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**At a Glance**

FBMKLCI surged 21.05 points to finish at 1,744.19 on the back of weak China factory data.....(See full report next page)

**Strategy****"Another Cautious Trading Moment for Wall Street"**

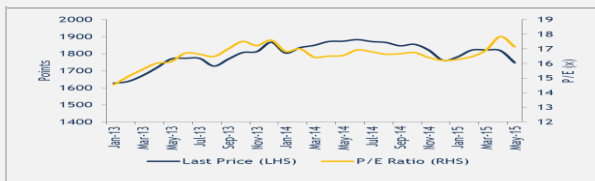
The sentiment may continue to be jittery amid the big economic announcement this Friday.....(See full report next page)

**Corporate Highlights**

- **SapuraKencana, BUY (TP: RM2.95):** Plans JV in Brunei to explore opportunities there
- **UEM Sunrise, (TP: TBA):** Buys Melbourne office building for RM161m
- **RHB Capital BUY (TP: RM8.35):** No merger talks with AMMB, it's business as usual

**Economic Update**

- **Malaysia:** New export orders up in July
- **Indonesia:** Q2 growth expected to be slowest since 2009
- **Europe:** Factory growth steady in July despite Greek turmoil



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	3-Aug	4:00 PM	Markit Eurozone Manufacturing PMI	-	52.2
US	3-Aug	8:30 PM	Personal Income	0.4%	0.5%
US	3-Aug	8:30 PM	Personal Spending	0.1%	0.9%
US	3-Aug	9:45 PM	Markit US Manufacturing PMI	-	53.8
US	3-Aug	10:00 PM	Construction Spending MoM	0.7%	0.8%
US	3-Aug	10:00 PM	ISM Manufacturing	53.5	53.5
US	3-Aug	9:45 PM	ISM Prices Paid	49.5	49.5
CN	3-Aug	9:45 AM	Caixin China PMI Mfg	48.3	48.2
MY	3-Aug	10:15 PM	Nikkei Malaysia PMI	-	47.6
EU	4-Aug	5:00 PM	PPI MoM	-	0.0%
EU	4-Aug	5:00 AM	PPI YoY	-	-2.0%
US	4-Aug	10:00 PM	Factory Orders	1.6%	-1.0%
JP	4-Aug	7:50 AM	Monetary Base YoY	-	34.2%
EU	5-Aug	4:00 PM	Markit Eurozone Service PMI	-	53.8
EU	5-Aug	4:00 PM	Markit Eurozone Composite PMI	-	53.7
EU	5-Aug	5:00 PM	Retail Sales MoM	-	0.20%
EU	5-Aug	5:00 PM	Retail Sales YoY	-	2.4%
US	5-Aug	7:00 PM	MBA Mortgage Application	-	0.8%
US	5-Aug	8:15 PM	ADP Employment Change	210K	237K
US	5-Aug	8:30 PM	Trade Balance	\$-42.25B	\$-41.87B
US	5-Aug	9:45 PM	Markit US Composite PMI	-	55.2
US	5-Aug	9:45 PM	Markit US Service PMI	-	55.2
CN	5-Aug	9:45 AM	Caixin China PMI Composite	-	50.6
CN	5-Aug	9:45 AM	Caixin China PMI Services	-	51.8
MY	5-Aug	12:00 PM	Export YoY	-2.9%	-6.7%
MY	5-Aug	12:00 PM	Import YoY	-5.1%	-7.2%
MY	5-Aug	12:00 PM	Trade Balance MYR	5.25B	5.51B
EU	6-Aug	4:10 PM	Markit Eurozone Retail PMI	-	50.4
US	6-Aug	8:30 PM	Initial Jobless Claims	-	-
US	6-Aug	8:30 PM	Continuing Claims	-	-
JP	6-Aug	1:00 PM	Leading Index CI	-	106.2
JP	6-Aug	1:00 PM	Coincident Index	-	109.0
US	7-Aug	8:30 PM	Change in Nonfarm Payrolls	220K	223K
US	7-Aug	8:30 PM	Change in Manufact. Payrolls	5K	4K
US	7-Aug	8:30 PM	Unemployment Rate	5.3%	5.3%
US	7-Aug	8:30 PM	Labor Force Participation Rate	-	62.6%
MY	7-Aug	-	Foreign Reserves	-	\$100.5B

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,744.19	21.05	1.22
FBMEMAS	11,988.88	94.75	0.80
FBMEMAS SHA	12,539.35	165.63	1.34
FBM100	11,672.90	103.48	0.89
Volume (mn)	1,302.99	-373.31	-22.27
Value (RMmn)	1,242.77	-770.49	-38.27
FBMKLCI YTD Chg			-0.97

**Daily Trading Position (RM'mn)**

	Participation (%)	Net(RMm)
Local Retail	24.7	-15.1
Local Institution	47.9	-73.9
Foreign Investors	27.4	89.0

**Top Gainers**

	Close	Change+/-	(+/- %)
UMW HLDG BHD	10.72	0.72	7.20
MAXIS BHD	7.20	0.53	7.95
HG LEONG INDS	5.79	0.51	9.66

**Top Losers**

	Close	Change+/-	(+/- %)
UNITED PLANT	27.00	-0.50	-1.82
MSIA AIRPORT	5.70	-0.23	-3.88
MALAYSIAN PAC	7.00	-0.23	-3.18

**World Indices**

	Close	Change+/-	(+/- %)
DJIA	17,598.20	-91.66	-0.52
NASDAQ	5,115.38	-12.90	-0.25
S&P 500	2,098.04	-5.80	-0.28
FTSE 100	6,688.62	-7.66	-0.11
DAX	11,443.72	134.73	1.19
Nikkei 225	20,548.11	-37.13	-0.18
HSI	24,411.42	-224.86	-0.91
KOSPI	2,008.49	-21.67	-1.07
STI	3,192.79	-9.71	-0.30
KLCI Futures	1,706.00	13.50	0.01
USDMYR 3M	11.58	0.05	0.00
USDMYR 6M	11.61	0.01	0.00
USDMYR 12M	11.73	(0.01)	(0.00)

**Other Key Economics Data**

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	45	0.2	0.4%
Brent (USD/bbl)	49.5	-2.7	-5.2%
Gold(USD/ounce)	1,085	-1.8	-0.2%
Coal (USD/mt)	58.6	-0.3	-0.5%
CPO (RM/mt)	2,054	-66.0	-3.1%
Rubber	156	-2.3	-1.5%
RM/USD	3.85	0.0207	-0.54%
EUR/USD	0.91	-0.0003	-0.03%
YEN/USD	123.96	-0.07	0.06%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average shed 91.66 points to 17,598.20, S&P 500 down 5.80 points to 2,098.04. Nasdaq tumble by 12.90 points to 5,115.38. Stocks closed lower on Monday, the first day of trade for August, as investors weighed mostly lackluster economic data and a renewed decline in oil, amid overseas news.
- Sharp declines in oil weighed heavily on stocks as U.S. and Chinese economic data indicated slowing demand.

### The Local Market

- FBMKLCI surged 21.05 points to finish at 1,744.19 on the back of weak China factory data. There were 324 gainers and 465 decliners in total value traded of RM1.24 billion.
- Among the gainers on Bursa Malaysia were UMW Holdings gained 72 cent to RM10.72, Maxis grew 53 cent to RM7.20, Hong Leong Industry surged 51 cent to RM5.79 and Axiata soared 48 cent to RM6.85.

### Strategy

- **“Another Cautious Trading Moment for Wall Street”**  
Wall Street continued its losing stretch on Monday, weighed by depressed oil prices and also disappointing economic data from the US and China. **S&P 500** and **DJIA** shed **5.80 (-0.28%)** and **91.66 (-0.52%)** points to end at **2,098.04** and **17,598.20** respectively. Brent, key oil price indicator, had slumped below USD50 per barrel while WTI ended at lethargic level of USD45 per barrel, indicating slow economic momentum in hand for some emerging economies. This had bashed oil related stocks and hence, broader market weakness. In addition, US ISM manufacturing fell to 52.7 in July from 53.5, suggesting uneven economic growth in the US. Finally, a mixed data from China also injured sentiment given its Manufacturing PMI that hit a five-month low (50.0; expected 50.2) while the Non-Manufacturing PMI improved to 53.9 from 53.8, representing a five-month high. Not much can shore up sentiment in our view especially when market may get nervous over US July unemployment rate due this Friday. Unless foreign funds return to our market in big numbers, the sentiment may continue to be jittery amid the big economic announcement this Friday.
- 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

**SapuraKencana, BUY (TP: RM2.95): Plans JV in Brunei to explore opportunities there**

SapuraKencana Petroleum Bhd (SapKen) has proposed to establish a joint-venture (JV) company via its wholly owned subsidiary to explore opportunities in Brunei. In its filings with Bursa Malaysia, SapKen said its unit, SapuraKencana (B) Sdn Bhd (SapKen Brunei), had entered into a shareholders' agreement with Euthalia Energy Solutions Sdn Bhd and the JV company RSK Petroleum Sdn Bhd for the collaboration. Under the deal, SapKen Brunei would own a 70% stake in RSK, while Euthalia would own the remainder 30% stake. (Source: *The Star*)

**UEM Sunrise, (TP: TBA): Buys Melbourne office building for RM161m**

UEM Sunrise Bhd has recently completed its third property acquisition in Melbourne, for A\$58mil (RM161mil), which it intends to develop into a luxury residential project. This comes after its purchase of two CBD sites on LaTrobe Street and Mackenzie Street in October 2013. The property, a 21-storey office building on 412 St Kilda Road, one of the main routes into the Melbourne CBD and spans 16,000 sq m. UEM said it intends to for the property is to develop an "ultra-luxurious" residential development, potentially with a mix of ground floor retail and serviced apartment components. (Source: *The Star*)

**RHB Capital BUY (TP: RM8.35): No merger talks with AMMB, it's business as usual**

RHB Capital Bhd denied that it has entered into any talks to merge with AMMB Holdings Bhd and its business is as usual. RHB Capital Bhd wishes to state that there is no plan currently to enter into merger discussions with AMMB Holdings Bhd. It is business as usual at RHB and we will continue to focus on improving our fundamentals," it said in a statement released yesterday. RHB Capital and AMMB stock prices rose yesterday after a report said a potential merger between the two banks was put on hold in light of the political conditions in the country at present. A business weekly quoted sources as saying that talks on a merger, which was expected to involve a share swap between the two that values the deal at US\$10 billion (RM38.5 billion), had been shelved given the current political climate which did not bode well for a merger. Earlier this year, talks on a proposed three-way merger involving RHB, CIMB Group Holdings Bhd and Malaysia Building Society Bhd were called off due to unfavourable conditions. A drop in the price of CIMB's stock was said to have made the proposed share swap deal with RHB more complicated. (Source: *The Sun Daily*)

**JAKS (CP: RM0.97): Inks multi-bln ringgit contracts for Vietnam power plant**

JAKS Resources Bhd has entered into two engineering, procurement and construction (EPC) contracts to facilitate its joint venture for a 1,200MW power plant project in Vietnam. The company signed an EPC contract with the consortium consisting Southwest Electric Power Design Institute Co. Ltd and China Power Engineering Consulting Group International Engineering Company Ltd (CPECC Consortium), and the second EPC contract with its unit, Golden Keen Holdings Ltd. The contract with CPECC Consortium is for services and work provided to JAKS Hai Duong Power Company Limited (JHDP), JAKS' wholly-

owned subsidiary. The total contract price is US\$1.061bil (RM4.002bil), which JHDP will pay on a fixed lump sum basis. (Source: *The Star*)

**EcoFirst (CP: RM0.28): Says land buy delayed**

EcoFirst Consolidated Bhd said the acquisition of 25ha of freehold land in Ulu Klang, Gombak, worth RM145mil, has been delayed by three months due to technical issues on land alignment. In a statement on Monday, the property developer said the extension has been mutually agreed with the vendor Zurich Insurance Malaysia Bhd. The extension of full payment on balance purchase consideration is due to further clarification and information pending from the relevant authorities pertaining to land acquisition and alignment arising from the development of Sungai Besi-Ulu Klang Elevated Expressway connecting to Middle Ring Road II (MRR2) Highway. (Source: *The Star*)

**AirAsia (CP: RM1.36): Signs agreements with Thai, Indonesia units on payments and other services**

In a move to enhance the disclosures in the services provided by AirAsia Bhd to its subsidiaries in Indonesia and Thailand, the low-cost carrier entered into an agreement that clearly spells out the terms between the parties, including the payments. According to AirAsia, its wholly-owned unit, AirAsia Global Shared Services Sdn Bhd (AGSS), inked a deal with Pt Indonesia AirAsia Extra (IAAX) and Thai AirAsia X Co Ltd (TAAX) for the service levels to be provided in the two countries for the next three years. AirAsia said AGSS was requested by IAAX and TAAX to lend operation support services in relation to finance and accounting, people department, information and technology, sourcing and procurement as well as innovation, commercial and technology. Under the salient terms, it pointed out that the services provided was in accordance with the service level prescribed by the key performance indices (KPI) attached to the agreements. (Source: *The Star*)

**Favelle Favco (CP: RM2.78): Units win RM53mil jobs**

Favelle Favco Bhd's subsidiaries have secured contracts worth RM52.8mil. Favelle Favco told Bursa Malaysia that its units, Favelle Favco Cranes Pty Ltd and Favelle Favco Cranes (USA) Inc, had secured contracts from Stride High Pty Ltd and TES Inc to supply tower cranes. (Source: *The Star*)

**Pos Malaysia (CP: RM4.36): To spend RM40.37mil to enhance computer network**

Pos Malaysia Bhd has awarded a RM40.37mil contract to boost its network transaction speed and migrate to a much higher bandwidth capacity. The postal service provider told Bursa Malaysia that the letter of award, subject to a formal agreement to be entered into within 30 days, was given to Synergycentric Sdn Bhd in a recurrent related-party transaction. Synergycentric will install and operate wide area network (WAN) optimisation equipment to improve network transaction time and maximise the usage of network bandwidth as well as WAN monitoring equipment to monitor performance bottleneck and congestions for capacity planning. (Source: *The Star*)

**Yong Tai (CP: RM0.78): Inks MoUs for RM7b GDV projects**

Yong Tai Bhd has entered into five MoUs which would provide it with five potential property development projects with a combined gross development value (GDV) of approximately RM7bil over the next eight years. The company said on Monday it entered into MoUs with PTS Impression Sdn Bhd, Yuten Development Sdn Bhd, Terrawest Resources Sdn Bhd, Land & Build Sdn Bhd and Admiral City Sdn Bhd. The potential projects tourism and mixed developments at Kota Laksamana, Malacca, comprising the "Impression Melaka" and "Impression City" projects, upmarket and luxury service apartments project at Jalan U-Thant, Kuala Lumpur, a mixed development project comprising a one tower block of small office versatile office (SOVO) units and one hotel tower in Puchong, Selangor as well as a mixed development project comprising retail and SOVO units, hotel and office suites in Johor Bahru, Johor. (Source: The Star)

**ECONOMIC UPDATES****Malaysia: New export orders up in July**

Malaysia's new exports rose for the sixth month in a row in July, according to the Nikkei Malaysia Manufacturing Purchasing Managers' Index (PMI). Financial information services provider, Markit, which did the survey, said that firms attributed the increase to gains from new foreign clients and product launches, leading to greater international demand. The headline Nikkei Malaysia Manufacturing PMI is a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. In a note, Markit said, Malaysia's headline PMI was marginally higher at 47.7 in July from 47.6 in June. (Source: The Star)

**Indonesia: Q2 growth expected to be slowest since 2009**

Indonesia's economic growth is expected to have slowed in the second quarter to the weakest level in nearly six years, despite the government's promise to jumpstart the economy after a dismal first quarter. Yet, in the six months through June, President Joko Widodo's administration has only disbursed 10 percent of funds earmarked for investment, while spending less than 40 percent of its budget. Trade data was also discouraging, as exports and imports tumbled for an eighth straight month in June. The median forecast of 22 analysts in a Reuters poll is for growth at 4.61 percent, even weaker than the 4.71 percent growth posted in January-March. (Source: The Edge)

**Europe: Factory growth steady in July despite Greek turmoil**

Euro zone factory activity grew faster than previously thought in July, easing only slightly from June's 14-month record pace as rising prices kept new orders in check, business surveys showed on Monday. July proved a fraught month for the currency union as Greece brushed with bankruptcy and, perhaps unsurprisingly, the country's survey signalled the steepest downturn in its 16-year history. French factories also slipped back into contraction. Any signs the rest of the bloc shrugged off that turbulence will please European Central Bank policymakers and the Netherlands, Spain and Italy all enjoyed healthy

growth, with the latter enjoying its strongest expansion for over four years. (Source: *The Edge*)

**U.S.: Consumer spending edges higher in June**

US consumer spending edged higher in June, capping a rebound in the second quarter from weak growth in the first months of the year, the Commerce Department reported Monday. Consumer spending, which accounts for about 70% of US economic activity, rose 0.2% in June after a 0.7% gain in May and a 0.3% increase in April, the department said. For the April-June quarter, spending increased at an annual rate of 2.9%, up from a 1.8% pace in the first quarter. The improvement was led by a 4.8% jump in goods purchases. Growth in spending on services, the sector that generates the most US jobs, was unchanged at 2.1% for the second consecutive quarter. Personal income rose 0.4% for the third month in a row in June. Real disposable income picked up slightly, to 0.5% growth following two months of 0.4%. Inflation remained tepid. The Federal Reserve's preferred inflation measure, the personal consumption expenditures price index rose 0.3% year-over-year in June, accelerating slightly from May. (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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