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At a Glance

FBMKLCI fell 8.69 points to finish at 1,846.08 due to weaker China's manufacturing PMI data(See full report next page)

Daily Trading Strategy**"Wall Street Surprisingly Cool on Below Expectation Economic Indicators"**

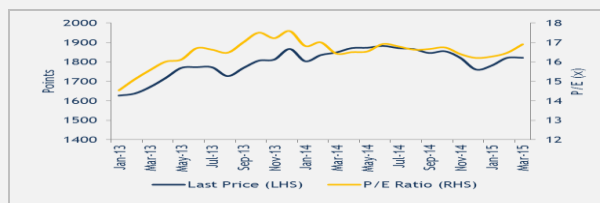
The weak oil price may be a deal breaker to local market sentiment(See full report next page)

Corporate Highlights

- **Nestle, SELL (TP: RM59.30):** Allocates RM207m as capex
- **Mah Sing, HOLD (TP: RM2.17):** Confident of reaching RM3.43 bil sales target for 2015
- **SapuraKencana, HOLD (TP: RM2.93):** Seeks to be reinstated in syariah-compliant list

Economic Update

- **Malaysia:** Government to boost ownership rate to over 50%
- **China:** April PMI contracts to one-year low
- **Indonesia:** Offers tax incentives for exporters

**KEY ECONOMIC RELEASE**

	Date	Local Time	Event	Survey	Prior
JP	21-Apr	1:00 PM	Leading Index CI	-	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	1,846.08	-8.69	-0.47
FBMEMAS	12,716.72	-47.35	-0.37
FBMEMAS SHA	13,261.38	-10.96	-0.08
FBM100	12,387.66	-46.01	-0.37
Volume (mn)	1,978.38	-758.88	-27.72
Value (RMmn)	1,678.04	-445.09	-20.96
FBMKLCI YTD Chg			4.82

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	24.7	-15.4
Local Institution	54.8	34.1
Foreign Investors	20.5	-18.7

Top Gainers

	Close	Change+/-	(+/- %)
NESTLE	74.50	0.50	0.68
BAT	66.00	0.50	0.76
PETDAG	21.60	0.36	1.69

Top Losers

	Close	Change+/-	(+/- %)
PPB GROUP	15.54	-0.30	-1.89
RHB CAPITAL	7.94	-0.26	-3.17
KLK	22.46	-0.24	-1.06

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,058.69	20.42	0.11
NASDAQ	5,056.06	20.89	0.41
S&P 500	2,112.93	4.97	0.24
FTSE 100	7,053.67	25.43	0.36
DAX	11,723.58	-143.79	-1.21
Nikkei 225	20,187.65	53.75	0.27
HSI	27,827.70	-106.15	-0.38
KOSPI	2,173.41	29.52	1.38
STI	3,502.75	6.51	0.19
KLCI Futures	1,844.00	2.00	0.00
USDMYR 3M	10.07	0.00	0.00
USDMYR 6M	10.12	0.02	0.00
USDMYR 12M	10.14	(0.00)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	58	-0.1	-0.2%
Brent (USD/bbl)	64.9	2.1	3.4%
Gold(USD/ounce)	1,194	-0.2	0.0%
Coal (USD/mt)	58.4	0.1	0.2%
CPO (RM/mt)	2,158	-2.0	-0.1%
Rubber	172	2.0	1.2%
RM/USD	3.62	0.0123	-0.34%
EUR/USD	0.92	0.0005	0.05%
YEN/USD	119.62	0.04	-0.03%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 20.42 points to 18,058.69, S&P 500 up by 4.97 points to 2,112.93. Nasdaq grew by 20.89 points to 5,056.06. U.S. stocks closed near highs on Thursday, with the Nasdaq at a record, as investors cheered corporate reports.
- The economic data also points to moderate growth that supports gradual normalization by the Federal Reserve, said Ryan Larson, head of U.S. equity trading for RBC Global Asset Management (U.S.). That continues to lend credence back into the U.S. market for stocks.

The Local Market

- FBMKLCI fell 8.69 points to finish at 1,846.08 due to weaker China's manufacturing PMI data. There were 310 gainers and 480 decliners in total value traded of RM1.68 billion.
- Among the losers on Bursa Malaysia were PPB Group down 30 cent to RM15.54, RHB Cap declined 26 cent to RM7.94, KLK dropped 24 cent to RM22.46 and APM Automotive slipped 20 cent to RM5.10.

Strategy

• "Wall Street Surprisingly Cool on Below Expectation Economic Indicators"

Wall Street ended marginally higher on Thursday despite disappointing PMI numbers from Japan and China in addition to below expectation US March New Home Sales. S&P 500 and DJIA gained 4.97 (0.24%) and 20.42 (0.11%) points to end at 2,112.93 and 18,058.69 respectively. As mentioned, PMI numbers from Japan and China came in below expectation with China PMI manufacturing came in at 49.2 vs. consensus of 49.6 while Japan hit a PMI level of 49.7 vs. street estimates of 50.8, essentially below growth level for both countries. In addition, New Home Sales in US for March turned in at 481k vs. projection of 520k. Reading in between the lines of these numbers, we opine that Wall Street would expect the Fed not to rush in snapping its policy rates given the less-than-encouraging economic indicators, paving the way for ultra-low interest rate policy to be maintained for some more time. As we mentioned before, the policy rates in the US may or may not get adjusted as it is 'data dependent' and if the numbers are not solid and steady, the whole grand plan may be deferred or if adjusted can get slashed, pause or accelerated depending on the health of the economy. At this juncture, we think that there will be adjustment but smaller than previously expected (i.e. 25 basis point only in 2015). As for today, in absence of bad news, we expect 2 forces will come through as in some quarters may pick up beaten down share price while others may want to take profit. Nonetheless, the weak oil price may be a deal breaker to local market sentiment.

- 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

Nestle, SELL (TP: RM59.30): Allocates RM207m as capex

Nestle Malaysia Bhd plans to allocate some RM207mil as its capital expenditure (capex) for the year 2015, as opposed to RM362mil the previous year. Speaking to reporters after the group's annual general meeting on Thursday, managing director Alois Hofbauer said its capex last year was mostly invested in its new Sri Muda plant in Shah Alam, where it took a total investment of RM258mil. For this year, Nestle plans to spend the RM207mil to expand plant investment and upgrade production line. Hofbauer said the Sri Muda plant will be fully operational by August 2015 and is expected to double its ready-to-drink manufacturing capacity. (Source: *The Star*)

Mah Sing, HOLD (TP: RM2.17): Confident of reaching RM3.43 bil sales target for 2015

Mah Sing Group Bhd is confident of achieving its sales target of RM3.43 billion for FY15 as it believes it has the right product mix, with attractive pricing, in the right locations. But as at April 22, Mah Sing had only chalked up RM761 million in sales, which founder and group managing director Tan Sri Leong Hoy Kum said was due to a shorter working first quarter because of the festive season. As such, he told reporters that he was sure the group will be able to catch up and meet its targeted sales number this year. The Greater KL and Klang Valley are expected to contribute about 67% to sales this year, while Johor, Penang and Sabah will contribute 20%, 11% and 2% respectively. (Source: *The Edge*)

SapuraKencana, HOLD (TP: RM2.93): Seeks to be reinstated in syariah-compliant list

Integrated oil and gas (O&G) services and solutions provider SapuraKencana Petroleum Bhd (SapKen) has submitted its application to the Securities Commission (SC) to be reinstated into the syariah-compliant list. The move came as the Employees Provident Fund announced yesterday that it would offer an Islamic investment option to its members by 2017, which analysts said could be a boon to the country's Islamic finance sector. SapKen recently converted US\$2.3bil (RM8.4bil) of its conventional loans into Malaysia's largest Islamic facility with no change in terms and rates and at a minimum paperwork charge. (Source: *The Star*)

Eco World (CP: RM1.82): Plans to list SPAC in H2 of 2015

Eco World Development Group Bhd plans to list its special purpose acquisition company (SPAC) in the second half of this year. It said on Thursday the SPAC to be named EcoWorld International Bhd would be the first property SPAC to hit the market. EcoWorld CEO Chang Kim Wah said the group is still waiting for

necessary approvals. The SPAC was expected to raise about RM1.5bil. (Source: *The Star*)

Ireka Corporation (CP: RM0.83): Expects stake in Aseana Properties realised this year

Ireka Corporation Bhd expects its 23% stake in London-listed Aseana Properties Ltd to be realised as early as this year. Ireka's new executive chairman Datuk Lai Siew Wah said Aseana Properties plans to sell its assets and return its capital to its shareholders, including Ireka. Aseana Properties' core activities are acquisition, development and redevelopment of upscale residential, commercial, hospitality and healthcare projects in the major cities of Malaysia and Vietnam. He said that he was delighted with Ireka's strategy for development over the next few years, especially as it approaches its 50th birthday in 2017. (Source: *The Star*)

Gadang (CP: RM1.53): Gets shareholder nod to buy land in Semenyih

Investment holding company Gadang Holdings Bhd has obtained shareholders' approval for its proposal to buy 62.84 acres (25.43 ha.) of freehold land in Semenyih from Sementar Properties Sdn Bhd for RM95.8 million in cash. Managing Director Ling Hock Hing told Bernama the acquisition by its indirect wholly-owned subsidiary Crimson Villa Sdn Bhd is to build a mixed development of residential units and shop offices. "Subject to the authorities' approval, our plan is for a central park surrounded by terrace and triple-link houses. (Source: *The Star*)

Muhibbah (CP: RM2.42): Eyes RM1bil worth of jobs in Pengerang

MUHIBBAH Engineering (M) Bhd is tendering for RM1bil worth of jobs in Pengerang, Johor to bolster its current order book of RM2.05bil, made up mostly of infrastructure, oil and gas and port projects. Group finance director Shirleen Lee said the group was tendering for the Refinery and Petrochemical Integrated Development (Rapid) contracts and it was also planning to bid for the Mass Rapid Transit 2 (MRT2) line contracts. She said that lower crude oil prices were "good" for the downstream sector in the oil and gas industry. (Source: *The Star*)

NCB (CP: RM2.91): Expects Kontena Nasional to turn around

NCB Holdings Bhd's unit Kontena Nasional Bhd is expected to break even and turn around by middle of 2016, said group managing director Abi Sofian Abdul Hamid. He said the loss-making logistics and haulage unit of NCB had undergone an intensive business restructuring and remodelling beginning November 2014 and had shown positive results. He said among the actions taken were to cease operations of its non-core cross-border business, giving more focus on strengthening its core competency of container haulage and increase assets utilisation. (Source: *The Star*)

Utusan (CP: RM0.69): Sells stake in Swan for RM32mil

Utusan Melayu (M) Bhd is selling its entire 40% stake in Swan Malaysia Sdn Bhd to Schwan-Stabilo Schwanhauser Finanzholding GMBH for RM31.8mil. Utusan said in a filing with Bursa Malaysia that the proposed disposal "will enable the group to improve its operating cash flow and strengthen its financial

position. The sale consideration was on a willing-buyer-willing-seller basis, after taking into account the unaudited net assets of Swan Group for the financial year (FY) ended June 30, 2014 of RM69.4mil. (Source: *The Star*)

Khazanah Nasional: Not the time to shy away from tough decisions

Khazanah Nasional Bhd managing director Tan Sri Azman Mokhtar says Malaysia is in a good position to move out of the middle-income trap as the country moves into the final phase of mapping out development programmes until the year 2020. However, he said that amid the many plans in store to move the country forward, the decision-makers should not avoid making tough decisions. Among the tough decisions that Khazanah has had to make in its 10 years of transforming government-linked companies is the makeover of Malaysia Airlines, an exercise that required laying off up to 6,000 workers. (Source: *The Star*)

Banking Sector (Neutral): Nazir: Current interest rate accommodative for banking

MALAYSIA'S current interest rate at 3.25%, which was raised by Bank Negara in July 2014, is accommodative for the banking sector. CIMB Group chairman Datuk Seri Nazir Razak said the current rate stood at a good level for the banking sector to grow loans at a decent rate. However, Nazir said with the high consumer debt to gross domestic product ratio, lifting interest rate would be "painful" for a lot of consumers. (Source: *The Star*)

ECONOMIC UPDATES

Malaysia: Government to boost ownership rate to over 50%

The federal government is committed to building more affordable homes for the rakyat and to increase the current 50 per cent ownership rate. Deputy Minister of Urban Wellbeing, Housing and Local Government, Datuk Halimah Mohamed Sadique, compared almost 85 per cent of Singaporeans were homeowners. "To improve the ownership rate, the government has pledged to supply one million affordable houses by 2018 and it has started to mobilise the public and private sectors to achieve the agenda. (Source: *The Star*)

China: April PMI contracts to one-year low

China's factory activity contracted at its fastest pace in a year in April, a private survey showed, suggesting that economic conditions are still deteriorating despite increasingly aggressive policy easing by the central bank. The flash HSBC/Markit Purchasing Managers' Index (PMI) fell to 49.2 in April, below the 50-point level that separates growth in activity from a contraction on a monthly basis. After a brief rebound in February, the index has now been back in negative territory for two consecutive months. Economists polled by *Reuters* had forecast a reading of 49.6, equal to March's final reading. (Source: *The Star*)

Indonesia: Offers tax incentives for exporters

Indonesia is offering tax breaks to firms which export at least 30 percent of their production in a bid to encourage shipments of manufactured goods now that

the commodity boom is over. The package, signed by President Joko Widodo earlier this month and effective in early May, also includes tax breaks for multinational firms which re-invest their profits locally instead of paying dividends to overseas stockholders, a move aimed at narrowing the current account deficit. In 2014, growth in Southeast Asia's largest economy slipped to the slowest in five years at 5.02 percent. Widodo has said he wants growth to average 7 percent during his five-year term, with investment, rather than consumption, as the driver. *(Source: The Star)*

Eurozone: Growth in euro zone business activity crimped by slowing orders-PMI

Euro zone private sector business growth was weaker than forecast this month on slowing new orders in the region, dragged down largely by faltering activity in France, a survey showed on Thursday. That news comes despite a big fall in the euro that could support exports, as well as the launch in March of a much-awaited sovereign bond buying programme from the European Central Bank. Markit's Composite Flash Purchasing Managers' Index, based on surveys of thousands of companies and seen as a good growth indicator, fell to 53.5, missing even the lowest forecast in a Reuter's poll. *(Source: The Edge)*

U.S.: New-Home Sales Trend Looks Solid

The spring home-selling season is off to a strong start when judged against last year, with a double-digit sales increase this March and growing builder optimism offering the latest signs that the housing market is moving past a sluggish stretch. Sales of newly built homes declined by 11.4% in March from their red-hot pace in February, which itself registered as the strongest month for sales in seven years, to a seasonally adjusted annual rate of 481,000, according to Commerce Department figures released Thursday. However, the March tally represents a 19.4% increase from the sales pace of March 2014. Even more broadly, the 129,000 newly built homes sold in this year's first quarter represent a 21.7% gain from the same period of 2014. *(Source: Wall Street Journal)*

U.S.: Jobless claims rise for third straight week

The number of Americans filing new claims for jobless benefits rose last week for a third straight week, but the underlying trend continued to point to a solidly improving labor market. Initial claims for state unemployment benefits increased 1,000 to a seasonally adjusted 295,000 for the week ended April 18, the Labor Department said on Thursday. Claims for the prior week were unrevised. Economists polled by Reuters had forecast claims slipping to 290,000 last week. A Labor Department analyst said there was nothing unusual in the state-level data. Claims tend to be volatile around this time of the year because moving holidays like Easter and school spring breaks often throw off the model that the government uses to smooth the data for seasonal fluctuations. *(Source: CNBC)*

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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