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Thursday, April 09, 2015

At a Glance

FBMKLCI declined 6.20 points to finish at 1,850.31 due to profit taking activities(See full report next page)

Strategy**"Wall Street Sign of Relief"**

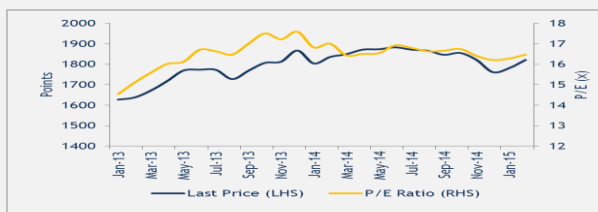
We expect investors trading mood may improve although they are likely to trade with caution still(See full report next page)

Corporate Highlights

- **Public Bank, HOLD (TP: RM20.60):** Public Islamic Bank campaign offers profit rates up to 4.38%
- **Sime Darby, HOLD (TP: RM9.08):** VTTI scrap JV
- **TNB, HOLD (TP: RM15.20):** Cross 90% threshold to privatise Integrax

Economic Update

- **Malaysia:** To capture data market worth RM2bil by 2020
- **China:** To loosen capital controls for foreign firms
- **Greece:** Has not asked Russia for aid, Greek official says

**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	1,850.31	-6.20	-0.33
FBMEMAS	12,682.11	-23.76	-0.19
FBMEMAS SHA	13,218.61	-18.02	-0.14
FBM100	12,373.26	-30.50	-0.25
Volume (mn)	1,821.98	-126.83	-6.51
Value (RMmn)	1,884.49	-216.38	-10.30
FBMKLCI YTD Chg			5.06

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	19.7	-24.1
Local Institution	56.6	2.9
Foreign Investors	23.7	21.2

Top Gainers

	Close	Change+/-	(+/- %)
LTKM BHD	6.63	0.59	9.77
NESTLE (MALAY)	75.30	0.50	0.67
CARLSBERG BREW	13.92	0.32	2.35

Top Losers

	Close	Change+/-	(+/- %)
BAT	68.50	-0.80	-1.15
LEBTECH BHD	1.10	-0.40	-26.67
HONG LEONG BA	14.32	-0.28	-1.92

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,902.51	27.09	0.15
NASDAQ	4,950.82	40.59	0.83
S&P 500	2,081.90	5.57	0.27
FTSE 100	6,937.41	-24.36	-0.35
DAX	12,035.86	-87.66	-0.72
Nikkei 225	19,789.81	149.27	0.76
HSI	26,236.86	961.22	3.80
KOSPI	2,059.26	12.23	0.60
STI	3,460.68	-4.94	-0.14
KLCI Futures	1,840.50	(10.50)	(0.01)
USDMYR 3M	9.72	0.01	0.00
USDMYR 6M	9.92	-	-
USDMYR 12M	10.06	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	51	0.5	1.1%
Brent (USD/bbl)	55.6	-3.6	-6.0%
Gold(USD/ounce)	1,202	-0.6	-0.1%
Coal (USD/mt)	54.8	-0.2	-0.4%
CPO (RM/mt)	2,166	-41.0	-1.9%
Rubber	167	-0.9	-0.5%
RM/USD	3.63	-0.008	0.22%
EUR/USD	0.93	-0.0002	-0.02%
YEN/USD	120.14	0.01	-0.01%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 27.09 points to 17,902.51, S&P 500 up by 5.57 points to 2,081.90. Nasdaq surged by 40.59 points to 4,950.82. U.S. stocks closed higher on Wednesday as investors shook off a plunge in oil prices and digested the Federal Reserve's meeting minutes as mostly dovish.
- The Federal Reserve Open Market Committee released the minutes of its March meeting, revealing that central bank policy makers were divided over the timing of an interest rate hike.

The Local Market

- FBMKLCI declined 6.20 points to finish at 1,850.31 due to profit taking activities. There were 427 gainers and 372 decliners in total value traded of RM1.88 billion.
- Among the losers on Bursa Malaysia were BAT dropped 80 cent to RM68.50, Lebtech slid 40 cent to RM1.10, Hong Leong Bank down 28 cent to RM14.32 and Time DotCom shed 17 cent to RM6.04.

Strategy

- “Wall Street Sign of Relieve”
Wall Street made some small and meaningful gains on Wednesday thanks to the US Federal Reserve rather dovish tone on the US policy path. S&P 500 and DJIA added a mild 5.57 (0.27%) and 27.09 (0.15%) points to end at 2,081.90 and 17,902.51 respectively. As mentioned, the US FOMC was rather divided on when to adjust the US policy rate, an info that was revealed in FOMC March meeting minutes released yesterday. As the policy path is hugely data-dependent, the committee was undivided on when to adjust rate now that economic parameters were rather mixed of late. It was reported that the snapping in Federal Funds Rate (FFR) has been move up to September instead of June. We need to give our view that although or maybe the FFR will get adjusted in 2H15 but the adjustment will not be successive as it can be reversed once adjusted, pause or hasten depending on the economic situation. Hence, it will not be on a pre-determine path fear by many. Therefore, the outlook is not as gloom or doom as predicted by some. On another development, US American Petroleum Institute said that US oil stock pile added more reserve than expected last week, pushing Brent to tank to USD55 per barrel, down by USD3.60 than the day before, essentially capping the risk taking by Wall Street. At this juncture, with no negative catalyst that may weigh on sentiment, we expect investors trading mood may improve although they are likely to trade with caution still.
- 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

Public Bank, HOLD (TP: RM20.60): Public Islamic Bank campaign offers profit rates up to 4.38%

Public Islamic Bank Bhd launched campaign "PB TD-i Reward" which offers promotional profit rates of up to 4.38% per annum. The bank, which is a unit of Public Bank Bhd, said on Wednesday this campaign was from March 18 to June 30, 2015. Term Deposit-i is an Islamic Term Deposit which provides customers the flexibility to manage their funds for short or long-term placement. Public Islamic Bank said for individual customers, they had to place a minimum of RM10,000 in a four-month Term Deposit-i subject to a maximum placement of RM10mil. A minimum and maximum placement of RM30,000 and RM20mil respectively is applicable to the non-individual customers. Customers will enjoy a promotional profit rate of 3.98% per annum for the first four months. (Source: *The Star*)

Sime Darby, HOLD (TP: RM9.08): VTTI scrap JV

Sime Darby Bhd and VTTI Asia Pte Ltd have scrapped plans to set up a joint venture company in relation to a bulk liquid storage terminal project at Weifang Sime Darby Port. In a filing with Bursa Malaysia yesterday, Sime Darby said both parties have decided not to pursue the joint venture in relation to the project. Sime Darby's indirect subsidiary Weifang Sime Darby Port Co Ltd (WSDP) had earlier signed a memorandum of understanding with VTTI to explore the possibilities of jointly developing, owning and operating the bulk liquid storage terminal via a joint venture company to be established between VTTI and WSDP and/or its affiliates. (Source: *The Sun Daily*)

TNB, HOLD (TP: RM15.20): Cross 90% threshold to privatise Integrax

Tenaga Nasional Bhd (TNB) takeover offer for Integrax Bhd has crossed the 90% threshold in order for the national utility company to undertake a compulsory acquisition for the remaining voting shares of the port operator. According to a filing with Bursa Malaysia, TNB managed to obtain 271.36 million shares, or 90.12% acceptances for its offer yesterday. As a result, Integrax shares will be suspended from trading on April 21, 2015 prior to its de-listing from the stock exchange. (Source: *The Sun Daily*)

UEM Sunrise (TBD): Unveils RM42b Gerbang Nusajaya project in Johor

UEM Sunrise Bhd unveiled development plans for its flagship B (Zone B) parcel in Iskandar Malaysia, which has a gross development value (GDV) of RM42 billion. Dubbed "Gerbang Nusajaya", Zone B is designed to promote growth via catalytic developments and strategic partnerships, said UEM Sunrise managing director and chief executive officer Anwar Syahrin Abdul Ajib. The unveiling of the comprehensive plans for Gerbang Nusajaya today shows the vast potential that the area has to offer. As the master developer for Nusajaya, we are delighted to be working with our strategic partners to firmly establish Gerbang Nusajaya as the key gateway to Iskandar Malaysia. To be developed over 25 years, the 4,551-acre development will serve as a commercial and business engine for Nusajaya and marks another milestone for the property developer. (Source: *The Edge*)

Pestech (CP: RM5.36): Gets RM1.59bil concession in Cambodia

Power system engineering and technical solutions provider Pestech International Bhd has become a concession owner in Cambodia after it secures a project worth RM1.59bil. It told Bursa Malaysia yesterday that it had signed an agreement with Cambodia's Mines and Energy Ministry and state-owned Electricite Du Cambodge (EDC) to transfer the ownership of the 230kV Kampong Cham – Kratie Transmission System project to its 60%-owned Diamond Power Ltd. The build-operate-transfer project to bring electricity from the upcoming Hydro Power Lower Se San 2 hydropower plant in Stung Treng to Kratie is for a 25-year period. *(Source: The Star)*

MAHB (CP: RM7.00): Syndication of €500m term loan facility undertaken by Istanbul Sabiha completed

Malaysia Airports Holdings Bhd (MAHB) announced today that the syndication of a €500 million (RM1.974 billion) bank facility loan undertaken by its wholly-owned subsidiary Istanbul Sabiha Gökçen Uluslararası Havalimani Yatirim Yapim ve Isletme A.S (ISG) has been completed. In a statement, MAHB said the senior secured syndicated term loan facility is guaranteed by ISG's shareholders and MAHB group. The facility was pre-funded and fully underwritten by BNP Paribas Fortis SA/NV, CIMB Bank Bhd's Labuan Offshore Branch and Deutsche Bank AG's Singapore branch, which is the facility agent. The final breakdown of lenders consists of a range of banks from various countries including Malaysia, Belgium, Singapore, Turkey, London, Germany, and Taiwan, among others. MAHB said syndication of the loan facility, launched on Jan 20, 2015, had received a strong and positive response from 19 banks covering Europe, Middle East and Asia. The syndication recorded oversubscription and total firm commitments of approximately €1 billion. *(Source: The Edge)*

LPI Capital (CP: RM14.88): Q1 earnings up 13% to RM58m

LPI Capital Bhd's earnings rose 13% to RM57.19mil in the first quarter ended March 31, 2015 compared with RM50.58mil a year ago, mainly due to the better results of its unit Lonpac Insurance Bhd (Lonpac). Kicking off the January-March corporate results season on Wednesday, LPI said pre-tax profit improved by 12.8% to RM70.74mil from RM62.67mil despite weaker global economic outlook and slower growth projection of the domestic economy. LPI's revenue rose 5% to RM291.73mil from RM277.79mil a year ago. Earnings per share were 17.23 sen compared with 15.28 sen. *(Source: The Star)*

IRCB (CP: RM0.80): Proposes name change to Comfort Gloves

Natural rubber and nitrile examination gloves manufacturer Integrated Rubber Corp Bhd (IRCB), which slipped into Practice Note 17 (PN17) in 2012, has proposed to change its name to Comfort Gloves Bhd. In a filing with Bursa Malaysia today, it said the name "Comfort Gloves Bhd" has been approved and reserved by the Companies Commission of Malaysia (CCM). IRCB said the proposed change of name is subject to shareholders' approval at the forthcoming Extraordinary General Meeting to be convened. The proposed change of name, if approved by the shareholders of the Company, will be effective from the date of issuance of the Certificate of Incorporation on Change of Name to be issued by the CCM in due course," it added. *(Source: The Edge)*

Gadang (CP: RM1.48): Unit to acquire land in Semenyih for RM95.8mil

Gadang Holdings Bhd's indirect wholly-owned subsidiary, Crimson Villa Sdn Bhd, is seeking shareholders' approval to purchase land, worth RM95.8mil, in Semenyih, Ulu Langat, from Sementar Properties Sdn Bhd. The company will hold an extraordinary general meeting on April 23 to obtain approval to buy 25.430 hectares of land which would to be satisfied via cash. With the proposed acquisition, Gadang's land bank would not only be expanded further but also complement its strategy to expand revenue and earnings contribution from its property development segment. In a circular to shareholders, it said the acquisition would further increase its presence in the Klang Valley property market. The acquisition will be funded via internally-generated funds and bank borrowings, however we have yet to finalise the final composition of the funding stage. (Source: The Star)

Sarawak Cable (CP: RM1.45): Unit gets RM27mil job

A joint venture between a Sarawak Cable Bhd (SCB) unit and PTIS Engineering Sdn Bhd has been awarded a RM26.89mil contract. It said in a filing with Bursa Malaysia that the unit, Trenergy Infrastructure Sdn Bhd, had received the letter of award from Tenaga Nasional Bhd for the setting up of the 275KV AIS Tanjung Langsat Industrial Estate switching station in Johor. SCB said the contract commenced yesterday. SCB expects the contract to contribute positively to the group's earnings and net assets for the financial year ending Dec 31, 2015. (Source: The Star)

EPF: Outsources RM86bil to external fund managers

Funds outsourced by the Employees Provident Fund (EPF) to external fund managers rose 19% to RM86bil last year from RM72bil in 2013 as part of its diversification strategy. EPF chairman Tan Sri Samsudin Osman said the outsourced funds were invested in both equity and fixed income instruments, representing approximately 14% of EPF total investment assets. He said external fund managers helped contribute to the increase in EPF dividend rate at 6.75% last year, the highest rate since 2000. (Source: The Star)

ECONOMIC UPDATES**Malaysia: To capture data market worth RM2bil by 2020**

Malaysia expects to grow the data industry market to RM2 billion by 2020 from RM300 million in 2010, driven by the growing demand for data outsourcing globally. Minister of Communication and Multimedia Datuk Seri Ahmad Shabery Cheek said the data centre sector in Malaysia was expected to be key to the region's growth potential. Already an international location for major enterprises, Malaysia is well positioned for market reach to potential growth opportunities in Vietnam, Thailand and Myanmar to the north and to other large growth nations, such as Indonesia and the Philippines. Ahmad Shabery said the data centre industry in Malaysia has seen significant growth over the last five years with governments emphasis placed on driving the industry by enhancing local capabilities, facilities and talent. There are 26 data centre service companies in the country, providing a total of one million square feet of data centre space. (Source: The Star)

China: To loosen capital controls for foreign firms

China will loosen capital controls for foreign-funded firms, allowing them to convert all foreign-currency capital into yuan to help them hedge currency risks and cut costs, the foreign exchange regulator said on Wednesday. Foreign firms in China will be allowed to convert up to 100% of their registered foreign-currency capital into yuan based on their business needs, according to new regulations issued by the State Administration of Foreign Exchange (SAFE). The regulator will adjust the capital conversion ratio based on the country's balance of payments situation, it said without elaborating. The change is effective from June 1. The latest step, an expansion of experiments in some areas, will "give firms the autonomy in settling their foreign exchange capital and help firms hedge currency risks and reduce costs", the SAFE said. (Source: *The Star*)

Greece: Has not asked Russia for aid, Greek official says

Greece has not asked Russia for money to help cope with its debt and financial problems and wants to resolve them within the European Union, a Greek government official said on Wednesday. "We have not asked for financial aid," the official said before talks in Moscow between Greek Prime Minister Alexis Tsipras and Russian President Vladimir Putin. "We want to solve our debt and financial issues... within the euro zone." The Greek government official said the two leaders would discuss economic cooperation and bilateral investment and exports, but made clear that Greece would do so within the framework of the EU. Greece knows what to do within the EU framework but every country also has the sovereign right to look after and improve its bilateral relations. (Source: *The Edge*)

U.K.: New car sales hit 21st Century high

The UK has seen its highest monthly level of new car sales this century. March saw 492,774 new cars registered, 6% up on the same time last year and the best monthly figure since August 1998, said the Society of Motor Manufacturers and Traders (SMMT). The UK car industry has been growing for three years in a row, helped by a strong export market. March is typically a strong month for car registrations, as it is when new number plates are released. Sales were buoyed by low interest rates and sales of new offerings such as fuel-efficient cars. The bestselling model in March was the Ford Fiesta, with 27,034 sold. (Source: *BBC News*)

U.K.: High-value mortgage demand drops

Demand for mortgages fell sharply in the first quarter of the year in the UK, according to research for the Bank of England. Lenders reported that this was the third successive quarter of falling demand, the bank's Credit Conditions Survey found. Mortgages for high-value property saw the biggest fall in demand since the third quarter of 2008. Demand was expected to bounce back in the second quarter. Some lenders attributed the fall in demand over recent quarters to a combination of changes in regulatory policy and concerns about housing affordability, as well as uncertainty about the outlook for the housing market. (Source: *BBC News*)

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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