PP14767/09/2012(030761)

Wednesday, April 01, 2015

Market Access

At a Glance

FBMKLCI gained 8.95 points to finish at 1,830.78 as positive momentums continued in local market.............(See full report next page)

Strategy

"Wall Street Turns Nervous Adverse of Yesterday"

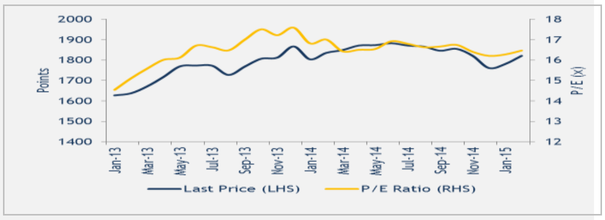
Investors are now turning to fresh new quarter with rising possibility that the US Federal Reserve may adjust its policy rate in June............(See full report next page)

Corporate Highlights

- **RHB Capital HOLD (TP: RM8.30):** RHB Banking group's IGNITE 2017 exceeds expectations
- **Public Bank, BUY (TP: RM20.60):** Public Mutual declares distributions for 3 funds
- **KPJ, HOLD (TP: RM3.92):** To acquire stake in Crossborder Hall and Crossborder Aim

Economic Update

- **Malaysia:** Fuel prices stay unchanged
- **Malaysia:** Malaysia's reserves remain usable and unencumbered
- **U.S.:** Consumer confidence, house prices offer hope for economy



KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
EU	30-Mar	5:00 PM	Consumer Confidence	-	7.0%
JP	30-Mar	7:50 AM	Industrial Production MoM	-	3.7%
JP	30-Mar	7:50 AM	Industrial Production YoY	-	-2.8%
US	30-Mar	8:30 PM	Personal Income	0.3%	0.3%
US	30-Mar	8:30 PM	Personal Spending	0.2%	-0.2%
US	30-Mar	10:00 PM	Pending Home Sales MoM	0.7%	1.7%
EU	31-Mar	5:00 PM	Unemployment Rate	-	11.2%
EU	31-Mar	5:00 PM	CPI Estimae YoY	-	-0.3%
EU	31-Mar	5:00 PM	CPI Core YoY	-	0.7%
EU	31-Mar	5:00 PM	Markit Eurozone Manufacturing PMI	-	51.9
CN	31-Mar	5:00 PM	Non-Manufacturing PMI	-	53.9
US	31-Mar	9:00 PM	S&P/CaseShiller-20 City Index	-	173.02
US	31-Mar	10:00 PM	Consumer Confidence Index	96.3	96.4
CN	1-Apr	9:00 AM	Manufacturing PMI	-	49.9
CN	1-Apr	9:45 AM	HSBC China Manufacturing PMI	-	49.2
JP	1-Apr	7:50 AM	Tankan Large Mfg Outlook	16	9
JP	1-Apr	7:50 AM	Tankan Large Non-Mfg Outlook	18	15
JP	1-Apr	9:35 AM	Markit/JMMA Japan Manufacturing PMI	-	50.4
US	1-Apr	7:00 PM	MBA Mortgage Applications	-	9.5%
US	1-Apr	8:15 PM	ADP Employment Change	225K	212K
US	1-Apr	9:45 PM	Markit US Manufacturing PMI	-	55.3
US	1-Apr	10:00 PM	ISM Manufacturing	-	52.9
JP	2-Apr	7:50 AM	Monetary Based YoY	-	36.7%
US	2-Apr	8:30 PM	Initial Jobless Claims	-	-
US	2-Apr	8:30 PM	Trade Balance	($41.0B)	($41.8B)
US	2-Apr	10:00 PM	Factory Orders	0.5%	-0.2%
MY	3-Apr	12:00 PM	Exports YoY	-	-0.6%
MY	3-Apr	12:00 PM	Imports YoY	-	-5.3%
MY	3-Apr	12:00 PM	Trade Balance MYR	-	9.01B
CN	3-Apr	9:45 AM	HSBC China Composite PMI	-	51.8
CN	3-Apr	9:45 AM	HSBC China Services PMI	-	52.0
JP	3-Apr	9:35 AM	Markit Japan Sevices PMI	-	48.5
JP	3-Apr	9:35 AM	Markit/JMMA Japan Composite PMI	-	50.0
US	3-Apr	8:30 PM	Change in Nonfarm Payrolls	250K	295K
US	3-Apr	8:30 PM	Unemployment Rate	5.5%	5.5%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,830.78	8.95	0.49
FBMEMAS	12,563.38	60.30	0.48
FBMEMAS SHA	13,122.15	46.63	0.36
FBM100	12,259.97	63.21	0.52
Volume (mn)	2,154.97	232.36	12.09
Value (RMmn)	2,458.41	749.41	43.85
FBMKLCI YTD Chg			3.95

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	16.2	-60.1
Local Institution	50.5	-203.3
Foreign Investors	33.3	263.4

Top Gainers

	Close	Change+/-	(+/- %)
BAT	68.66	0.86	1.27
KLK	22.78	0.36	1.61
WESTPORTS	4.02	0.29	7.77

Top Losers

	Close	Change+/-	(+/- %)
ASIA BRANDS BHD	2.59	-0.36	-12.20
LTKM BHD	5.72	-0.26	-4.35
TASCO BHD	3.53	-0.22	-5.87

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,776.12	-200.19	-1.11
NASDAQ	4,900.89	-46.56	-0.94
S&P 500	2,067.89	-18.35	-0.88
FTSE 100	6,773.04	-118.39	-1.72
DAX	11,966.17	-119.84	-0.99
Nikkei 225	19,206.99	-204.41	-1.05
HSI	24,900.89	45.77	0.18
KOSPI	2,041.03	10.99	0.54
STI	3,447.77	-6.49	-0.19
KLCI Futures	1,818.00	0.50	0.00
USDMYR 3M	10.44	0.01	0.00
USDMYR 6M	10.46	0.01	0.00
USDMYR 12M	10.57	(0.00)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	48	0.1	0.3%
Brent (USD/bbl)	55.1	-1.2	-2.1%
Gold(USD/ounce)	1,183	-0.3	0.0%
Coal (USD/mt)	56.8	-0.4	-0.7%
CPO (RM/mt)	2,165	-26.0	-1.2%
Rubber	172	0.2	0.1%
RM/USD	3.70	-0.0075	0.20%
EUR/USD	0.93	-0.0005	-0.05%
YEN/USD	120.06	-0.07	0.06%

Research Team
research@mna.com.my
03-22877228/03-22825373

Market Access

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 200.19 points to 17,776.12, S&P 500 down by 18.35 points to 2,067.89. Nasdaq tumble by 46.56 points to 4,900.89. The selling pressure started in Asia on Tuesday as bourses in China and Japan suffered 1%-plus declines followed by weakness in Europe. U.S. markets opened down hard amid light volume and a sense of boredom and stagnation.

- Stocks, when measured broadly, really haven't done much since November aside from a short-lived push to incremental new highs at the end of February.

The Local Market

- FBMKLCI gained 8.95 points to finish at 1,830.78 as positive momentums continued in local market. There were 400 gainers and 383 decliners in total value traded of RM1.70 billion.

- Among the gainers on Bursa Malaysia were British American Tobacco surged 86 cent to RM68.66, Kuala Lumpur Kepong soared 36 cent to RM2.78, Westport grew 29 cent to RM4.02 and Hong Leong Financial rose 28 cent to RM16.96.

Strategy

- **"Wall Street Turns Nervous Adverse of Yesterday"**
  Wall Street flipped on Tuesday, erasing its solid gains on Monday, no thanks to challenging second quarter outlook. **S&P 500** and **DJIA** lost **18.35 (-0.88%)** and **200.19 (-1.11%)** points to end at **2,067.89** and **17,776.12** respectively. Yesterday's excitement had dissipated just as fast as it blooms with Wall Street tanked ahead of challenging 2Q15 outlook. Investors are now turning to fresh new quarter with rising possibility that the US Federal Reserve may adjust its policy rate in June. As a result, US Treasury yield gained, indicating that nervousness is building up. Oil price, in the meantime, tanked at the back of the possibility of easing sanction in Iran where the country may flood the oil market with big time export, giving another downside risk to oil price. At this juncture, this see-saw market performance is expected and we expect it to prevail until there is a clear precision as to when the US Fed is going to adjust its policy rate.

- 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% in2014.

Research Team
research@mna.com.my
03-22877228 ext. 258,221,229,249

Market Access

CORPORATE HIGHLIGHTS

RHB Capital HOLD (TP: RM8.30): RHB Banking group's IGNITE 2017 exceeds expectations

The RHB Banking Group's transformation programme, IGNITE 2017, surpassed expectations in just 10 months and delivered RM425mil in value realised within this period. It said on Tuesday this translated to an increase in pre-tax profit of RM178mil to the group's full year 2014 results. The three-year programme generated more than RM2.984bil in total value as well an asset growth of more than RM9.752bil in the first year," it said. RHB Banking group said IGNITE 2017, launched in February 2014, is the third phase of the group's transformation journey to speed up its RHB's aspirations of becoming a leading multinational financial services group by 2020. *(Source: The Star)*

Public Bank, BUY (TP: RM20.60): Public Mutual declares distributions for 3 funds

Public Bank's unit Public Mutual declared distributions for three unit trust funds for the financial year ending March 31, 2015. It said on Tuesday for the Public Regular Savings Fund, the gross distribution per unit was 4.00 sen per unit while for the Public Aggressive Growth Fund (3.0 sen) and Public Institutional Bond Fund (0.96 sen). The strategy for Public Regular Savings Fund is to achieve consistent capital growth over the medium- to long-term period and to attain a steady growth of income. *(Source: The Star)*

KPJ, HOLD (TP: RM3.92): To acquire stake in Crossborder Hall and Crossborder Aim

KPJ Healthcare Bhd has proposed to acquire the entire stake of Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd for RM4.718mil. KPJ said the acquisition was entered through its wholly-owned subsidiary, Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) and AmanahRaya Trustees Bhd, the trustee for Al-'Aqar Healthcare REIT. Crossborder Hall and Crossborder Aim are the wholly-owned subsidiaries of Al-'Aqar, said KPJ in a filing to Bursa Malaysia today. The proposed acquisition is part of KPJ's plan to rationalise and streamline its operations in Indonesia for the purpose of, among others, to improve operational efficiency and flexibility," it added. *(Source: The Star)*

Parkson, HOLD (TP: RM2.25): Retail ordered to pay RM83.9m in property dispute

Parkson Retail Group Ltd (PRG), the Hong Kong-listed subsidiary of Parkson Holdings Bhd, has been ordered by China International Economic and Trade Arbitration Commission to pay 140.4 million yuan (RM83.9mil) in a property dispute. Parkson Retail Development Co Ltd, an indirect unit of PRG, has to pay the landlord of Metro City Shopping Plaza a lump sum plus daily fees of 49.4 million yuan for occupying the premises after the termination of the tenancy agreement. It was also ordered to pay rental totalling 89.92 million yuan (the difference between the amount which the PRG unit had paid and the amount of rental which the commission had determined to be payable). PRG, whose department store chain spans 36 cities in China, is 53.07% owned by Parkson Holdings. *(Source: The Star)*

Pharmaniaga (CP: RM6.00): Aims to up non-concession business to 60% by 2019

To balance its business portfolio mix, Pharmaniaga Bhd aims to increase its non-concession business to 60% in the next three to four years from 42% now, said the group's chairman Tan Sri Lodin Wok Kamaruddin. "At present, our concession business contributes 58% to our group's revenue, while the non-concession business generates the remaining 42%. Our aim is to have a healthy balance for our business portfolio, such that the non-concession business will increase to 60% in the next three or four years,". Lodin said the group is eyeing to increase its presence in the private healthcare sectors locally and abroad, as well as opening more stand-alone pharmacies under its Royal Pharma brand. *(Source: The Edge)*

Crescendo (CP: RM2.49): 4Q net profit boosted by change in sales mix

Crescendo Corp Bhd posted a 16.9% increase in net profit for its fourth financial quarter ended Jan 31, 2015 to RM34.6 million or 15.2 sen a share, mainly contributed by a change in sales mix with higher proportion of sales of high margin industrial properties. The group's revenue for the quarter increased by a marginal 0.8% to RM75.3 million, from RM74.6 million previously, said Crescendo in a Bursa Malaysia filing this evening. For the financial year ended Jan 31, 2015, Crescendo posted a 1% decrease in net profit to RM119.9 million, from RM121.1 million a year before. Revenue has declined 13.5% to RM268.5 million, from RM310.4 million, caused by lower sales in industrial properties and concrete products. *(Source: The Edge)*

TA Enterprise (CP: RM0.75): Posts Q4 net losses of RM33m

TA Enterprise Holdings Bhd swung into the red with net losses of RM33.28mil in the fourth quarter ended Jan 31, 2015 due to foreign exchange losses realised after dissolving foreign subsidiaries and fair value loss on investment securities. It said on Tuesday the losses were in stark contrast with the earnings of RM29.21mil a year ago. Loss before tax was RM23.79 compared with RM40.52mil. Loss per share was 1.94 sen compared with earnings per share of 1.71 sen. TA Enterprise said foreign exchange loss was RM32.49mil compared with losses of RM18.56mil a year ago. Fair value loss on revaluation of investments widened to RM32.99mil from losses of RM12.93mil a year ago. *(Source: The Star)*

Xinghe Holdings (CP: RM0.12): Sees RM200mil revenue from JV with arabian firm

Edible-oil manufacturer Xinghe Holdings Bhd is expecting an annual revenue of RM200mil following a tie-up with Arab Supplier Fabrication and Retail Sdn Bhd (Asfar), a manufacturer and exporter of palm-related products. Xinghe and Asfar have entered into a 50:50 joint venture (JV) to build a plant in Klang to produce several types of oils and fats such as palm oil, peanut oil, soya bean oil and blended oil with an initial investment of RM20mil. In total, the JV will invest up to RM90mil in the next five years. *(Source: The Star)*

Research Team
research@mna.com.my
03-22877228 ext. 258,221,229,249

Market Access

ECONOMIC UPDATES

Malaysia: Fuel prices stay unchanged

Motorists were queuing up to pump fuel at petrol stations around the country, expecting a price hike after midnight. But it did not happen. The Domestic Trade, Cooperatives and Consumerism Ministry said the retail prices for RON 95, RON 97 and diesel remain unchanged. RON 97, however, comes with the 6% Goods and Services Tax, according to *Bernama. (Source: The Star)*

Malaysia: Malaysia's reserves remain usable and unencumbered

Malaysia's reserves remained usable and unencumbered as at end-February 2015, based on the detailed breakdown of international reserves under the International Monetary Fund's Special Data Dissemination Standard (SDDS) format. Bank Negara Malaysia (BNM) said in a statement today, official reserve assets amounted to US$110.48 billion, while other foreign currency assets amounted to US$1.05 billion. For the next 12 months, the central bank said the pre-determined short-term outflow of foreign currency loans would amount to US$1.46 billion, arising from scheduled repayments of external borrowings by the government. *(Source: Business Times)*

U.S.: Consumer confidence, house prices offer hope for economy

U.S. consumer confidence rebounded strongly in March amid optimism over the labor market while house prices increased in January, hopeful signs that a recent sharp slowdown in economic activity was probably a blip. A combination of harsh winter weather, a now-settled labor dispute at the country's busy West Coast ports, softer global demand and a strong dollar dampened growth early in the first quarter. The Conference Board said on Tuesday its index of consumer attitudes rose to 101.3 this month from 98.8 in February. That was well above economists' expectations for a reading of 96. *(Source: The Star)*

Japan: Big manufacturers' confidence steady in first quarter

Confidence among big Japanese manufacturers held steady in the three months to March and is expected to worsen slightly ahead, a closely watched central bank survey showed, in a worrying sign for the government's efforts to boost the economy. The headline index for big manufacturers' sentiment was unchanged from three months earlier at plus 12 in March, the Bank of Japan's quarterly "tankan" survey showed on Wednesday. That compared with the median estimate of plus 14 in a Reuters poll of economists. Big firms plan to cut capital expenditures by 1.2 percent in the fiscal year that starts April 1, the survey showed. *(Source: Reuters)*

China: Cautious China banks could undermine Beijing's property stimulus efforts

As stock market investors cheer Beijing's latest bid to boost the country's ailing housing sector, Chinese bankers are gritting their teeth over the risks they face in further relaxing lending rules to home buyers. Alarmed by persistent weakness in the property market and its increasing drag on the economy, policymakers said on Monday they were cutting downpayments levels for the second time in six months and offering bigger tax breaks. The hope is that by allowing buyers to get mortgages more easily, China can revive the housing market, which accounts for 15 percent of its economy, and where prices are falling at a record pace. *(Source: The Star)*

Market Access

Market Access

M&A Securities

STOCK RECOMMENDATIONS

BUY	*Share price is expected to be ≥+10% over the next 12 months.*
TRADING BUY	*Share price is expected to be ≥+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 ≥-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.*

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
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