

PP14767/09/2012(030761)

Tuesday, November 17, 2015

At a Glance

FBMKLCI declined 2.91 points to finish at 1,656.00 in tandem with negative regional market sentiment.....(See full report next page)

Strategy**"Oil Up on Rising Geopolitical Concern; Wall Street Rally"**

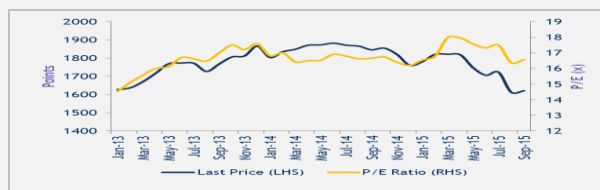
We think cautious trading pattern may still continue that may cap upside potential.....(See full report next page)

Corporate Highlights

- **IOI Corp, HOLD (TP: RM3.60):** Slips into the red in 1Q due to forex loss
- **Star Media, HOLD (TP: RM2.45):** Group's revenue up
- **WCT, BUY (TP: RM1.62):** Bags RM282.6 million deal from IJM

Economic Update

- **China:** Finance ministry to issue 14b yuan bond in Hong Kong
- **Eurozone:** Inflation revised up to 0.1% in October
- **Japan':** Economy falls back into recession again



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	16-Nov	6:00 PM	CPI MoM	-	0.2%
EU	16-Nov	6:00 PM	CPI YoY	-	0.0%
EU	16-Nov	6:00 PM	CPI Core YoY	-	1.0%
JP	16-Nov	7:50 AM	GDP SA QoQ	-0.1%	-0.3%
JP	16-Nov	7:50 AM	GDP Annualized SA QoQ	-0.3%	-1.2%
JP	16-Nov	7:50 AM	GDP Deflator YoY	1.7%	1.5%
US	16-Nov	9:30 PM	Empire Manufacturing	-5.0	-11.4
US	17-Nov	9:30 PM	CPI MoM	0.2%	-0.2%
US	17-Nov	9:30 PM	CPI Ex Food and Energy MoM	0.2%	0.2%
US	17-Nov	9:30 PM	CPI YoY	0.1%	0.0%
US	17-Nov	9:30 PM	CPI Ex Food and Energy YoY	1.8%	1.9%
US	17-Nov	10:15 PM	Industrial Production MoM	0.1%	-0.2%
CN	18-Nov	9:30 AM	China October Property Prices	-	-
US	18-Nov	8:00 PM	MBA Mortgage Applications	-	-
US	18-Nov	9:30 PM	Housing Starts	1157K	1206K
US	18-Nov	9:30 PM	Buildings Permits	1139K	1103K
JP	19-Nov	7:50 AM	Exports YoY	-	0.6
JP	19-Nov	7:50 AM	Imports YoY	-	-11.1
US	19-Nov	9:30 PM	Initial Jobless Claims	-	-
US	19-Nov	9:30 PM	Continuing Claims	-	-
US	19-Nov	10:45 PM	Bloomberg Consumer Comfort	-	-
US	19-Nov	11:00 PM	Leading Index	0.5%	-0.2%
EU	20-Nov	11:00 PM	Consumer Confidence	-	-7.7
CN	20-Nov	10:00 AM	Conference Board China October Leading Economic Index	-	-
MY	20-Nov	12:00 PM	CPI YoY	-	2.6%
MY	20-Nov	-	Foreign Reserves	-	\$94.0B

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,656.00	-2.91	-0.18
FBMEMAS	11,536.67	-30.35	-0.26
FBMEMAS SHA	12,427.82	-35.85	-0.29
FBM100	11,213.19	-25.13	-0.22
Volume (mn)	1,917.09	-293.18	-13.26
Value (RMmn)	1,694.52	-442.76	-20.72
FBMKLCI YTD Chg			-5.98

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	23.4	23.6
Local Institution	56.7	195.5
Foreign Investors	19.9	-219.1

Top Gainers

	Close	Change+/-	(+/- %)
WARISAN TC HLD	2.99	0.29	10.74
KOBAY TECHNOLO	2.40	0.24	11.11
TIEN WAH PRESS	2.55	0.23	9.91

Top Losers

	Close	Change+/-	(+/- %)
UNITED PLANTA	26.30	-0.70	-2.59
BAT	58.00	-0.30	-0.52
PANASONIC MAN	22.30	-0.30	-1.33

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,483.01	237.77	1.38
NASDAQ	4,984.62	56.73	1.15
S&P 500	2,053.19	30.15	1.49
FTSE 100	6,146.38	28.10	0.46
DAX	10,713.23	4.83	0.05
Nikkei 225	19,393.69	-203.22	-1.04
HSI	22,010.82	-385.32	-1.72
KOSPI	1,943.02	-30.27	-1.53
STI	2,918.21	-7.47	-0.26
KLCI Futures	1,614.00	-	-
USDMYR 3M	14.87	0.03	0.00
USDMYR 6M	14.86	0.02	0.00
USDMYR 12M	14.77	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	42	0.0	0.1%
Brent (USD/bbl)	44.6	0.1	0.2%
Gold(USD/ounce)	1,084	0.8	0.1%
Coal (USD/mt)	52.6	0.1	0.3%
CPO (RM/mt)	2,301	1.0	0.0%
Rubber	122	-2.2	-1.8%
RM/USD	4.38	0.005	-0.11%
EUR/USD	0.94	-0.0002	-0.02%
YEN/USD	123.28	0.1	-0.08%

What To Expect

U.S. Market

- The Dow Jones Industrials Average surged 237.77 points to 17,483.01 points, S&P 500 soared 30.15 points to 2,053.19. Nasdaq grew by 56.73 points to 4,984.62. Stocks rebounded Monday after their worst week since an August selloff, paced by energy shares amid speculation that any fallout from Friday's terrorist attacks in Paris would have a limited economic impact.
- Coordinated assaults late Friday linked to Islamist radicals killed at least 129 people in seven locations in Paris, in Europe's worst terrorist attack in at least a decade. France dispatched warplanes to bomb Islamic State's Syrian nerve center while police conducted raids on suspected Islamic radicals in all of France's major cities.

The Local Market

- FBMKLCI declined 2.91 points to finish at 1,656.00 in tandem with negative regional market sentiment. There were 339 gainers and 558 decliners in total value traded of RM1.69 billion.
- Among the losers on Bursa Malaysia were United Plantation fell 70 cent to RM26.30, BAT and Panasonic Manufacturing dropped 30 cent to RM58.00 and RM22.30 respectively.

Strategy

- **"Oil Up on Rising Geopolitical Concern; Wall Street Rally"**
Wall Street rebounded on Monday, thanks to the rally in oil prices, underpinned by the rising geopolitical concern in the Middle East (ME), only to cement our believe that the global equity market will continue to be volatile. S&P 500 and DJIA added 30.15 (1.49%) and 237.77 (1.38%) to finish at 2,053.19 and 17,483.01. The pounding by French forces against Islamic State (IS) camp in Syria only added to the rising tension in the ME, pushing oil to gain steadily by over 0.2%. Note that IS has now issued fresh warnings that Washington may be their next target after Paris, stoking fear that terrorism may get out of hand. Of this backdrop, we think that the rise in oil price is temporary as it was not supported by improving fundamentals and this may not last. Above all, the threat of terrorism may still be pervasive which could weigh on sentiment as the key financial centre in London could also be in the list. The black swan is that IS could be targeting the Straits of Hormuz or Suez Canal but this may be a little over-stretch at the moment. If any, the Straits of Hormuz will be the first target as it is nearer to Syria. Note that the Straits of Hormuz, one of the key shipping lanes in the world, is sandwiched between Iran and Oman. Although Wall Street made a turnaround yesterday but we think cautious trading pattern may still continue that may cap upside potential.
- 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

IOI Corp, HOLD (TP: RM3.60): Slips into the red in 1Q due to forex loss

IOI Corp Bhd plunged into the red for the first financial quarter ended Sept 30, 2015 (1QFY16) primarily due to foreign exchange (forex) loss of RM853.9 million on translation of its US dollar-denominated borrowings. The group posted a net loss of RM719 million or 11.38 sen loss per share compared with a net profit of RM176.7 million or 2.78 sen per share in 1QFY15. Excluding the foreign currency translation loss and the fair value loss on derivative financial instruments of RM202.8 million, the underlying pre-tax profit of RM402.7 million for 1QFY16 is 22% higher than the underlying pre-tax profit of RM331.3 million for 1QFY15, which is attributed mainly to improved performance from our resource-based manufacturing segment," said IOI Corp in a filing with Bursa Malaysia today. (Source: The Edge)

Star Media, HOLD (TP: RM2.45): Group's revenue up

Star Media Group Bhd has recorded a marginal increase of 0.7% in revenue for the first nine months in the current year of operations to maintain its growth trend. On the back of a challenging environment, where consumer spending and advertising expenditure remained subdued, the group registered a revenue of RM738.25mil for the period ended Sept 30, 2015, compared to RM732.85mil in the corresponding period last year. Profit attributable to shareholders for the nine months stood at RM83.48mil, a decline of 7.2% compared to the corresponding period last year due to higher direct costs from Singapore-listed subsidiary, Cityneon Holdings Ltd, and lower revenue from its print segment and i.Star Ideas Factory Sdn Bhd. (Source: The Star)

WCT, BUY (TP: RM1.62): Bags RM282.6 million deal from IJM

WCT Holdings Bhd has been awarded a RM282.57 million subcontract from IJM Construction Sdn Bhd for the construction and completion of the West Coast Expressway. In a stock exchange filing yesterday, WCT said its wholly-owned unit, WCT Bhd, had yesterday accepted a subcontract for the West Coast Expressway (Taiping – Banting) Section 3 – Shah Alam Expressway Interchange to NKVE/FHR2 Interchange (Part of Section 3 of Main Highway). The scope of work consists of preliminaries, site clearance and earthworks, geotechnical works, drainage works and box culverts, sub-base, road base and pavement, traffic signs, road markings and road furniture, utilities and services, erosion control sediment plan, environmental protection and enhancement. (Source: The Sun)

Parkson, BUY (TP: RM1.20): Eyes more than 100 brands to revive sales across the region

Parkson Holdings Bhd, which reported a 69% year-on-year net profit decline for the financial year ended June 30, 2015 (FY15) due to lower sales performance in its Malaysia, China, Vietnam and Myanmar operations, expects consumer sentiment to stay weak, but is banking on its on-going rebranding campaign to revive its retailing business across the region. For Malaysia, Parkson Retail Asia Ltd (Parkson Asia) (Valuation: 1.20, Fundamental: 0.80) non-executive director Datuk Magic Lee sees the depreciating ringgit and the implementation of the

goods and services tax in April as dragging consumer sentiments down. (Source: *The Edge*)

Teo Seng Capital (CP: RM1.61): Higher Q3 earnings for Teo Seng Capital

Teo Seng Capital Bhd announced a net profit of RM11.97mil for the third quarter ended Sept 30 (3Q15), or an 11% increase from RM10.76mil a year ago due to significantly lower tax expense. The poultry-based company said on Monday tax expense was at RM114,000 compared with RM6.59mil a year ago. Teo Seng Capital said its revenue rose 7.1% to RM102.47mil from RM95.66mil a year ago. However, pre-tax profit dropped to RM12.09mil for 3Q15, compared to RM17.39 million over the same period a year ago. Teo Seng Capital said while it recorded higher revenue due to an increase in sales from its poultry farming operations, its pre-tax profit for the quarter declined due to the lower selling price of eggs. (Source: *The Star*)

SP Setia (CP: RM3.25): To undertake third project in Australia

SP Setia Bhd plans to develop a residential project in Melbourne, Australia, with a gross development value of A\$34mil (RM105.75mil). The property developer said in a press statement that it had acquired its third piece of land in Melbourne - measuring 2,074 sq m - for A\$6.68mil (RM20.78mil) for the purpose. The parcel is located at Neerim Road, Carnegie, just 11km southeast of the Melbourne central business district. The site has a permit approved for a compact project of 48 apartments over four levels. SP Setia acting president and chief executive officer Datuk Khor Chap Jen said this was its third project in Australia although a small one compared to Fulton Lane and Parque, its first two developments in Melbourne which were both 100% sold. (Source: *The Star*)

MRCB (CP: RM1.42): Proposes to raise up to RM612.1 million from private placement

Malaysian Resources Corp Bhd (MRCB) proposes to raise up to RM612.1 million from a private placement, which will be used mainly for its property development activities. In a filing with Bursa Malaysia yesterday, MRCB said it proposes to undertake a private placement of up to 493.61 million ordinary shares of RM1 each, representing up to 20% of its issued and paid-up share capital. "Based on the indicative issue price of RM1.24 per placement share, the company is expected to raise gross proceeds of up to RM443.1 million and RM612.1 million under the minimum scenario and maximum scenario respectively upon completion of the proposed private placement," it said. (Source: *The Sun*)

Boustead Heavy Industries (CP: RM2.12): Wins RM1.23bil job from Govt

Boustead Heavy Industries Corp Bhd (BHIC) has secured a contract worth a total of RM1.23bil from the Government to provide refit services for two units of submarines. In a filing with Bursa Malaysia, BHIC said Boustead DCNS Naval Corp Sdn Bhd (BDNC), a joint venture between BHIC Defence Technologies Sdn Bhd (60%), a wholly owned subsidiary of BHIC, and DCNS S.A (40%), had received and accepted a letter of acceptance (LoA) from the Government. "The purpose of the LoA was to award BDNC a contract for the provision of refit services for two units of Prime Minister's Class Submarines for the Royal Malaysian Navy at a total dual currency contract price of 169.85 million euros

(RM800mil) and RM432.4mil, effective from Nov 1,” BHIC said. *(Source: The Star)*

Hua Yang (CP: RM1.87): Aborts plan to buy Penang land due to SPA conditions unfulfilled

Property developer Hua Yang Bhd has aborted its plan to acquire a 3.14-acre piece of land in Bukit Mertajam, Penang, due to the vendor's inability to fulfill one of the conditions precedent (CP) to the sales and purchase agreement (SPA). The group said the non-fulfillment will disrupt the strategic development plan and time frame that the group had for the parcel of land. However, the termination of the SPA will not impact Hua Yang's 2016 financial results. The land is one of two parcels of freehold land that Hua Yang was planning to acquire, to develop into a serviced apartment. *(Source: The Edge)*

IPO: Kim Teck Cheong's 34m new shares offered to public oversubscribed

Kim Teck Cheong Consolidated Bhd's (KTC) offer of 34 million new shares to the public at 15 sen each under its initial public offer was oversubscribed by 45.66 times. The Sabah-based consumer package goods producer and distributor said on Monday there were 13,867 applications for 1.586 billion new shares with a value of RM237.97mil from the Malaysian public. It said the over-subscription rate of 45.66 times was the highest rate for the public category of an initial public offering for 2015 to date. KTC said of the 34 million new shares, half were set aside for under the Bumiputera category and the remainder for the public. There were 7,054 applications for 731.814 million new shares under the Bumiputera category, which was over-subscription of 42.05 times while under the public category. *(Source: The Star)*

ECONOMIC UPDATES

China: Finance ministry to issue 14b yuan bond in Hong Kong

China's Ministry of Finance (MOF) said on Monday it would issue 14 billion yuan (US\$2.2 billion) in yuan-denominated treasury bonds in Hong Kong from November 23. The bond issuance will target Hong Kong residents, institutional investors and foreign banks and monetary authorities, the ministry said in a statement on its website. The first batch of 14 billion yuan worth of yuan-denominated bonds for 2015 was auctioned on May 20, the ministry said. The MOF has been auctioning bonds denominated in the offshore yuan in Hong Kong since 2009, supporting the development of the offshore yuan market there. *(Source: Reuters)*

Eurozone: Inflation revised up to 0.1% in October

Inflation in the eurozone has been revised up to 0.1% in October by the EU's statistics agency, Eurostat. Prices grew in vegetables, restaurants and fruit in October, while fuel prices were considerably lower than last year. It had previously given a flash estimate of a zero rate of inflation, saying falling energy prices had offset food price growth. Prices remain subdued, keeping pressure on the European Central Bank (ECB) to revise monetary policy. In October, prices for vegetables rose 9.4% and fruit was 6.2% higher. Restaurant prices were up 1.5%. The main factor that kept prices from rising further in October remained energy, the cost of which was 8.5% lower than 12 months earlier. *(Source: BBC)*

Greece: Gov't official says initial deal reached with lenders over foreclosures

Greece reached a preliminary deal with its international lenders on home foreclosures reform late on Monday, removing a major obstacle holding up fresh bailout loans for the cash-starved country. Athens needs a positive progress report to qualify for a sub-tranche of 2 billion euros (US\$2.14 billion) in new financial aid to pay off state arrears, and 10 billion euros in funds to help recapitalize its banks. A successful completion of its first bailout review would also open the way for discussions on debt relief. (Source: Reuters)

Japan': Economy falls back into recession again

Japan's economy has fallen into recession again after it shrank 0.8% on an annualised basis in the third quarter. The preliminary data means the world's third-largest economy has contracted for a second consecutive quarter, marking a technical recession. Growth was expected to decline after it fell a revised 0.7% in the second quarter on weak domestic demand. Japan has been in recession four times since the global financial crisis. On a quarterly basis, growth fell 0.2% in the third quarter from the previous one, weaker than forecasts of a 0.1% decline. The seasonally adjusted figure was also much lower than expectations of a 0.2% drop. (Source: BBC)

Thailand: Q3 growth tops forecast but recovery still weak

Thailand's economy grew more than expected in the third quarter but the outlook remained fragile with exports still contracting, putting pressure on the military government to boost weak domestic activity. Southeast Asia's second-largest economy grew 1% in July-September from the previous quarter on a seasonally-adjusted basis, higher than the revised 0.3% in April-June and the 0.7% expected in a Reuters poll. On an annual basis, growth was 2.9%, above the poll's 2.6% and second quarter's 2.8%, the National Economic and Social Development Board (NESDB) said on Monday. (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.

DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6
The Boulevard, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893
Website: www.mnaonline.com.my

Head Of Research



Rosnani Rasul
M&A Securities