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**At a Glance**

FBMKLCI rose 18.79 points to finish at 1,647.59 lifted by the gain in some heavyweight counters.....(See full report next page)

**Strategy****"TPP and Likely Delay in Federal Funds Rate Adjustment to Boost Sentiment"**

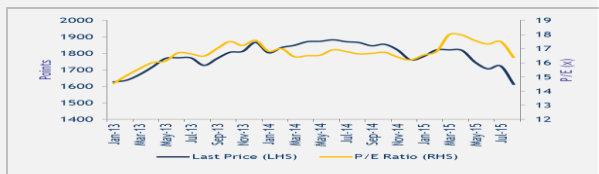
These catalysts may jack-up interest on the Ringgit and local bourse today in our view.....(See full report next page)

**Corporate Highlights**

- **Tenaga, BUY (TP: RM15.20):** YTL no longer supplies power to grid after Tenaga PPA's expiry
- **Maybank, BUY (TP: RM10.20):** Yangon's revenue growth to come from lending, transaction banking in five years
- **WCT, HOLD (TP: RM1.28):** Wins RM70.4mil job from 1MDB Rekl Estate

**Economic Update**

- **Europe:** European ministers confront Greece on daunting bailout
- **Japan:** Slow wage growth dents Japan consumption outlook
- **Europe:** European ministers confront Greece on daunting bailout



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-Manuf. 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	1,647.59	18.79	1.15
FBMEMAS	11,365.23	114.03	1.01
FBMEMAS SHA	12,077.66	126.03	1.05
FBM100	11,077.39	110.08	1.00
Volume (mn)	1,914.78	579.16	43.36
Value (RMmn)	1,860.26	161.73	9.52
FBMKLCI YTD Chg			-6.45

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

	Participation (%)	Net(RMm)
Local Retail	18.4	-21.4
Local Institution	61.6	95.1
Foreign Investors	20.0	-73.7

**Top Gainers**

	Close	Change+/-	(+/- %)
BAT	60.98	0.46	0.76
PUBLIC BANK BHD	18.18	0.38	2.14
PETRONAS GAS	22.40	0.36	1.63

**Top Losers**

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	72.50	-0.38	-0.52
RAPID SYNERGY	6.10	-0.23	-3.63
TAHPS GROUP	6.80	-0.20	-2.86

**World Indices**

	Close	Change+/-	(+/- %)
DJIA	16,776.43	304.06	1.85
NASDAQ	4,781.26	73.49	1.56
S&P 500	1,987.05	35.69	1.83
FTSE 100	6,298.92	168.94	2.76
DAX	9,814.79	261.72	2.74
Nikkei 225	18,005.49	280.36	1.58
HSI	21,854.50	348.41	1.62
KOSPI	1,978.25	8.57	0.44
STI	2,848.94	55.79	2.00
KLCI Futures	1,613.50	36.50	0.02
USDMYR 3M	15.63	(0.02)	(0.00)
USDMYR 6M	15.66	(0.07)	(0.00)
USDMYR 12M	15.61	(0.02)	(0.00)

**Other Key Economics Data**

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	46	0.0	0.1%
Brent (USD/bbl)	49.3	1.1	2.3%
Gold(USD/ounce)	1,136	0.3	0.0%
Coal (USD/mt)	53.9	0.9	1.7%
CPO (RM/mt)	2,415	28.0	1.2%
Rubber	132	0.2	0.2%
RM/USD	4.37	-0.046	1.05%
EUR/USD	0.89	-0.0002	-0.02%
YEN/USD	120.43	-0.03	0.02%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average rose 304.06 points to 16,776.43 points, S&P 500 surged 35.69 points to 1,987.05. Nasdaq up by 73.49 points to 4,781.26. U.S. stocks closed more than 1.5 percent higher Monday, extending Friday's surprise intraday reversal, as investors digested the implications of the jobs data on the timing of a rate hike and awaited quarterly earnings.
- Unemployment held at 5.1 percent, according to the Labor Department. The participation rate plunged to 62.4 percent, meaning the Fed may not be able to raise rates this year, which would remove some uncertainty for investors.

### The Local Market

- FBMKLCI rose 18.79 points to finish at 1,647.59 lifted by the gain in some heavyweight counters. There were 601 gainers and 236 decliners in total value traded of RM1.86 billion.
- Among the gainers on Bursa Malaysia were BAT grew 46 cent to RM60.98, Public Bank up 38 cent to RM18.18, PetGas increased 36 cent to RM22.40 and Cycle & Carr gained 26 cent to RM2.94.

### Strategy

- **"TPP and Likely Delay in Federal Funds Rate Adjustment to Boost Sentiment"**  
Wall Street ended higher five day in a row as investors turned roundly positive following the possibility that the US FOMC may defer the Federal Funds Rate (FFR) adjustment in 2016. **S&P 500** and **DJIA added 35.69 (1.83%)** and **303.06 (1.85%)** points to end at **1,987.05** and **16,776.43** respectively. Note that traders and investors are factoring in a 31% possibility that the US monetary committee may adjust the FFR in 2015 (read: bigger possibility of adjustment in 2016), from a 44% chance before, following the less-than-sanguine US September unemployment rate that stayed unchanged at 5.1%. Oil price rallied as a result. Although this may merely delay the inevitable but that was enough to induce steady buying momentum in Wall Street. Apart from this, the local market may get boosted from the feel-good-feeling over the conclusion of the Trans Pacific Partnership (TPP) deal yesterday between the US and 12 countries, Malaysia included. Although the details are still shrouded in secrecy but the fact that Malaysia had agreed to a long-term partnership among the world's biggest economy including Japan may surely boost sentiment. These catalysts may jack-up interest on the Ringgit and local bourse today in our view.
- 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

**Tenaga, BUY (TP: RM15.20): YTL no longer supplies power to grid after Tenaga PPA's expiry**

Tenaga Nasional Bhd announced yesterday that YTL Power Generation Sdn Bhd (YTL) was no longer exporting electricity to the grid, after both companies' power purchase agreement (PPA) expired last Wednesday (Sept 30). Tenaga said in a statement today that the PPA was signed on March 31, 1993. With the expiry, YTL no longer exports power to the Grid effective from Oct 1, 2015. Concurrently, a Leasing Agreement which YTL entered into with TNB to lease the latter's land in Paka, Terengganu and Pasir Gudang, Johor to build its power stations, was also affected. For the record, the PPA was the first PPA signed between TNB and an Independent Power Producer (IPP), and the only PPA that was based on Take-or-Pay mechanism for a period of 21 years. *(Source: The Edge)*

**Maybank, BUY (TP: RM10.20): Yangon's revenue growth to come from lending, transaction banking in five years**

Malayan Banking Bhd (Maybank), which has launched its Yangon branch in Myanmar, sees lending and transaction banking as major contributors to the revenue of its Myanmar operations within the next five years. Maybank International's chief executive officer Pollie Sim said lending will be driven mainly by working capital financing and transaction banking by Myanmar's growing international trade and demand for cash management, especially as projects are completed and operationalised. *(Source: The Edge)*

**WCT, HOLD (TP: RM1.28): Wins RM70.4mil job from 1MDB Rekl Estate**

WCT Holdings Bhd has secured a RM70.4mil earthwork contract to develop a lifestyle quarter (Phase 1) mixed-use development in the Kuala Lumpur International Financial District in Jalan Tun Razak from 1MDB Real Estate Sdn Bhd. The contract, expected to be completed by November 2016, covered earthworks, rock probing and grouting works. "The contract is expected to contribute positively to the group's future earnings and net assets," WCT Holdings said in a filing with Bursa Malaysia. *(Source: The Star)*

**UMW, BUY (TP: RM8.77): UMW Toyota to raise car prices**

UMW Toyota Motor Sdn Bhd, the distributor of Toyota and Lexus vehicles, has said it has no choice but to raise prices in January, as it struggles to cope with the weaker ringgit. The price increase, effective January, varies between 4% and 16% across all models. "The increase is inevitable as there is no clear indication on when the ringgit will rebound," UMW Toyota Motor president Datuk Ismet Suki said in a statement yesterday. "We have tried our level best to keep the price increase as minimal as possible," he added. The ringgit has dropped 20% against the US dollar year-to-date. *(Source: The Star)*

**MMC Corp, BUY (TP: RM2.70): Dropped from Pan Borneo project?**

Diversified MMC Corp Bhd could be dropped from its role in constructing part of the RM27 billion Pan Borneo Highway, industry sources say. MMC, in partnership with state-controlled UEM Group Bhd, was supposed to get as much as 60% of the construction work for the Sabah section of the highway, with the

remainder to be shared by local contractors. The highway will stretch for 1,663 km, of which 936km will be in Sarawak, linking Tanjung Datu to Lawas, and the remaining 727km in Sabah, with the cities to be connected yet to be decided. (Source: The Edge)

#### **MSM, BUY (TP: RM5.46): Expanding to UAE**

MSM Malaysia Holdings Bhd is expanding its business into United Arab Emirates (UAE) with the opening of the MSM Trading International DMCC office. In a statement here, MSM said the Dubai-based trading hub would start operations on Dec 1, after receiving its trading licence from the Dubai Multi-Commodities Centre. "From January 2016, MSM Trading will be responsible for procuring and supplying raw sugar for MSM Groups requirements. It will also undertake sugar trading activities, both in raw and refined sugar to cater to the growing regional demand," it said. MSM president/group chief executive officer, Datuk Sheikh Awab Sheikh Abod, said with its footing in Dubai, the company could diversify its income stream from foreign earnings through destination trading of raw and refined sugar on top of export sales of refined sugar. (Source: The Star)

#### **OCK Group (CP: RM0.76): Aims to grow recurring income through regional expansion**

OCK Group Bhd aims to increase its recurring income to contribute 50% of its revenue, compared to 20% currently, said group managing director Sam Ooi Chin Khoo. To achieve this, Ooi said OCK would expand its footprint in the ASEAN region for the next three years. Speaking to the media after the group's extraordinary general meeting (EGM) yesterday, Ooi said that the regional expansion would include the acquisition of base transceiver stations (BTS), embarking on greenfield BTS projects, and the takeover of assets from telecommunication (telco) operators and leaseback. (Source: The Edge)

#### **TRC Synergy (CP: RM0.36): Bags RM61.6m infrastructure job from Petronas**

TRC Synergy Bhd is to provide access roads repair and maintenance as well as slope stabilisation works for Petronas Carigali Sdn Bhd (PCSB) in East Malaysia under a contract worth RM61.59 million. The construction firm said it has been tasked to undertake the repair and maintenance of access roads and slope stabilisation works within Right of Way of Sabah Sarawak Gas Pipeline Project (Sarawak Locations). TRC Synergy said PCSB has awarded the contract to its wholly-owned subsidiary Trans Resources Corporation Sdn Bhd on Sept 10, 2015. According to the group, the contract was for two years, effective from Sept 10 this year until Sept 9, 2017. The contract came with an extension option of an additional one year until Sept 9, 2018. (Source: The Edge)

#### **Minetech (CP: RM0.07): Eyes land in Perak to diversify into property segment**

Quarry operator Minetech Resources Bhd has proposed to acquire four parcels of land in Perak, as part of its plans to diversify its existing business to include property development. In a filing with Bursa Malaysia, Minetech said it signed a conditional sale and purchase agreement with Glamour Heights Sdn Bhd yesterday, to acquire a 7,924 sq m parcel of vacant residential development land in Kinta, Perak for RM6 million cash. The land is approved for the development of a 21-storey mixed project, in which Minetech will be the main

developer, while Glamour Heights will be the co-developer to assist in the construction of the Glamour Avenue project. (Source: *The Edge*)

## ECONOMIC UPDATES

### Europe: European ministers confront Greece on daunting bailout

Eurozone finance ministers on Monday meet for the first time since Greek voters re-elected leftist premier Alexis Tsipras, who now faces the daunting task of implementing the country's cash-for-reforms bailout deal. Returning as Greek finance minister is the discreet Euclid Tsakalotos who must hurry through a raft of reforms agreed in July in return for a 86 billion euros (US\$96 billion) rescue, the country's third in five years. The three-year rescue package came after six months of acrimonious negotiations led by then finance minister Yanis Varoufakis, who so angered his 18 eurozone counterparts that Greece was left on the cusp of a humiliating eviction from the single currency. (Source: *The Star*)

### Japan: Slow wage growth dents Japan consumption outlook

Japanese wage growth slowed in August and summer bonuses fell from last year, a discouraging sign for private consumption that should keep policymakers under pressure to offer more stimulus as fears of a recession grow. Inflation-adjusted real wages rose 0.2% year-on-year, slowing from a revised 0.5% gain in July, as nominal wages lag price gains of food and daily necessities, undermining the purchasing power of households. Special payments - predominantly summer bonuses - rose 0.6%, but those paid during a bonus period between June and August were 3.4% lower than last year, labour ministry officials said. (Source: *The Star*)

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### Asia: World Bank cuts Asia growth forecast on China and US rates

The World Bank has cut its growth forecast for the Asia Pacific region for this year and next, because of the risks posed from a sharp slowdown in China and raising US interest rates. The bank now expects growth in developing East Asia and the Pacific to be 6.5% this year and 6.4% in 2016, down from an earlier forecast of 6.7%. The latest estimate is even lower than growth of 6.8% last year. Major development banks have recently revised lower their growth forecasts. Last month, the Asian Development Bank said slowing growth in China would drag down the developing region's growth to 5.8% this year. (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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