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**At a Glance**

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**Strategy****"ECB Lack of Policy Conviction Kill the Market"**

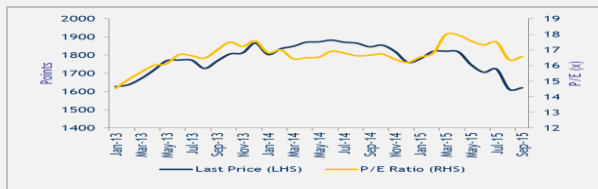
All in, the precipitous tanking of Wall Street may have resonating impact towards the regional and local market today.....(See full report next page)

**Corporate Highlights**

- **UEM Sunrise (CP: RM1.12):** Sells maiden Australian project's service apartments for A\$120 mil
- **MRCB (CP: RM1.26):** To inject Menara Shell into MQREIT for RM640m
- **Fajarbaru (CP: RM0.54):** Confirms partnering China co to bid for Gemas-JB rail link

**Economic Update**

- **Malaysia:** Participation in TPPA Will Result In Bigger GDP Gains
- **Malaysia:** GDP to slow down from 2017 onwards on weaker productivity growth, says economist
- **Europe:** ECB disappoints markets with bare-minimum easing package



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
JP	30-Nov	7:50 AM	Industrial Production MoM	1.8%	1.1%
JP	30-Nov	7:50 AM	Industrial Production YoY	-0.9%	-0.8%
JP	30-Nov	7:50 AM	Retail Sales YoY	0.9%	-0.2%
JP	30-Nov	7:50 AM	Retail Sales MoM	0.3%	0.7%
JP	30-Nov	1:00 PM	Housing Starts YoY	2.6%	2.6%
JP	30-Nov	1:00 PM	Annualized Housing Starts	0.908M	0.900M
JP	30-Nov	1:00 PM	Construction Orders YoY	-	6.7%
US	30-Nov	10:45 PM	Chicago Purchasing Manager	54.0	56.2
US	30-Nov	11:00 PM	Pending Home Sales MoM	1.0%	-2.3%
CN	1-Dec	9:00 AM	Manufacturing PMI	49.9	49.8
CN	1-Dec	9:45 AM	Caixin China PMI Mfg	-	48.3
CN	1-Dec	9:45 AM	Caixin China PMI Composite	-	49.9
CN	1-Dec	9:45 AM	Caixin China PMI Mfg Services	-	52.0
EU	1-Dec	5:00 PM	Markit Eurozone Manufacturing PMI	52.8	52.8
EU	1-Dec	6:00 PM	Unemployment rate	10.8%	10.8%
JP	1-Dec	9:35 AM	Nikkei Japan PMI Mfg	-	52.8
US	1-Dec	10:45 PM	Markit US Manufacturing PMI	52.6	52.6
US	1-Dec	11:00 PM	Construction Spending MoM	0.6%	0.6%
US	1-Dec	11:00 PM	ISM Manufacturing	50.5	50.1
US	1-Dec	11:00 PM	ISM Price Paid	40.0	39.0
EU	2-Dec	6:00 PM	PMI MoM	-0.4%	-0.3%
EU	2-Dec	6:00 PM	PPI YoY	-3.2%	-3.1%
EU	2-Dec	6:00 PM	CPI Estimate YoY	0.2%	0.1%
EU	2-Dec	6:00 PM	CPI Core YoY	1.1%	1.1%
US	2-Dec	8:00 PM	MBA Mortgage Applications	-	-3.2%
US	2-Dec	9:15 PM	ADP Employment Change	190K	182K
EU	3-Dec	5:00 PM	Markit Eurozone Services PMI	54.6	54.6
EU	3-Dec	5:00 PM	Markit Eurozone Composite PMI	54.6	54.6
EU	3-Dec	6:00 PM	Retail Sales MoM	0.2%	-0.1%
EU	3-Dec	6:00 PM	Retail Sales YoY	2.6%	2.9%
EU	3-Dec	8:45 PM	ECB Main Refinancing Rate	0.05%	0.05%
EU	3-Dec	8:45 PM	ECB Deposit Facility Rate	-0.30%	-0.20%
EU	3-Dec	8:45 PM	ECB Marginal Lending Facility	0.30%	0.30%
US	3-Dec	9:30 PM	Initial Jobless Claims	270K	260K
US	3-Dec	9:30 PM	Continuing Claims	2188K	2207K
US	3-Dec	10:45 PM	Markit US Composite PMI	56.1	56.1
US	3-Dec	10:45 PM	Markit US Services PMI	56.7	56.5
US	3-Dec	10:45 PM	Bloomberg Consumer Comfort	40.9	40.9
US	3-Dec	11:00 PM	Factory Orders	1.4%	-1.0%
MY	4-Dec	12:00 PM	Exports YoY	8.3%	8.8%
MY	4-Dec	12:00 PM	Imports YoY	-3.5%	9.6%
MY	4-Dec	12:00 PM	Trade Balance MYR	9.00B	9.69B
US	4-Dec	9:30 PM	Change in Nonfarm Payrolls	200K	271K
US	4-Dec	9:30 PM	Change in Manufact. Payrolls	OK	OK
US	4-Dec	9:30 PM	Trade Balance	(\$40.50B)	(\$40.81B)
US	4-Dec	9:30 PM	Unemployment Rate	5.0%	5.0%

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**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,673.92	-2.85	-0.17
FBMEMAS	11,632.83	-28.70	-0.25
FBMEMAS SHA	12,528.40	-22.00	-0.18
FBM100	11,317.34	-28.03	-0.25
Volume (mn)	2,040.99	78.44	4.00
Value (RMmn)	1,837.02	-15.83	-0.85
FBMKLCI YTD Chg			-4.96

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

	Participation (%)	Net(RMm)
Local Retail	16.8	-10.7
Local Institution	53.9	210.6
Foreign Investors	29.3	-199.9

**Top Gainers**

	Close	Change+/-	(+/- %)
AJINOMOTO	7.34	0.39	5.61
PETRONAS GAS	23.30	0.30	1.30
BINTULU PORT	7.08	0.26	3.81

**Top Losers**

	Close	Change+/-	(+/- %)
HONG LEONG BA	12.98	-0.34	-2.55
HARTALEGA	5.45	-0.22	-3.88
PIE INDUSTRIAL	8.27	-0.21	-2.48

**World Indices**

	Close	Change+/-	(+/- %)
DJIA	17,477.67	-252.01	-1.42
NASDAQ	5,037.53	-85.70	-1.67
S&P 500	2,049.62	-29.89	-1.44
FTSE 100	6,275.00	-145.93	-2.27
DAX	10,789.24	-400.78	-3.58
Nikkei 225	19,939.90	1.77	0.01
HSI	22,417.01	-62.68	-0.28
KOSPI	1,994.07	-15.22	-0.76
STI	2,888.14	4.50	0.16
KLCI Futures	1641.0	-0.5	0.0
USDMYR 3M	13.3	0.005	0.0
USDMYR 6M	13.2	0.0	0.0
USDMYR 12M	13.24	0.06	0.00

**Other Key Economics Data**

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	41	0.3	0.7%
Brent (USD/bbl)	43.8	1.4	3.2%
Gold(USD/ounce)	1,063	0.5	0.1%
Coal (USD/mt)	53.0	0.3	0.5%
CPO (RM/mt)	2,364	33.0	1.4%
Rubber	128	-1.0	-0.8%
RM/USD	4.23	-0.0062	0.15%
EUR/USD	0.92	0.0019	0.21%
YEN/USD	122.67	0.06	-0.05%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average dropped 252.01 points to 17,477.67 points, S&P 500 declined 29.89 points to 2,049.62. Nasdaq tumbled by 85.70 points to 5,037.53. The S&P 500 suffered its biggest drop since late September on Thursday as the European Central Bank disappointed market hopes for greater stimulus.
- The ECB cut its deposit rate deeper into negative territory and extended its asset buys by six months, as expected. But some market participants had hoped for greater stimulus.

### The Local Market

- FBMKLCI dropped 2.85 points to finish at 1,673.92 due to the weaker overnight close at Wall Street. There were 306 gainers and 525 decliners in total value traded of RM1.84 billion.
- Among the losers on Bursa Malaysia were Hong Leong Bank fell 34 cent to RM12.98, Hartalega decreased 22 cent to RM5.45, PIE Industrial slid 21 cent to RM8.27 and PPB group slipped 20 cent to RM15.48.

### Strategy

- **“ECB Lack of Policy Conviction Kill the Market”**  
Wall Street tanked precipitously on Thursday as lack of policy impetus from ECB hurt sentiment. **S&P 500** and **DJIA** **erased 29.89 points (-1.44%)** and **252.01 points (-1.42%)** to end at **2,049.62** and **17,477.67** respectively. Generally, investors were disappointed with ECB lack of punchy stimulus as revealed during their policy decision yesterday. Despite cutting its deposit rate into negative territory and pushing its asset buying plan for another 6 months, this has been accepted as not enough given Eurozone still lethargic economic momentum, triggering a spike in Euro. Against the expected adjustment in US policy rate in December, ECB failed to inject enough ammunition that could work against the pact. Notwithstanding that, market consensus is expecting US non-farm new job creation to touch 200k, broadly in line with the strengthening of labor market. Hence, US October unemployment rate of 5.0% may get knocked down further, possibly injecting a sense of jitteriness that the US FOMC may snap its first policy adjustment in 6 years this 16<sup>th</sup> December. All in, the precipitous tanking of Wall Street may have resonating impact towards the regional and local market today.
- 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

**UEM Sunrise (CP: RM1.12): Sells maiden Australian project's service apartments for A\$120 mil**

Property developer UEM Sunrise Bhd is selling the serviced apartments component of the group's maiden Australian project, the mixed development Aurora Melbourne Central at La Trobe Street, Melbourne Australia, to Ascendas Hospitality Trust for A\$120 million (RM380 million). The disposal, expected to be completed by Sept 30, 2019, will contribute A\$26.95 million (RM83.27 million) to UEM Sunrise Group's earnings for the financial year ending 2019, according to UEM Sunrise's Bursa Malaysia filing. UEM Sunrise's wholly-owned subsidiary UEM Sunrise (La Trobe Street) Pty Ltd signed an agreement yesterday (Dec 2) with The Trust Company (Re Services) Ltd, trustee for the Ascendas Australia Hotel Trust, for the sale of the apartments — 252 units in all — located on level 10 to 32 of Aurora Melbourne Central. (Source: *The Edge*)

**MRCB (CP: RM1.26): To inject Menara Shell into MQREIT for RM640m**

Malaysian Resources Corp Bhd (MRCB) (Valuation: 2.00, Fundamental: 1.30) is planning to inject the 33-storey Menara Shell into MRCB-Quill Real Estate Investment Trust (MQREIT), to unlock RM640 million worth of investment value in the property. In a filing with Bursa Malaysia, MRCB said its wholly-owned subsidiary 348 Sentral Sdn Bhd has entered into a heads of agreement (HOA) with Maybank Trustees Bhd, trustee for MQREIT, for the disposal of the office tower that is located next to Kuala Lumpur Sentral at Jalan Tun Sambanthan. The property comes together with a five storey podium and a four storey basement car park. (Source: *The Edge*)

**Fajarbaru (CP: RM0.54): Confirms partnering China co to bid for Gemas-JB rail link**

Fajarbaru Builder Group Bhd has confirmed that it has partnered a China company to jointly bid for the RM8 billion Gemas-JB rail link. The management is positive about the bidding result, which is expected to be finalised by the end of this month. "We have already submitted the bidding for the contract, and we are positive [about] the result, due to our track record and experience," the construction firm's managing director Teo Sock Cheng told reporters after the annual general meeting yesterday. However, he declined to disclose the details of the Chinese partner as the joint venture has not been finalised yet. (Source: *The Edge*)

**Rex Industry (CP: RM1.50): To Tap Into West Asian Mart In Q1 2016**

Rex Industry Bhd, a manufacturer and exporter of canned food, plans to invest millions of ringgit to penetrate the West Asian market in the first quarter of next year. "At the last board meeting, the board has approved the setting up of Rex Gulf, the group's international office, which will focus on West Asian and African nations," said its Group Managing Director, Darmendran Kunaretnam. Darmendran said currently, the administration process is in place to assess the cost of setting up the office, which is most likely to be established in Dubai or Sarjah in the United Arab Emirates. (Source: *Bernama*)

**Tekala Corp. (CP: RM0.31): Directors propose RM513mil asset injection plan**

The directors of Tekala Corp Bhd are proposing to inject their own property and construction assets worth RM513mil in a share swap deal to revive the loss-making timber company. "The proposals present an opportunity for the existing shareholders of Tekala to participate in a proposed new core business that is viable and profitable," the company said in a filing with Bursa Malaysia on Thursday. Under the proposed deal, a special purpose vehicle, WMG Holdings Bhd, will be set up to acquire the targeted assets from several private companies controlled by Tekala's main shareholders and company directors. (Source: The Star)

**MAB: To add more crew bases to boost connectivity**

Malaysia Airlines Bhd plans to improve connectivity and service quality on the domestic network by opening seven new crew bases in the country. The national carrier, in its first quarterly progress update since becoming a new legal entity on Sept 1, said that a total of 18 Boeing 737-800s would be relocated, with locally employed pilots and cabin crew staff, to permanent bases in Kota Kinabalu, Kuching, Miri, Labuan, Kota Baru, Penang and Johor Baru. To ensure convenience and improved connectivity for passengers, it plans to reorganise its operations in the KL International Airport (KLIA) to concentrate operations in the main terminal. (Source: The Star)

**ECONOMIC UPDATES****Malaysia: Participation in TPPA Will Result In Bigger GDP Gains**

Malaysia's participation in the Trans-Pacific Partnership Agreement (TPPA) is projected to achieve a cumulative gain in gross domestic product (GDP) of US\$107 billion to US\$211 billion over 2018-2027. This is assuming that all tariffs are eliminated and non-tariff measures (NTMs) are reduced by 25 to 50 per cent across the prospective 12 member countries, according to the PricewaterhouseCoopers' (PwC) study on Potential Economic Impact of TPPA on the Malaysian Economy and Selected Key Economic Sectors. This is part of the TPP cost-benefit analysis studies released by the Ministry of International Trade and Industry (MITI) which is readily available on its website. (Source: Bernama)

**Malaysia: GDP to slow down from 2017 onwards on weaker productivity growth, says economist**

The US-based economic research organisation The Conference Board (TCB) expects Malaysia's gross domestic product to score 4.5% in 2015, 4.6% in 2016, and slow down gradually to just over 3% in the decade after, due to slower productivity growth. "But that is all the results based on the projection showing weaker productivity growth, so that is the thing that I think Malaysia will need to change," TCB executive vice president, chief economist, and chief strategy officer Dr Bart van Ark told pressmen at the sidelines of the Global Economic Outlook 2016 conference yesterday. Therefore, Van Ark opined that the adoption of technology and innovation is particularly crucial for Malaysia, and other Asean emerging markets. (Source: The Edge)

**Europe: ECB disappoints markets with bare-minimum easing package**

The European Central Bank eased policy further on Thursday to fight stubbornly low inflation but kept much of its powder dry, disappointing high market expectations for greater stimulus. The ECB cut its deposit rate deeper into negative territory and extended its asset buys by six months -- widely anticipated moves that some investors considered the bare minimum after the bank had for weeks stoked expectations of stimulus moves. The bank will also start buying municipal debt but keep its overall asset purchases unchanged, potentially lowering its government bond buys as the new instrument crowds out other assets. *(Source: Reuters)*

**Thailand: Consumer sentiment rises to 6-month high after stimulus steps**

Thai consumer confidence rose for a second straight month in November to its highest in six months, a university survey showed on Thursday, boosted by economic stimulus steps aimed at pulling the economy out of a year-long rut. South-East Asia's second-largest economy is still struggling after an army coup in May 2014 ended months of political unrest as exports remain weak and consumption crimped by high household debt. The consumer confidence index of the University of the Thai Chamber of Commerce climbed to 74.6 in November, its highest since May. The index was at 73.4 in October - the first time it rose in 10 months. *(Source: The Star)*

**China: Service Sector Activity Eases In November**

Activity in China's service sector eased in November on softened demand, Xinhua News Agency reported Thursday. The Caixin China General Services PMI (Purchasing Managers' Index) came in at 51.2 in November, down slightly from 52 in October, the agency quoted a survey from financial information service provider Markit and sponsored by Caixin Media Co Ltd. A reading above 50 indicates expansion, while a reading below 50 represents contraction. It said the survey attributed the easing business activity in the service sector to relatively weak market conditions and softened client demand in the latest survey period. *(Source: Bernama)*



# 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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