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Friday, September 25, 2015

At a Glance

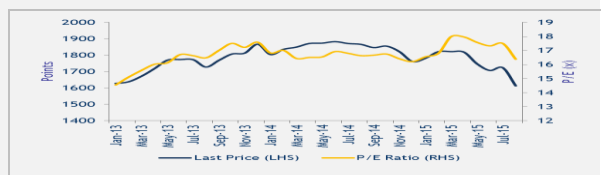
FBMKLCI declined 22.20 points to finish at 1,613.17 due to the contraction in China's manufacturing output.....(See full report next page)

Corporate Highlights

- **FGV, HOLD (TP: RM1.30):** Exits Dow Jones Islamic market index
- **Y&G (CP: RM1.40):** Plans to buy Johor land for RM31mil
- **Tropicana (CP: RM0.91):** Cancels RM444.3m land buy for RM3.7b mixed project in Johor

Economic Update

- **Malaysia:** Inflation in August higher than expected
- **China:** Dour China Sept flash factory PMI casts pall over global markets
- **Japan:** Consumer prices fall for first time since launch of BOJ stimulus



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
US	21-Sep	10:00 PM	Existing Home Sales	5.50M	5.59M
US	21-Sep	10:00 PM	Existing Home Sales MoM	-1.6%	2.0%
EU	22-Sep	10:00 PM	Consumer Confidence	-	-6.9
US	22-Sep	9:00 PM	FHFA House Price Index MoM	0.4%	0.2%
US	22-Sep	10:00 PM	Richmond Fed Manufact. Index	2.0	0.0
MY	22-Sep	-	Foreign Reserves	-	\$94.7B
EU	23-Sep	4:00 PM	Markit Eurozone Manufacturing PMI	-	52.3
EU	23-Sep	4:00 PM	Markit Eurozone Services PMI	-	54.4
EU	23-Sep	4:00 PM	Markit Eurozone Composite PMI	-	54.3
US	23-Sep	7:00 PM	MBA Mortgage Applications	-	-7.0%
US	23-Sep	9:45 PM	Markit US Manufacturing PMI	53.4	53.0
CN	23-Sep	9:45 AM	Caixin China PMI Mfg	47.8	47.3
MY	23-Sep	12:00 PM	CPI YoY	-	3.3%
US	24-Sep	8:30 PM	Chicago Fed Nat Activity Index	-	0.3
US	24-Sep	8:30 PM	Initial Jobless Claims	-	-
US	24-Sep	8:30 PM	Durable Goods Orders	-2.3%	2.0%
US	24-Sep	8:30 PM	Continuing Claims	-	-
US	24-Sep	8:30 PM	Durables Ex Transportation	0.2%	0.6%
US	24-Sep	10:00 PM	New Home Sales	515K	507K
JP	24-Sep	9:35 AM	Nikkei Japan PMI Mfg	-	51.7
JP	24-Sep	12:30 PM	All Industry Activity Index MoM	0.0%	0.3%
US	25-Sep	8:30 PM	GDP Annualized QoQ	3.7%	3.7%
US	25-Sep	8:30 PM	Personal Consumption	-	3.1%
US	25-Sep	8:30 PM	GDP Price Index	2.1%	2.1%
US	25-Sep	8:30 PM	Core PCE QoQ	-	1.8%
US	25-Sep	9:45 PM	Markit US Composite PMI	-	55.7
US	25-Sep	9:45 PM	Markit US Services PMI	-	56.1
US	25-Sep	10:00 PM	U. of Mich. Sentiment	87.0	85.7
JP	25-Sep	7:30 AM	Natl CPI YoY	0.1%	0.2%
JP	25-Sep	7:30 AM	Natl CPI Ex Fresh Food YoY	-0.1%	0.0%
JP	25-Sep	7:30 AM	Natl CPI Ex Food, Energy YoY	0.7%	0.6%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,613.17	-22.20	-1.36
FBMEMAS	11,153.03	-137.24	-1.22
FBMEMAS SHA	11,786.18	-141.12	-1.18
FBM100	10,866.81	-140.72	-1.28
Volume (mn)	1,776.32	-212.94	-10.70
Value (RMmn)	2,123.76	169.21	8.66
FBMKLCI YTD Chg			-8.41

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	NA	NA
Local Institution	NA	NA
Foreign Investors	NA	NA

Top Gainers

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	72.74	0.44	0.61
TOP GLOVE	7.98	0.29	3.77
TECNIC GROUP	1.35	0.22	19.47

Top Losers

	Close	Change+/-	(+/- %)
PUBLIC BANK	17.68	-0.44	-2.43
GENTING PLANT	9.88	-0.26	-2.56
GENTING	7.26	-0.25	-3.33

World Indices

	Close	Change+/-	(+/- %)
DJIA	16,201.32	-78.57	-0.48
NASDAQ	4,734.48	-18.27	-0.38
S&P 500	1,932.24	-6.52	-0.34
FTSE 100	5,961.49	-70.75	-1.17
DAX	9,427.64	-184.98	-1.92
Nikkei 225	18,070.21	-362.06	-1.96
HSI	21,302.91	-493.67	-2.26
KOSPI	1,944.64	-37.42	-1.89
STI	2,845.74	-22.73	-0.79
KLCI Futures	1571.5	-10.5	-0.64
USDMYR 3M	16.34	0.025	0.1532
USDMYR 6M	16.23	0.015	0.0925
USDMYR 12M	16.275	0.035	0.2155

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	44.91	0	0
Brent (USD/bbl)	48.17	0.42	0.87
Gold(USD/ounce)	1150.37	-3.58	-0.31
Coal (USD/mt)	57.65	0	0
CPO (RM/mt)	2240	57	2.61
Rubber	130.5	-0.5	-0.38
RM/USD	4.374	0.0305	-0.6973
EUR/USD	0.8945	0.0042	0.4718
YEN/USD	120.21	0.14	-0.1165

What To Expect

U.S. Market

- The Dow Jones Industrials Average dropped 78.57 points to 16,201.32 points; S&P 500 declined 6.52 points to 1,932.24. Nasdaq shed by 18.27 points to 4,734.48. Stocks closed lower Thursday as investors awaited a post-close speech from Fed Chair Janet Yellen.
- The major averages more than halved losses in afternoon trade. Oil turned higher, helping stocks shake off pressure from declines in global markets overnight. Utilities and energy led S&P 500 sector advancers.

The Local Market

- FBMKLCI declined 22.20 points to finish at 1,613.17 due to the contraction in China's manufacturing output. There were 315 gainers and 483 decliners in total value traded of RM2.12 billion.
- Among the losers on Bursa Malaysia were Public Bank dropped 44 cent to RM17.68, Genting Plantation down 26 cent to RM9.88, Genting Bhd shed 25 cent to RM7.26 and Hong Leong Financial fell 24 cent to RM14.00.

Strategy

- Our 2015 year-end target is 1,660 based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

CORPORATE HIGHLIGHTS

FGV, HOLD (TP: RM1.30): Exits Dow Jones Islamic market index

Felda Global Ventures Holdings Bhd (FGV) is no longer listed on the Dow Jones Islamic Market Malaysia Titans 25 Index. In a statement on Wednesday, FGV said it, however, would remain listed on the Main Board of Bursa Malaysia. FGV said it continued to be affected by tough market conditions and business environment, with the average crude palm oil prices down by 14% to RM1,975 per tonne in August 2015 from RM2,301 in January 2015. "Nevertheless, FGV's utmost priority is to be on track to achieve its short, medium and long-term goals," it said. (Source: The Star)

Y&G (CP: RM1.40): Plans to buy Johor land for RM31mil

Property developer Y&G Corp Bhd is planning to buy two parcels of freehold land with a size of 23.39 ha in Pontian, Johor, for RM30.96mil. The company has proposed to develop the land into a mixed project comprising both commercial and residential properties. Y&G said in a filing with Bursa Malaysia that it had entered into two separate sales and purchase agreements with the sellers for the acquisitions. However, it could not provide any further details on the

proposal including the estimated gross development value of the project as the proposal is still at a preliminary stage. (Source: *The Star*)

Tropicana (CP: RM0.91): Cancels RM444.3m land buy for RM3.7b mixed project in Johor

Tropicana Corp Bhd's special purpose vehicle (SPV) Tropicana Danga Senibong Sdn Bhd (TDSSB) has cancelled its acquisition of a 34.2-ha leasehold land meant for a RM3.7 billion mixed development project in Johor Bahru, Johor. In a filing with Bursa Malaysia, the group said TDSSB (formerly known as Renown Dynamic Sdn Bhd) has exercised its right to terminate the sale and purchase agreement (SPA) signed on Dec 23, 2013, as the conditions precedent were not fulfilled in accordance with the SPA's provisions. However, it did not specify which provisions have not been fulfilled. (Source: *The Edge*)

MAA (CP: RM0.715): Sells Domayne bond

MAA Group Bhd has disposed of its RM33.5mil nominal value Domayne bond over-the-counter secondary market for RM30.15mil. In a filing with Bursa Malaysia, MAA said the disposal represented a good opportunity to realise its available-for-sale investment and register a gain on disposal of RM9mil based on the amortised cost of the bond as at June 30, 2015. The cash proceeds from the disposal will be used for working capital of the group and expenses incidental to the disposal. (Source: *The Star*)

Selangor Properties (CP: RM4.67): 3Q net profit surges sixfold on forex gains

Selangor Properties Bhd saw its net profit surge almost sixfold (480.49%) to RM44.64 million in the third quarter ended July 31, 2015 (3QFY15) or 12.99 sen per share compared to RM7.69 million in the previous corresponding quarter due to foreign exchange gains in its investment holding division. In a filing with Bursa Malaysia, Selangor Properties recorded a 4.96% increase in revenue to RM24.76 million in 3QFY15 compared to RM23.59 million in 3QFY14. For the first nine months of financial year 2015 (9MFY15), the company saw its net profit decline 34.82% to RM109.86 million or 31.97 sen per share compared to RM168.55 million or 49.05 sen per share in the previous corresponding quarter. (Source: *The Edge*)

Borneo Oil (CP: RM0.61): Q2 turnover surges

Borneo Oil Bhd (BornOil) put on another strong showing, posting a higher turnover of RM51.18 million for the second quarter compared with RM19.32 million a year earlier, thanks to better contribution from the group's oil, gas, mining and related activities, as well as its fast food division. For the first half year, revenue soared to RM65.81 million from RM27.39 million while net profit climbed to RM3.41 million from RM845,000 a year before. BornOil executive director Raymond Teo said progress has been encouraging and that production sharing agreements secured are the start of bigger things to come. (Source: *The Star*)

ManagePay (CP: RM0.26): To diversify into cybersecurity business

ManagePay Systems Bhd is acquiring a 29.5% stake in a cybersecurity firm Trustgate Bhd for RM1.8 million cash, to tap into the online security

business. In a filing with Bursa Malaysia today, the electronic payment specialist said it has entered into a conditional share purchase agreement with Trustgate chief executive officer Lo Nyan Tjing to acquire 8.84 million shares (29.5%) in Trustgate. Lo holds a 33.33% stake in Trustgate, according to the filing. The remaining 66.67% is held by Sigmaview Diversified Sdn Bhd. Based on the audited consolidated financial statements of Trustgate for the financial year ended Dec 31, 2014, Trustgate registered a loss of RM612,756 while its net assets then was RM5.49 million. (Source: *The Edge*)

ECONOMIC UPDATES

Malaysia: Inflation in August higher than expected

Malaysia's inflation rate, as measured by the Consumer Price Index (CPI) for August 2015, rose higher than expected due to higher costs in most of the major groups. The Statistics Department said on Wednesday the CPI increased by 3.1% to 113.9 compared with 110.5 a year ago. This was above a Bloomberg survey of 3% increase. "Overall, the index for food & non-alcoholic Beverages (weight: 30.3) rose 4.2% on a year-on-year basis in August 2015. The index for non-food (weight: 69.7) recorded an increase of 2.5%," it said. (Source: *The Star*)

China: Dour China Sept flash factory PMI casts pall over global markets

Flagging demand dragged China's giant factory sector into its sharpest contraction in 6-1/2 years in September, a private survey showed on Wednesday, triggering a flight to safety in Asian markets that analysts say could extend across the globe. The bleak data came after the US central bank refrained from lifting interest rates for the first time in nearly a decade last week, citing concerns that global problems, and China's slowing economy in particular, may hurt the US recovery. The preliminary Caixin/Markit China Manufacturing Purchasing Managers' Index (PMI) fell to 47.0 in September, the worst since March 2009, missing market expectations for 47.5 and slipping from August's final 47.3. Levels below 50 signify a contraction. (Source: *The Star*)

Japan: Consumer prices fall for first time since launch of BOJ stimulus

Japan's core consumer prices marked the first annual drop since the central bank deployed its massive stimulus program more than two years ago, keeping alive market expectations of further monetary easing to accelerate inflation to its 2 percent target. The core consumer price index, which includes oil products but excludes volatile fresh food costs, fell 0.1 percent in August from a year earlier, data from the Internal Affairs ministry showed on Friday. That matched a median market forecast and followed flat growth in July. It was the first decline since April 2013, when BOJ Governor Haruhiko Kuroda launched his massive asset-buying program, a sign his sweeping campaign has yet to reflate the economy enough to accelerate inflation toward his price target. (Source: *Reuters*)

Taiwan: Cuts interest rates for first time since 2009

Taiwan's central bank on Thursday lowered its policy rate to 1.750 percent from 1.875 percent, the first cut since 2009, citing the slowdown in global economic growth. Eight economists out of 14 in a Reuters poll had expected the central bank to cut the discount rate to 1.75 percent from 1.875 percent, following the

U.S. Federal Reserve's decision to hold off on raising interest rates. (Source: The Edge)

U.S.: Business spending slips, new home sales rise in August

U.S. business investment fell slightly in August, excluding spending on aircraft and defense equipment, but new home sales rose, suggesting that global economic headwinds were doing little to impede U.S. growth. The U.S. economy is on track to grow 1.4 percent in the third quarter, the Atlanta Federal Reserve's GDPNow forecast model showed on Thursday. The Commerce Department said capital goods orders excluding military wares and aircraft, a closely watched proxy for business spending plans, dropped 0.2 percent last month, a slightly bigger fall than analysts polled by Reuters had expected. However, August's decline followed a gain in July that was the largest in over a year and which had boosted optimism that many American companies were unfazed by weak overseas markets. (Source: Reuters)

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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