage Index rose 2.3% following last week's 2.3% decline. As a conclusion, nothing to shout about and hence, most investors were seen picking up beaten down share price. At this juncture, the steady oil price movement is a blessing as the rise is very gradual and orderly which the market truly appreciates. Note that WTI and Brent closed positively higher yesterday to end at USD56 and USD63 per barrel respectively. Hence, no bad news could weigh on sentiment yesterday. As for today, we expect the market to wait for further clue on the market direction and may pick up attractively valued stock price along the way.
- 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

BIMB, HOLD (TP: RM4.40): BIMB's unit issues first tranche of RM300m sukuk murabahah programme

BIMB Holdings Bhd said its wholly-owned subsidiary Bank Islam Malaysia Bhd has issued the first tranche of its subordinated sukuk murabahah programme amounting to RM300 million, with tenure of 10 years. To recap, BIMB had announced on Oct 10, 2014, that Bank Islam had obtained the approvals of Bank Negara Malaysia and the Securities Commission Malaysia to establish the sukuk programme. In a filing yesterday, BIMB said the proceeds will be used to finance Bank Islam's Islamic banking activities, working capital and other corporate purposes, all of which shall be shariah-compliant. RAM Rating Services Bhd has currently, a rating of A1/stable on the sukuk. (Source: The Edge)

AMMB, HOLD (TP: RM7.00): AmBank gives preference for Malaysian as MD

AmBank group, which is still looking for a new managing director, is giving priority to local candidates. Local candidates are the priority, but we want the best person. So, we will not limit this to locals," chairman Tan Sri Azman Hashim told reporters at the Human Resource Knowledge Bazaar and Conference 2015, organised by Asian Institute of Chartered Bankers. Azman said the banking group cannot delay too long in appointing a new managing director. Last month, AMMB Holdings Bhd appointed Datuk Mohamed Azmi Mahmood as acting group managing director of the banking group, effective April 2, 2015. Mohamed Azmi took over from Ashok Ramamurthy whose contract had ended. (Source: The Star)

Axiata, BUY (TP: RM7.65): Celcom inks deal with TM for additional LTE sites

Celcom Axiata Bhd and Telekom Malaysia Bhd (TM) on Wednesday signed an agreement on the provisioning of additional long-term evolution (LTE) sites through the latter's Next-Gen Backhaul services. In a joint statement, the companies said under this collaborative agreement, TM would continue supporting Celcom's transmission requirements while enabling Celcom to optimise cost and efficiently utilise its infrastructure. The move was in adherence to the requirement by the Malaysian Communications and Multimedia Commission for service providers in the country to have a robust backhaul network for LTE rollout and fiberised within a two-year timeline. (Source: The Star)

Petronas Dagangan, SELL (TP: RM14.40): To supply lubricants to Port of Tg Pelepas

Petronas Dagangan Bhd's (PDB) unit Lub Dagangan Sdn Bhd will supply lubricants worth RM51mil to Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) following the signing of an eight-year contract with the latter. Petronas Dagangan said in a statement that it would supply its line of industrial and marine lubricants to PTP, which operates one of South-East Asia's fastest growing ports and container terminals. Speaking at the signing ceremony, Lub Dagangan chief executive officer Zubair Abdul Razak said the signing marked the beginning of a long-term partnership between two industry leaders. (Source: The Star)

Bursa Malaysia (CP: RM8.75): Q1 earnings up 4.2% to RM47m

Bursa Malaysia Bhd's earnings rose 4.2% to RM47.05mil in the first quarter ended March 31, 2015 from RM45.15mil a year ago, boosted by its derivatives market. The stock exchange operator said on Wednesday profit before tax increased by 6% to RM66.9mil from RM62.9mil. Its revenue increased by 3.2% to RM127.09mil from RM123.16mil a year ago. Earnings per share were 8.8 sen from 8.5 sen. Bursa Malaysia said the Securities Market recorded similar operating revenue and segment profit as per Q1, 2014 of RM86mil and RM68mil in Q1, 2015. (Source: The Star)

MNRB (CP: RM3.70): Gets BNM nod for general, family retakaful biz

MNRB Holdings Bhd's unit Malaysian Reinsurance Bhd has received Bank Negara Malaysia's approval to conduct general and family retakaful business. The reinsurer said on Wednesday the business would be under Section 10 of the Islamic Financial Services Act 2013 (IFSA) via the setting up of a retakaful division. "Following the above, the MNRB Group plans to undertake an internal restructuring exercise for its retakaful business, the details of which will be announced at a later date," it said. (Source: The Star)

Icon Offshore (CP: RM0.69): CEO and COO remanded by MACC

Icon Offshore Bhd's chief executive officer and chief operating officer have been remanded by the Malaysian Anti-Corruption Commission (MACC). The oil and gas services-related company said on Wednesday they had been remanded to "facilitate and assist" investigations currently being conducted by the MACC. Icon Offshore, which is 42% owned by Ekuiti Nasional Bhd, affirmed its commitment to uphold its corporate values that promote integrity throughout the entire company. (Source: The Star)

MRCB (CP: RM 1.30): Sells 51% stake in Nu Sentral for RM119m

Malaysian Resources Corporation Bhd (MRCB) is selling its 51% stake in Nu Sentral Sdn Bhd to Pelbauran Hartanah Bhd for RM119.77mil. MRCB said on Tuesday it has signed the share sale agreement with Pelbauran Hartanah to dispose of its stake, comprising of 10.20 million shares and 91.80 redeemable non-convertible preference shares. Nu Sentral, incorporated on Nov 22, 2006, operates a retail mall and it is also involved in property management. To recap, on Jan 22, 2008 MRCB, Pelbauran Hartanah and Nu Sentral had inked a joint venture agreement where the latter would be the joint venture company to operate Nu Sentral Mall. (Source: The Star)

Econpile (CP: RM1.07): Gets RM29.4mil job

Econpile Holdings Bhd has secured a contract worth RM29.4mil for piling and related works for TWY @ Mont Kiara duplex condominiums from Symphony Life Bhd. In a statement yesterday, the piling and foundation specialist said the contract was secured by its wholly-owned subsidiary, Econpile (M) Sdn Bhd, from TWY Development Sdn Bhd, a subsidiary of Symphony Life to undertake earthworks, piling, and basement construction works for the high-rise property project in upscale Mont Kiara. TWY @ Mont Kiara has an estimated gross development value of RM250mil over 2 acres. (Source: The Star)

Amcorp Properties (CP: RM1.01): And partners buy apartments in Japan

Amcorp Properties Bhd and its co-investors, Grosvenor Asia Pacific Ltd and Nan Fung of Hong Kong, have acquired residential property worth 2.06 billion yen (RM63.3mil) in the Roppongi district of Minato-ku, Tokyo. Amcorp Properties, Grosvenor Asia Pacific, part of the UK Grosvenor Group, and Nan Fung, one of the largest property developers in Hong Kong, made their maiden investment in a residential block, known as Forest Nanpeidai, in Shibuya-ku, Tokyo in January this year. In a statement here yesterday, Amcorp Properties said it and joint-venture partners agreed to acquire 62 apartments, covering 1,963 sq m in a mixed use building known as Court Annex Roppongi. (Source: The Star)

Coastal Contracts (CP: RM3.01): Secures RM807mil job

Coastal Contracts Bhd has bagged a contract worth RM807mil for the sale of a jack-up drilling rig, boosting its orderbook to RM3.26bil. The offshore support vessel fabricator and emerging jack-up oil rig player said in a filing with Bursa Malaysia yesterday that the contract had been secured by its wholly owned subsidiary, Thaumass Marine Pte Ltd. Coastal Contracts, did not reveal details of the purchaser. Coastal Contracts added that the jack-up drilling rig is expected to be delivered by the third quarter of 2015. (Source: The Star)

ECONOMIC UPDATES**Malaysia: Inflation rate in March up nearly 1%**

Malaysia's inflation rate rose 0.9% in March from a year ago, which was in line with consensus, due to increases in alcoholic beverages and health. The Statistics Department said on Wednesday the inflation rate, which is measured by the Consumer Price Index (CPI) also rose 0.9% from a month ago in February due to higher transport costs. For the period January to March, the CPI rose at a slower pace of 0.7% from the previous corresponding period due to decreases in the indices of transport (-7.6%). Elaborating on the March CPI, it said the 0.9% increase to 110.9 from 109.9 a year ago was due to increases in alcoholic beverages & tobacco group by 10.6%; health by 3.6%; restaurants & hotels (+2.8%); and food & non-alcoholic beverages (+2.3%). (Source: The Star)

Malaysia: Ringgit slide more influenced by non-economic factors, says MIER

The ringgit's decline is more influenced by non-economic factors and an over-reliance on oil and gas revenue, as well as political issues, said the Malaysian Institute of Economic Research (MIER). Executive director Emeritus Professor Dr Zakariah Abdul Rashid said fundamentally, Malaysia is still in a strong economic position and this would be reflected in the ringgit over the long term. "We expect the ringgit to find an equilibrium price of 3.50 to the US dollar in the third quarter of this year," he told reporters after a briefing on Malaysia's first quarter 2015 economic update yesterday. (Source: The Star)

Malaysia: Manufacturing sector to remain key driver of M'sian economy

The manufacturing sector will remain the key driver of the Malaysian economy with exports of electrical and electronics (E and E) products expected to increase five per cent this year. International Trade and Industry Minister Datuk Seri Mustapa Mohamed said the moderate projection is in line with the current

global economic climate. "Last year, we managed to achieve a 38 per cent increase in the manufacturing sector with approved investments of RM71.9 billion. The E and E industry was the top contributor at RM11.1 billion," he told reporters after officiating the Semicon Southeast Asia 2015 yesterday. (Source: *The Star*)

Malaysia: Mier sees 5% growth

The Malaysian Institute of Economic Research (Mier) forecasts the economy to grow by 5% this year should the economic growth outlook overseas improve. The forecast is slightly lower than what we had achieved last year, but is slightly higher than the World Bank's forecast of 4.7% and the International Monetary Fund's 4.8% this year. It is about a 0.2% difference, Mier executive director Professor Zakariah Abdul Rashid said. Zakariah said the cautious optimism was premised upon tentative emerging positive signs in the global economic environment, including in Japan and Europe. "Despite a slowdown in China, the growth there is still respectable," he said. (Source: *The Star*)

U.S.: Existing home sales hit 18-month high

U.S. home resales surged to their highest level in 18 months in March as inventories improved a sign of strength in the housing market ahead of the spring selling season. The National Association of Realtors said on Wednesday existing home sales increased 6.1 percent to an annual rate of 5.19 million units, the highest level since September 2013. The percent increase was the largest since December 2010. February's sales pace was revised up to 4.89 million units from the previously reported 4.88 million units. Economists polled by Reuters had forecast home resales rising to only a 5.03 million-unit pace last month. (Source: *The Edge*)

Europe: ECB to fund Greek banks as long as they stay solvent

The European Central Bank will continue to fund Greek banks as long as they stay solvent and have enough collateral; Executive Board Member Benoit Coeure told a newspaper on Wednesday, dismissing talk that Athens might ditch the euro. Worries over the standoff between the leftist-led government in Athens and its creditors - the euro zone and the International Monetary Fund - over reforms needed to unlock bailout funds has sparked uncertainty and deposit flight from Greek banks. They have been relying on emergency liquidity assistance (ELA) from the domestic central bank, drawn against collateral, as progress on talk's remains painfully slow. (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.

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