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At a Glance

FBMKLCI shed 17.19 points to finish at 1,717.05 due to the negative sentiment on Greece's debt crisis(See full report next page)

Strategy**"Oil Slips by 8% Weigh by Greece, Iran and China Factor"**

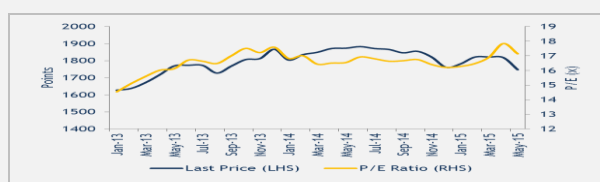
The rising uncertainty will hurt sentiment, more so for countries that are the major oil producers.....(See full report next page)

Corporate Highlights

- **Public Bank, BUY (TP: RM21.70):** Strengthens tie-ups with 2 Japanese banks
- **MMC, BUY (TP: RM3.00):** Shamsul named MMC chairman
- **FGV, TBA (TP: TBA):** Says it has stopped its acquisition spree

Economic Update

- **Malaysia:** Matrade makes RM39.6mil sales
- **Malaysia:** Moody's says 1MDB does not pose systemic risk
- **Eurozone:** In tailspin after Greece votes 'No' to bailout

**KEY ECONOMIC RELEASE**

	Date	Local Time	Event	Survey	Prior
EU	6-Jul	4:10 PM	Markit Eurozone Retail PMI	-	51.4
US	6-Jul	9:45 PM	Markit US Composite PMI	-	54.6
US	6-Jul	9:45 PM	Markit US Services PMI	-	54.8
US	6-Jul	10:00 PM	ISM Non-Manuf. Composite	56.0	55.7
US	7-Jul	8:30 PM	Trade Balance	\$-42.00B	\$-40.90B
MY	7-Jul	-	Foreign Reserves	-	\$105.3B
US	8-Jul	7:00 PM	MBA Mortgage Applications	-	-4.7%
JP	8-Jul	7:50 AM	BoP Current Account Balance	-	¥1326.4B
US	9-Jul	8:30 PM	Initial Jobless Claims	-	-
US	9-Jul	8:30 PM	Continuing Claims	-	-
JP	9-Jul	7:50 AM	Machine Orders MoM	-	3.8%
JP	9-Jul	7:50 AM	Machine Orders YoY	-	3.0%
CN	9-Jul	9:30 AM	CPI YoY	1.4%	1.2%
CN	9-Jul	9:30 AM	PPI YoY	-4.6%	-4.6%
MY	9-Jul	6:00 PM	BNM Overnight Policy Rate	3.25%	3.25%
US	10-Jul	10:00 PM	Wholesale Inventories MoM	0.2%	0.4%
JP	10-Jul	7:50 AM	PPI YoY	-	-2.1%
CN	10-15 Jul	-	Money Supply M2 YoY	11.0%	10.8%
MY	10-Jul	12:00 PM	Industrial Production YoY	-	4.0%

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,717.05	-17.19	-0.99
FBMEMAS	11,831.96	-126.49	-1.06
FBMEMAS SHA	12,291.47	-139.60	-1.12
FBM100	11,521.35	-123.45	-1.06
Volume (mn)	1,543.44	87.19	5.99
Value (RMmn)	1,408.73	18.00	1.29
FBMKLCI YTD Chg			-2.51

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	19.5	8.8
Local Institution	48.3	190.5
Foreign Investors	32.2	-199.3

Top Gainers

	Close	Change+/-	(+/- %)
SAM ENGINEERIN	5.32	0.19	3.70
MINHO MALAYSIA	1.44	0.11	8.27
COUNTRY VIEW B	2.34	0.11	4.93

Top Losers

	Close	Change+/-	(+/- %)
BAT	63.02	-1.46	-2.26
UNITED PLANTAT	26.66	-0.50	-1.84
SHANGRI-LA HOTE	6.25	-0.30	-4.58

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,683.58	-46.53	-0.26
NASDAQ	4,991.94	-17.27	-0.34
S&P 500	2,068.76	-8.02	-0.39
FTSE 100	6,535.68	-50.10	-0.76
DAX	10,890.63	-167.76	-1.52
Nikkei 225	20,112.12	-427.67	-2.08
HSI	25,236.28	-827.83	-3.18
KOSPI	2,053.93	-50.48	-2.40
STI	3,332.94	-9.79	-0.29
KLCI Futures	1,695.50	(19.50)	(0.01)
USDMYR 3M	10.62	0.05	0.00
USDMYR 6M	10.66	0.11	0.01
USDMYR 12M	10.77	0.18	0.02

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	53	0.4	0.7%
Brent (USD/bbl)	56.5	-3.8	-6.3%
Gold(USD/ounce)	1,170	-0.2	0.0%
Coal (USD/mt)	60.1	-0.1	-0.2%
CPO (RM/mt)	2,235	-35.0	-1.5%
Rubber	167	-3.7	-2.2%
RM/USD	3.81	0.0297	-0.78%
EUR/USD	0.90	0.0002	0.02%
YEN/USD	122.59	0.02	-0.02%

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 46.53 points to 17,683.58; S&P 500 down 8.02 points to 2,068.76. Nasdaq slid by 17.27 points to 4,991.94. Stocks closed mildly lower on Monday, recovering from sharp opening losses on selloff overseas, as traders shook off concerns of contagion from the Greece debt crisis.
- German Chancellor Angela Merkel said after a meeting with French President Francois Hollande that they respect the vote of the Greeks and the door for talks with the country remains open, Reuters reported.

The Local Market

- FBMKLCI shed 17.19 points to finish at 1,717.05 due to the negative sentiment on Greece's debt crisis. There were 158 gainers and 646 decliners in total value traded of RM1.41 billion.
- Among the losers on Bursa Malaysia were BAT shed RM1.46 cent to RM63.02, united Plantation dropped 50 cent to RM26.66, Shangri-La Hotel erased 30 cent to RM6.25 and Malaysia Airport down 26 cent each to RM6.30.

Strategy

- **"Oil Slips by 8% Weigh by Greece, Iran and China Factor"**
Oil price had a field day yesterday, hammered by brewing volatility from Greece, potentially new supply of oil from Iran and China's decelerating economy. S&P 500 and DJIA **lost 8.02 (-0.39%)** and **46.53 (-0.26%)** points to end at **2,068.76** and **17,683.58** respectively. As mentioned, the brewing storm from Greece had spooked investors as the rising volatility and hence, the potential breakup of Eurozone made investors run for cover. The ensuing outcome from the breakup could weigh on oil price significantly. This period of uncertainty will weigh on global commodity prices. Iran will hold a discussion with global powers on July 7 to discuss on a nuclear deal, which could bring more supply to the market if sanctions on Tehran are eased, another negative catalyst weighing on oil price. Finally, the China's market rout yesterday sparked concern that China may grow below expectation and hence, will dampen demand on oil. China is one of the world's largest consumers of oil. At this stage, the rising uncertainty will hurt sentiment, more so for countries that are the major oil producers. We don't think that Bursa Malaysia will be spared.
- Our 2015 year-end target is **1,660** based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on auto, construction, and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

CORPORATE HIGHLIGHTS

Public Bank, BUY (TP: RM21.70): Strengthens tie-ups with 2 Japanese banks

Public Bank Bhd is teaming up with two banks in Japan, Saitama Resona Bank, Ltd and Kinki Osaka Bank, Ltd to promote and strengthen cooperation. Public Bank had on Monday inked an MoU with the two banks to jointly develop business opportunities on the basis of equality and mutual benefit. Saitama Resona Bank and Kinki Osaka Bank are units of Resona Holdings, Inc. Resona Holdings also owns Resona Bank, Ltd, the fourth largest banking group in Japan with strong business presence in the greater Tokyo metropolitan area and the Kansai region. Saitama Resona Bank has a strong regional bank franchise with 127 branches in total, and 126 of those in Saitama Prefecture, north of Tokyo, with population of over 7.2 million. *(Source: The Star)*

MMC, BUY (TP: RM3.00): Shamsul named MMC chairman

Former Petroliaam Nasional Bhd (Petronas) president and CEO Tan Sri Shamsul Azhar Abbas has been appointed chairman of MMC Corp Bhd. In a filing with Bursa Malaysia yesterday, it said Shamsul had joined the board of MMC as non-executive independent chairman. It said Shamsul, 63, would be replacing Tan Sri Syed Abdul Jabbar Syed Hassan, 75, who resigned from his position as chairman of MMC. Shamsul was also appointed chairman of the nomination committee of the company. He has served Petronas, Malaysia's only Fortune 500 company, for 40 years, and was the president and CEO for the last five years. *(Source: The Star)*

FGV, TBA (TP: TBA): Says it has stopped its acquisition spree

Felda Global Ventures Holdings Bhd (FGV), whose acquisitions have been criticised as being pricey, will not be pursuing more acquisitions. The company, one of the world's biggest listed oil palm plantation owners, said in a statement on Monday that it would instead "look into the whole value chain, from downstream to upstream. We will consolidate all our investments and drive growth." FGV said it would focus on integrating and extracting efficiencies of recent acquisitions. *(Source: The Star)*

OSK Holdings (CP: RM2.20): Shareholders approve OSK Property, PJ Development share acquisitions

Shareholders of OSK Holdings Bhd have approved the proposal for the acquisition of OSK Property Holdings Bhd and PJ Development Bhd. The exercise would see OSK Holdings emerging as a first-tier property company in Malaysia with a total gross development value of RM13.3bil. Together, the group has 1,297 acres of land in Malaysia and another 5 acres in Melbourne, Australia. Deputy managing director Ong Ju Yan said the property business will rely on its unbilled sales and new launches. "We have about RM1.5bil unbilled sales that will give us a steady pipeline of revenue growth," he said. *(Source: The Star)*

JAKS Resources (CP: RM0.84): China Power to invest RM1.2b in JAKS power plant in Vietnam

JAKS Resources Bhd has roped in China Power Engineering Consulting Group Co. Ltd to build its power plant in Vietnam costing US\$1.87bil (RM7.05bil). JAKS said on Monday the investment would be in a two 600 MW coal-fired plant wherein

JAKS would invest RM528.81mil and its joint venture partner China Power RM1.2bil. The US\$1.87bil and it would be funded on an intended capital structure of approximately 75% debt and 25% equity. The construction of the power plant, which comprises of two (2) 600 MW generating units is scheduled to begin in the first half of 2016 and commence commercial operations in 2020. (Source: The Star)

QL Resources (CP: RM3.95): Breaches transaction limit due to GST, higher raw material cost

Higher raw material cost and the imposition of goods and services tax (GST) are among the reasons cited by QL Resources Bhd for exceeding the value limit approved by shareholders for its recurrent related party transactions (RRPT). The agro-food corporation told Bursa Malaysia that the animal feeds sold by its 95% owned subsidiary QL Livestock Farming Sdn Bhd to Green Breeder Sdn Bhd were valued at RM17.262mil, 15.1% higher than the RRPT mandate value of RM15mil approved for the period from the last AGM (Aug 22, 2014) to this year's AGM. QL Resources, whose activities range from poultry egg production to fishmeal manufacture, attributed the deviation to an increase in raw material price that led to higher feed price, Green Breeder's increased livestock production, and the 6% GST charges in the bill. (Source: The Star)

Oriented Media (CP: RM0.32): To venture into China's internet market

Oriented Media Group Bhd plans to venture into the Chinese Internet Market, in a move to reduce dependency on the challenging operation in Malaysia, Singapore and Hong Kong. The group plans to provide consultancy services for the e-commerce trading platform that involves research and development as well as operating services of online sportswear businesses in the near future. Currently, Oriented Media is in development of online games, educational web applications, mobile applications and offers digital media consulting services. (Source: The SUNDAILY)

Daya Materials (CP: RM0.12): Sell stake in property development JV for RM3.84m

Daya Land & Development Sdn Bhd, an indirect subsidiary of Daya Materials Bhd (Financial Dashboard), has proposed to dispose of its 51% stake in Semangat Global Sdn Bhd to Highstar Realty Sdn Bhd for RM3.84 million. In a filing with Bursa Malaysia today, Daya Materials said Highstar Realty had offered to buy Daya Land & Development's 102,000 shares in Semangat Global via a letter dated yesterday. Daya Materials said upon disposal of the stake, Semangat Global will cease to be a joint venture (JV) company of Daya Land & Development. Daya Land & Development is a subsidiary of Daya CMT Sdn Bhd, which is a 70%-owned subsidiary of Daya Materials. (Source: The Edge)

Automobile Sector (Overweight): Governmentt retains AP policy for used cars

The Government still retains the approved permit (AP) policy for the import of used cars, International Trade and Industry Minister Datuk Seri Mustapa Mohamed said. He said the abolishment of the policy was still being studied as it was a rather complex exercise. Meanwhile, Mustapa said the Government had identified the export of vehicle components as a potential sector that could

contribute to the growth of the country's automotive industry, instead of exporting vehicles. (Source: *The Star*)

ECONOMIC UPDATES

Malaysia: Matrade makes RM39.6mil sales

The Malaysia External Trade Development Corp (Matrade) achieved RM39.63mil sales at the incoming buying mission (IBM) held in conjunction with the APHM International Healthcare Conference and Exhibition 2015 here on June 15-16. The buying mission was co-organised by Matrade, the Health Ministry and the Association of Private Hospitals of Malaysia (APHM), the Government's external trade promotion arm said in a statement. "A total of 268 business meetings were held between 19 international buyers and Malaysian exporters of medical devices and pharmaceuticals," it added. Matrade also noted that the buyers were mostly from South Korea, Turkey, China, India, Pakistan, Sri Lanka, the Philippines, Vietnam, Myanmar and Bangladesh. (Source: *The Star*)

Malaysia: Moody's says 1MDB does not pose systemic risk

Malaysia's economy, its banking system and government finances are not under systemic risk from developments at state fund 1Malaysia Development Bhd (1MDB), rating agency Moody's said on Monday. Moody's said the rise in political friction has not affected the Government's stance on fiscal reforms. Two of Malaysia's main opposition parties on Sunday demanded an emergency sitting of parliament to discuss the prime minister's future, and Malaysian stocks eased on Monday. Moody's said in an emailed response to Reuters that developments related to 1MDB would affect the country's A3 rating only if they materially affected the trend of fiscal consolidation that supports its positive outlook. (Source: *The Star*)

Eurozone: In tailspin after Greece votes 'No' to bailout

European leaders were scrambling for a response today after a resounding "No" from Greek voters in a momentous referendum on austerity which could send the country crashing out of the eurozone. German Chancellor Angela Merkel was to meet with French leader Francois Hollande in Paris after Greece overwhelmingly rejected international creditors' tough bailout terms on Sunday. The pair spoke by telephone late Sunday, declaring the decision must "be respected" and calling for an emergency eurozone summit which European Union president Donald Tusk said would be held tomorrow. A flurry of other meetings will also be held today as European leaders sized up the implications of the vote. (Source: *AFP*)

Japan: BOJ keeps rosy view of regional Japan, watching markets after Greek upset

The Bank of Japan on Monday maintained its upbeat assessment on regional sectors of the economy, saying they are recovering thanks to a pick-up in output and tightening job markets. In a quarterly review of regional economies, the BOJ raised its assessment for the Hokkaido northernmost region and left intact the views for the remaining eight areas. "All regions saw their economies recover or recover moderately" reflecting gradual improvements in domestic and external

demand, the BOJ said in the report. The optimism came despite soft exports and output reflecting feeble overseas demand, which led some analysts to believe the world's third-largest economy may have suffered a temporary soft patch in the April-June quarter. *(Source: Reuters)*

Japan: Fitch says Japan fiscal discipline plan unlikely to lower debt burden

Japan's public debt burden is likely to remain high under a new fiscal framework approved last month as the government's structural reforms will not boost economic growth and tax revenue significantly, Fitch Ratings said on Monday. Japan's fiscal plan relies almost entirely on achieving high economic growth to increase tax revenue, but there is little room for the economy to accelerate as it is already near its potential growth rate, Fitch said in a statement. A lack of binding spending targets in the government's plan also leaves room for spending to rise further, the ratings agency said. Rival ratings agency Moody's Investors Service also expressed concern that structural reforms could take longer to boost growth than the government expects. *(Source: Reuters)*

Greece: Greek finance minister resigns to clear path to aid deal

Greek Finance Minister Yanis Varoufakis, whose forceful denunciations of creditors alienated many of his euro zone colleagues, resigned on Monday, saying Prime Minister Alexis Tsipras believed it would help smooth the path to a new aid deal. His resignation comes after Greeks delivered a resounding 'No' to the conditions of a rescue package with international creditors, casting the country into uncharted waters and a possible exit from Europe's common currency. With relations already frosty, Varoufakis infuriated Greece's European partners last week when he accused creditors of using "terrorism" against the Greek people to intimidate them into accepting more austerity. *(Source: The Star)*

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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