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At a Glance

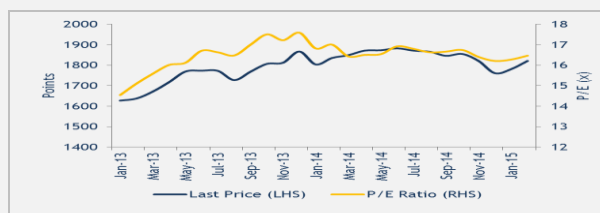
FBMKLCI gained 8.42 points to finish at 1,842.92 due to the slight rebound in Ringgit ...(See full report next page)

Corporate Highlights

- **Maybank, BUY (TP: RM10.70):** Plans fundraising
- **SapuraKencana, BUY (TP: RM2.93):** US\$2.3bil Islamic loan to mature within a year?
- **Boustead (CP: RM4.50):** Sets aside RM700m as capex

Economic Update

- **Malaysia:** Government to provide 100% tax relief for manufacturing, services in underdeveloped areas
- **U.S.:** March services sector activity rises to highest since August (Markit)
- **U.S.:** Service sector growth slips in March (ISM survey)



KEY ECONOMIC RELEASE

| | Date | Local Time | Event | Survey | Prior |
|----|-----------|------------|-------------------------------|----------|-----------|
| JP | 6-Apr | 1:00 PM | Leading Index CI | - | 105.5 |
| JP | 6-Apr | 1:00 PM | Coincident Index | - | 113.3 |
| US | 6-Apr | 9:45 PM | Markit US Composite PMI | - | 58.5 |
| US | 6-Apr | 9:45 PM | Markit US Services PMI | - | 58.6 |
| US | 6-Apr | 10:00 PM | ISM Non-Manif Composite | 56.6 | 56.9 |
| EU | 7-Apr | 4:00 PM | Markit Eurozone Services PMI | - | 54.1 |
| EU | 7-Apr | 4:00 PM | markit Eurozone Composite PMI | - | 3.7% |
| EU | 7-Apr | 5:00 PM | PPI MoM | - | -0.9% |
| EU | 7-Apr | 5:00 PM | PPI YoY | - | -3.4% |
| MY | 7-Apr | - | Foreign Reserves | - | \$109.2B |
| JP | 7-Apr | 7:50 AM | Official Reserve Assets | - | \$1251.1B |
| EU | 8-Apr | 4:10 PM | Markit Eurozone Retail PMI | - | 46.4 |
| EU | 8-Apr | 5:00 PM | Retail Sales MoM | - | 1.1% |
| EU | 8-Apr | 5:00 PM | Retail Sales YoY | - | 3.7% |
| JP | 8-Apr | 7:50 AM | BoP Current Account Balance | ¥1312.1B | ¥61.4B |
| US | 8-Apr | 7:00 PM | MBA Mortgage Applications | - | 4.6% |
| US | 9-Apr | 8:30 PM | Initial Jobless Claims | - | - |
| US | 9-Apr | 8:30 PM | Continuing Claims | - | - |
| CN | 10-Apr | 9:30 AM | CPI YoY | 1.3% | 1.4% |
| CN | 10-Apr | 9:30 AM | CPI MoM | -4.4% | -4.8% |
| MY | 10-Apr | 12:00 PM | Industrial Production YoY | - | 7.0% |
| CN | 10-15 Apr | - | Foreign Reserves | - | \$3840.0B |

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Bursa Malaysia

| | Close | Change+/- | (+/- %) |
|-----------------|-----------|-----------|---------|
| FBMKLCI | 1,842.94 | 8.42 | 0.46 |
| FBMEMAS | 12,624.94 | 41.91 | 0.33 |
| FBMEMAS SHA | 13,164.53 | 30.33 | 0.23 |
| FBM100 | 12,321.37 | 42.28 | 0.34 |
| Volume (mn) | 1,993.53 | 204.44 | 11.43 |
| Value (RMmn) | 1,686.37 | 404.29 | 31.53 |
| FBMKLCI YTD Chg | | | 4.64 |

Daily Trading Position (RM'mn)

| | Participation (%) | Net(RMm) |
|-------------------|-------------------|----------|
| Local Retail | 20.7 | -39.6 |
| Local Institution | 61.8 | -32.5 |
| Foreign Investors | 17.5 | 72.1 |

Top Gainers

| | Close | Change+/- | (+/- %) |
|----------------|-------|-----------|---------|
| BAT | 69.30 | 1.08 | 1.58 |
| NESTLE (MALAY) | 74.80 | 0.50 | 0.67 |
| PETDAG | 20.50 | 0.36 | 1.79 |

Top Losers

| | Close | Change+/- | (+/- %) |
|---------------|-------|-----------|---------|
| MCT BHD | 1.33 | 0.05 | 3.91 |
| UNITED PLANT | 26.00 | -0.38 | -1.44 |
| PANASONIC MAN | 23.00 | -0.18 | -0.78 |

World Indices

| | Close | Change+/- | (+/- %) |
|--------------|-----------|-----------|---------|
| DJIA | 17,880.85 | 117.61 | 0.66 |
| NASDAQ | 4,917.32 | 30.38 | 0.62 |
| S&P 500 | 2,080.62 | 13.66 | 0.66 |
| FTSE 100 | - | - | - |
| DAX | - | - | - |
| Nikkei 225 | 19,397.98 | -37.10 | -0.19 |
| HSI | 25,275.64 | 192.89 | 0.77 |
| KOSPI | 2,046.43 | 1.01 | 0.05 |
| STI | 3,452.91 | -0.84 | -0.02 |
| KLCI Futures | 1,842.00 | 8.00 | 0.00 |
| USDMYR 3M | 10.09 | (0.02) | (0.00) |
| USDMYR 6M | 10.19 | (0.02) | (0.00) |
| USDMYR 12M | 10.31 | (0.02) | (0.00) |

Other Key Economics Data

| | Close | Change+/- | (+/- %) |
|-----------------|--------|-----------|---------|
| WTI (USD/bbl) | 52 | -0.3 | -0.5% |
| Brent (USD/bbl) | 58.1 | 3.2 | 5.8% |
| Gold(USD/ounce) | 1,216 | 0.9 | 0.1% |
| Coal (USD/mt) | 55.6 | 0.0 | 0.0% |
| CPO (RM/mt) | 2,233 | 42.0 | 1.9% |
| Rubber | 168 | -3.7 | -2.2% |
| RM/USD | 3.63 | -0.0378 | 1.04% |
| EUR/USD | 0.91 | -0.0009 | -0.10% |
| YEN/USD | 119.49 | -0.05 | 0.04% |

What To Expect

U.S. Market

- The Dow Jones Industrials Average surged 117.61 points to 17,880.85, S&P 500 soared by 13.66 points to 2,080.62. Nasdaq rose by 30.38 points to 4,917.32. U.S. stocks closed higher on Monday, rebounding from initial losses on the disappointing jobs report as the weak data renewed hopes of a delayed increase in interest rates.
- Meanwhile, underscoring the economic weakness, an ISM report on Monday showed the pace of growth in the U.S. services sector fell in March to its lowest level in three months.

The Local Market

- FBMKLCI gained 8.42 points to finish at 1,842.92 due to the slight rebound in Ringgit. There were 392 gainers and 379 decliners in total value traded of RM1.68 billion.
- Among the gainers on Bursa Malaysia were BAT rose RM1.08 to RM69.30, Nestle (M) increased 50 cent to RM74.80, PetDag grew 36 cent to RM20.50 and Syarikat Takaful up 22 cent to RM13.58.

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

Maybank, BUY (TP: RM10.70): Plans fundraising

Malayan Banking Bhd (Maybank) has announced its intention to undertake a fundraising exercise for working capital, general banking and other corporate purposes in a foreign country, but has yet to disclose further details. In a filing with Bursa Malaysia, the country's largest bank attached comprehensive special-purpose audited financial statements for the three financial years ended Dec 31, 2014, 2013 and 2012. The special-purpose audited financial statements were prepared to fulfil legal requirements of a foreign country in which Maybank intends to undertake a fundraising exercise for working capital, general banking and other corporate purposes. (Source: The Star)

SapuraKencana, BUY (TP: RM2.93): US\$2.3bil Islamic loan to mature within a year?

Oil and gas services provider SapuraKencana Petroleum Bhd's (SapKen) US\$2.3bil equivalent multi-currency Islamic facility said to be the largest syndicated Islamic financing in Malaysia to-date - will mature on March 18, 2016, a banking source told Reuters. The loan refinanced the two-year bridge portion of the borrower's US\$5.5bil conventional financing signed last March. The maturity date of the latest facility is the same as that two-year portion, it

said. According to a SapKen statement in January, the transaction to convert a portion of loans into an Islamic financing facility was to prepare the company's return to the Securities Commission's list of syariah-compliant stocks. (Source: *The Star*)

Boustead (CP: RM4.50): Sets aside RM700m as capex

Diversified group Boustead Holdings Bhd has set aside RM700mil as capital expenditure (capex) excluding acquisition allocation for the financial year ending Dec 31, 2015. Deputy chairman and group managing director Tan Sri Lodin Wok Kamaruddin said the capex, which was similar to last year, was to further strengthen all its six divisions, with the focus on pharmaceutical, property and plantations. He said on Monday the group pharmaceutical arm would be the driver for the group earnings this year due to its recession-proof business. (Source: *The Star*)

AirAsia X (CP: RM0.45): To fly to Hawaii, exclusive destination in Europe by December

AirAsia X Bhd, the leading long-haul low-fare airline, aims to spread its wings to Hawaii and an 'exclusive' destination in Europe by December, Group Chief Executive Officer (CEO) Datuk Kamarudin Meranun said. He said AirAsia X was in the midst of working out an arrangement with a feeder airline in Europe on the 'exclusive' route. "The key thing for us is to find a destination where we can also link with a good feeder airline," he told reporters at the launch of Wisma Tune here yesterday. AirAsia X hopes to benefit from the feeder airline that would bring in travellers from destinations not served by large carriers to hub airports for onward journeys on national and international airlines. The airline previously operated Airbus A340s to London and Paris, but cancelled them in 2012. (Source: *The Star*)

AirAsia (CP: RM2.28): Fernandes calls for establishment of ASEAN aviation regulatory authority

AirAsia Bhd Group Chief Executive Officer Tan Sri Tony Fernandes has called for ASEAN countries to band together and form a regulatory authority to ensure civilian aviation safety. It is a great opportunity for the region to come together and create something like the European Aviation Safety Agency (EASA) and have a strong regulatory authority. He said the establishment of such authority was important, especially as it was tough for all 10 countries to get the necessary skills and budgets. The responsibilities should include conducting analysis and research of safety, authorising foreign operators, as well as, the approval of organisations involved in the design, manufacture and maintenance of aeronautical products. (Source: *Business Times*)

MCT (CP: RM1.33): Sees 1.3pc impact from GST on property development

Newly-listed Integrated property developer MCT Bhd sees itself incurring a lower construction cost of 1.3 per cent from the Goods and Services Tax (GST). This is in contrast to the 2.6 per cent post-GST impact estimated by the Real Estate and Housing Developers' Association Malaysia (Rehda). Rehda made this observation after taking into consideration the construction cost, which constitutes 46 per cent of the total development. MCT Non-Independent Executive Director and Chief Executive Officer Datuk Seri Tong Seech Wi said as

an integrated developer, it had in-house construction and trading companies as well as design team, to minimise the GST impact. *(Source: Bernama)*

HLB (CP: RM14.34): Sells building to HLA for RM220mil

Hong Leong Bank Bhd (HLB) is disposing of a freehold, 27-storey office building in Jalan Raja Laut, Kuala Lumpur, to Hong Leong Assurance Bhd (HLA) for RM220mil. In a filing with Bursa Malaysia, HLB said under the terms, HLA had paid RM22mil as deposit and the balance RM198mil would be paid within 90 days of the date on which the last of the conditions precedent had been fulfilled or waived. HLB said the property formed part of the assets and liabilities of the former EON Bank Bhd, which were vested in HLB on July 1, 2011 following the takeover of EON Bank.

Karex (CP: RM4.53): Expects new plant to boost capacity

Homegrown condom manufacturer Karex Bhd, which has allocated RM30 million capital expenditure (capex) to build a new plant in Thailand, expects the new facility to increase its group-wide condom production capacity to 5 billion by year-end. The company has factories in Port Klang, Pontian, Johor and Hat Yai in Thailand, with a combined production capacity of 4 billion condoms currently. They are targeting 5 billion (production capacity) this year, and 6 billion next year. Hopefully we (can) put in another one more billion by 2017, bringing it to 7 billion capacities. *(Source: The Sunday)*

Magna Prima (CP: RM0.91): Says it has yet to receive formal offer for its Lai Meng school land

Construction player Magna Prima Bhd (Magna Prima) said it has been approached by parties interested to acquire its Lai Meng School land in Jalan Ampang, but that none has made a formal offer so far. As at to-date, the company has not received any formal offer from any party in relation to the Lai Meng school land in Jalan Ampang, said Magna Prima. It added that the group is always open to discuss any proposal from any party that fits with its strategy, and that can maximise its shareholders returns and fuel future growth. *(Source: The Edge)*

ECONOMIC UPDATES

Malaysia: Government to provide 100% tax relief for manufacturing, services in underdeveloped areas

The government is providing tax 100% tax relief for up to 15 years for companies that undertake manufacturing or services activities in underdeveloped areas in Malaysia. Tax relief for activities in undeveloped areas was one of the incentives announced last year at Budget 2015. According to International Trade and Industry Minister (MITI) Datuk Seri Mustapa Mohamed, since 2006 to 2014, 3,498 projects have been cumulatively approved in "undeveloped areas" within the five economic regions in Malaysia. He said total domestic investment in these projects amounted to RM99.09bil and foreign investment, RM165.65bil, adding that these projects had since created 381,016 new jobs. *(Source: The Star)*

U.S.: March services sector activity rises to highest since August (Markit)

The U.S. services sector expanded in March at its fastest pace since August, an industry report showed on Monday. Financial firm Markit said its final reading of its Purchasing Managers Index for the services sector rose to 59.2 in March from 57.1 in February. The March reading was the highest level since August and was above the preliminary, or "flash," reading of 58.6. A reading over 50 signals expansion in economic activity. Markit's March reading of employment at service companies rose to 54.0, up from 52.7 in February and its highest reading since June. The March number was the same as the preliminary reading. *(Source: The Star)*

U.S.: Service sector growth slips in March (ISM survey)

The pace of growth in the U.S. services sector fell in March to its lowest level in three months but exports rose to the highest level in over two years, according to an industry report released on Monday. The Institute for Supply Management said its services index fell to 56.5 last month from 56.9 in February. The reading was in line with economists' forecasts, according to a Reuters survey. The March reading was the lowest since a matching reading last December. A reading above 50 indicates expansion in the sector. The exports index rose, however, to 59.0 from 53.0 in February to mark the highest reading since February 2013. *(Source: The Star)*

Singapore: Tweaks timetable for curbs on unsecured credit

Singapore will implement curbs on credit card and other unsecured loans that banks can extend to individuals in stages, to give borrowers more time to reduce their debts, its central bank said on Monday. At issue is a rule originally announced by the Monetary Authority of Singapore (MAS) in September 2013, and due to take effect this June. The MAS had previously planned to prohibit financial institutions from providing more unsecured credit to borrowers whose total interest-bearing unsecured debt across all banks in Singapore exceeded 12 times their monthly income for three straight months, starting in June. To give borrowers more time to adjust, the MAS said it had now decided to phase in the rule over the next four years. *(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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