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Reports of the Day

Company Update: Eco World Development – “Another Major Sensation”

At a Glance

FBMKLCI down 5.13 points to finish at 1,628.80 due to the profit taking activities.....(See full report next page)

Strategy

“Waiting for the Right Signals”

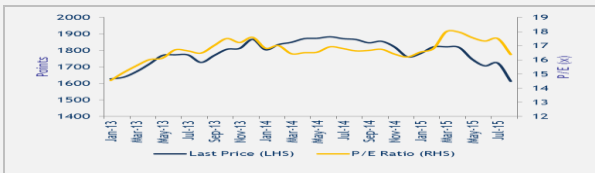
Lack of catalyst may also weigh on sentiment in our view and we don't expect much fireworks in global equity market this week.....(See full report next page)

Corporate Highlights

- **Axiata, BUY (TP: RM7.10):** RM551mil stake buy
- **CIMB, HOLD (TP: RM4.90):** Boosts partnership with Malaysia Airlines
- **Scientex, HOLD (TP: RM7.50):** Eyes property expansion

Economic Update

- **Malaysia:** Ringgit depreciates against major trade partners' currencies
- **U.S.:** Jobless rate in US unchanged
- **U.S.:** A long way from "macroprudential" safeguards



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	5-Oct	4:00 PM	Markit Eurozone Services PMI	-	54.0
EU	5-Oct	4:00 PM	Markit Eurozone Composite PMI	-	53.9
EU	5-Oct	5:00 PM	Retail Sales MoM	-	0.4%
EU	5-Oct	5:00 PM	Retail Sales YoY	-	2.7%
US	5-Oct	9:45 PM	Markit US Composite PMI	-	55.3
US	5-Oct	9:45 PM	Markit US Services PMI	-	56.6
US	5-Oct	10:00 PM	ISM Non-Manf. Composite	58.0	59.0
JP	5-Oct	9:35 AM	Nikkei Japan PMI Services	-	53.7
JP	5-Oct	9:35 AM	Nikkei Japan PMI Composite	-	52.9
EU	6-Oct	4:10 PM	Markit Eurozone Retail PMI	-	51.4
US	6-Oct	8:30 PM	Trade Balance	(\$41.65b)	(\$41.86b)
US	7-Oct	7:00 PM	MBA Mortgage Applications	-	-
CN	7-Oct	-	Foreign Reserves	-	\$3557.4b
MY	7-Oct	12:00 PM	Exports YoY	-	3.5%
MY	7-Oct	12:00 PM	Imports YoY	-	5.9%
MY	7-Oct	12:00 PM	Trade Balance MYR	-	2.38b
MY	7-Oct	-	Foreign Reserves	-	\$95.3b
US	8-Oct	8:30 PM	Initial Jobless Claims	-	-
US	8-Oct	8:30 PM	Continuing Claims	-	-
JP	8-Oct	7:50 AM	Machine Orders MoM	-	-3.6%
JP	8-Oct	7:50 AM	Machine Orders YoY	-	2.8%
JP	8-Oct	7:50 AM	Trade Balance BoP Basis	-	(¥108.0b)
JP	8-Oct	7:50 AM	BoP Current Account Balance	-	¥1808.6b
US	9-Oct	2:00 AM	U.S. Fed Released Minutes from Sept. 16-17 FOMC Meeting	-	-
US	9-Oct	8:30 PM	Imports Price Index MoM	-0.5%	-1.8%
US	9-Oct	10:00 PM	Wholesale Inventories MoM	0.0%	-0.1%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,628.80	-5.13	-0.31
FBMEMAS	11,251.20	-22.04	-0.20
FBMEMAS SHA	11,951.63	15.67	0.13
FBM100	10,967.31	-24.26	-0.22
Volume (mn)	1,335.62	-179.65	-11.86
Value (RMmn)	1,698.53	-124.38	-6.82
FBMKLCI YTD Chg			-7.52

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	16.8	7.5
Local Institution	51.4	100.4
Foreign Investors	31.8	-107.9

Top Gainers

	Close	Change+/-	(+/- %)
NESTLE	72.88	0.78	1.08
TOMYPAK	2.39	0.22	10.14
AIJYA	3.10	0.22	7.64

Top Losers

	Close	Change+/-	(+/- %)
FAR EAST	7.20	-0.40	-5.26
BAT	60.52	-0.28	-0.46
IOI CORP	4.20	-0.20	-4.55

World Indices

	Close	Change+/-	(+/- %)
DJIA	16,472.37	200.36	1.23
NASDAQ	4,707.78	80.69	1.74
S&P 500	1,951.36	27.54	1.43
FTSE 100	6,129.98	57.51	0.95
DAX	9,553.07	43.82	0.46
Nikkei 225	17,725.13	2.71	0.02
HSI	21,506.09	659.79	3.17
KOSPI	1,969.68	-9.64	-0.49
STI	2,791.63	-10.22	-0.36
KLCI Futures	1,580.00	(12.00)	(0.01)
USDMYR 3M	16.03	0.01	0.00
USDMYR 6M	15.90	(0.05)	(0.00)
USDMYR 12M	15.78	(0.03)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	45	-0.3	-0.6%
Brent (USD/bbl)	47.9	-0.2	-0.5%
Gold(USD/ounce)	1,138	-0.9	-0.1%
Coal (USD/mt)	53.0	-0.5	-0.9%
CPO (RM/mt)	2,387	-27.0	-1.1%
Rubber	132	-1.5	-1.1%
RM/USD	4.42	0.0083	-0.19%
EUR/USD	0.89	-0.0005	-0.06%
YEN/USD	119.99	0.08	-0.07%

What To Expect

U.S. Market

- The Dow Jones Industrials Average rose 200.36 points to 16,472.37 points, S&P 500 added 27.54 points to 1,951.36. Nasdaq up by 80.69 points to 4,707.78. U.S. stocks closed more than 1 percent higher Friday, recovering from an initial decline of more than 1.5 percent, as investors digested higher oil prices and a weaker-than-expected jobs report.
- Federal Reserve Vice Chairman Stanley Fischer on Friday said that no "acute risks" threaten short-term financial stability. But in prepared remarks, he made no direct reference to the U.S. central bank's current monetary policy plans or the state of the economy.

The Local Market

- FBMKLCI down 5.13 points to finish at 1,628.80 due to the profit taking activities. There were 396 gainers and 364 decliners in total value traded of RM1.70 billion.
- Among the losers on Bursa Malaysia were Far East declined 40 cent to RM7.20, BAT dropped 28 cent to RM60.52, IOI Corp slipped 20 cent to RM4.20 and Scientex fell 19 cent to RM7.40.

Strategy

- **"Waiting for the Right Signals"**
Wall Street ended last Friday's trading in positive note after the US maintained its unemployment rate at 5.1%, pushing a lower probability for interest rate adjustment in December. **S&P 500** and **DJIA added 27.54 (1.43%)** and **200.36 (1.23%)** points to end at **1,951.36** and **16,472.37** respectively. As it turned out to be, the US unemployment rate didn't budge and maintained at a steady 5.1% in September as new jobs additions were less-than-sanguine, last Friday data release showed. Hence, the December US policy rate adjustment is still a riddle, as far as we concern. The October and November non-farm payroll will be the decisive factor that will decide on this. In sum, the bad news is that the US, the only global engine growth this year, may still struggle to keep its cylinder firing and this is worrying. As such, lack of catalyst may also weigh on sentiment in our view and we don't expect much fireworks in global equity market this week.
- 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

Axiata, BUY (TP: RM7.10): RM551mil stake buy

Axiata Group Bhd is acquiring a 75% stake in Myanmar Tower Company for RM551.3mil (US\$125mil) cash. In a filing with Bursa Malaysia, Axiata said the acquisition of the 75% stake was based on an enterprise value of US\$221mil on a cash-free and debt-free basis. "The transaction would be settled via cash after adjusting for external borrowing and other working capital requirements of which based on the expected closing date of Nov 30," it said. Axiata said its wholly-owned subsidiary edotco has entered into a share purchase agreement with Digicel Group Ltd to acquire the 75% stake in Digicel Asian Holdings Pte Ltd (DAH), which was in turn the parent company of Digicel Myanmar Tower Company Ltd (MTC). (Source: The Star)

CIMB, HOLD (TP: RM4.90): Boosts partnership with Malaysia Airlines

CIMB Bank Bhd has teamed up with Malaysia Airlines' (MAB) loyalty programme Enrich to introduce the new co-branded credit card, CIMB Enrich World Elite MasterCard. This latest addition to the collection of CIMB Enrich credit cards, makes it the fourth under the co-brands, cementing the collaboration between CIMB Bank and Enrich, the bank said in a joint statement. "It has been very rewarding working together with MAB and now, in our ninth year as partners, we are pleased to launch the CIMB Enrich World Elite MasterCard. "The card is the first in the market to offer unlimited access to all Golden Lounges operated by the airline," CIMB Group CEO Tengku Datuk Zafrul Aziz said. (Source: The Star)

Scientex, HOLD (TP: RM7.50): Eyes property expansion

Scientex Bhd is poised to increase the contribution of its property segment to the bottomline substantially in the near term. The company, which now derives 71% of its revenue from the manufacturing or packaging products segment, will see a reduction in this part of the business to its overall group financial performance as it seeks to further diversify its earnings base. Managing director Lim Peng Jin tells StarBizWeek that the company is seeking to pursue growth opportunities through this two-pronged strategy. (Source: The Star)

Petron Malaysia (CP: RM3.00): To upgrade oil refinery in Port Dickson

Petron Malaysia Refining and Marketing Bhd plans to upgrade its oil refinery in Port Dickson, Negeri Sembilan, in line with the goal of shifting to the Euro 4 oil grade from the current Euro 2 standards. Petron head of retail Faridah Ali said the company's diesel and Ron 95 fuel are still using the Euro 2 standards at present and the company needs to upgrade the refinery to comply with Euro 4 standards. "There will be an allocation (capital expenditure), but, as we are still at the initial planning, designing, drawing and tendering stage, it is too premature to put an amount to it," she added. (Source: Bernama)

Takaso (CP: RM0.49): Plans to dispose of Thai property to Lay Hong for RM9m

Takaso Resources Bhd plans to dispose of its wholly-owned Thai subsidiary Takaso SC (Thailand) Ltd (TSC) to Lay Hong Bhd for RM9 million cash. In a filing with Bursa Malaysia, Takaso said it has accepted a conditional letter of intent (LOI) dated Sept 22, 2015 from Lay Hong to consider acquiring TSC from Takaso.

"Takaso wish to concentrate on the existing local business of rubber related products and decided not to further expose the group's risk. Furthermore, the current weakening ringgit will require Takaso to incur additional cost of investment," it said. TSC is currently dormant and was intended for the distribution and marketing of rubber related products and manufacturing and marketing of food business. (Source: *The Edge*)

Stone Master (CP: RM0.25): CEO resigns after one year at the helm

Stone Master Corp Bhd chief executive officer (CEO) Professor Dr Wong Kong Yew@Leong Kong Yew has resigned from the loss-making marble and granite products manufacturer after completing his one-year assignment for the financial year of 2014/2015. In a filing with Bursa Malaysia, Stone Master also cited "to focus on his other business pursuits and commitments" as the reason for Wong's resignation. Wong, 41, had stepped down from Stone Master's board as an executive director on Sept 30, which was earlier announced to Bursa Malaysia on Sept 25. (Source: *The Edge*)

AirAsia X (CP: RM0.20): Offers promotional fares for flights to Sapporo

AirAsia X Bhd is offering a promotional all-in-fares from as low as RM349 one way for standard seats, or RM1,299, one way for the premium flatbed seats for its flights from here to Sapporo. "These promotional fares are available for online booking starting today until Oct 18, 2015 for the travel period from Oct 2, 2015 until Jan 3, 2016," it said in a statement on Friday. The airline's inaugural direct flight, with 90 per cent load factor, landed in Sapporo today, marking its third destination into Japan, after Tokyo-Haneda and Osaka-Kansai from Kuala Lumpur, it said. Chief Executive Officer, Benjamin Ismail, said Japan was a core market in the Asia-Pacific and AirAsia X was proud to introduce another route connecting Kuala Lumpur and northern Japan. (Source: *Bernama*)

ECONOMIC UPDATES

Malaysia: Ringgit depreciates against major trade partners' currencies

The ringgit depreciated against the currencies of Malaysia's major trade partners, according to Bank Negara Malaysia (BNM). It also said all regional currencies depreciated against the US dollar during the month following strong portfolio outflows from the regional financial markets. According to its statement issued on Wednesday, the outflows were driven by both regional developments as well as global developments. A key driver of outflows was the prospect of an increase in US interest rates. BNM's international reserves amounted to RM360.1bil (equivalent to US\$95.3bil) as at Sept 15, 2015, sufficient to finance 7.3 months of retained imports and were 1.1 times the short-term external debt. (Source: *The Star*)

U.S.: Jobless rate in US unchanged

Payrolls rose less than projected in September, wages stagnated and the jobless rate was unchanged as people left the workforce, signaling the global slowdown and financial-market turmoil are rippling through the world's largest economy. The addition of 142,000 jobs followed a revised 136,000 gain the prior month that was lower than previously estimated, a Labor Department report showed

on Friday in Washington. The median forecast in a Bloomberg survey of 96 economists called for a 201,000 advance. The jobless rate held at 5.1%, and wage growth was little changed from the prior month. The weak report vindicates the Federal Reserve's decision to delay an interest-rate increase last month. (Source: *The Star*)

U.S.: A long way from "macroprudential" safeguards

The United States is a long way from putting in place rules that will protect the financial system and the economy from broad risks, due in part to regulatory structure and to the difficulties of predicting the next crisis, a top Federal Reserve official said. New York Fed President William Dudley, an influential Wall Street supervisor, warned against hastily putting in place so-called macroprudential tools, which would go beyond regulating specific banks and firms and focus on the broader financial sector. "While the use of macroprudential tools holds promise, we are a long way from being able to successfully use such tools in the United States," he told a conference in Boston. (Source: *Reuters*)

India: Records highest growth in domestic air traffic globally

Thanks to low fares and the increase in capacity with the launch of new airlines, India is now witnessing the highest growth in domestic air traffic globally, *The Times of India* reported. The International Air Transport Association (IATA) said India's domestic passenger traffic demand grew the fastest among seven major aviation markets of the world - Australia, Brazil, China, Japan, Russian Federation and the US. August's 18.3 per cent growth, though lower than the July growth, was the fastest globally for that month. (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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