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Report of The Day

Company Update: UMW Holdings – “Toyota Records Lower Sales Volume in 2015”

At a Glance

FBMKLCI declined 12.84 points and closed at 1,655.13 in tandem with the negative regional market sentiment.....(See full report next page)

Strategy

“Bloodbath in Wall Street; Injured by China and Tumbling Oil”

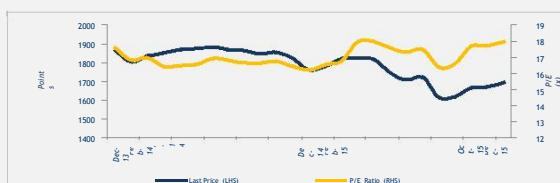
The shakiness from Wall Street and unsettled business from China will weigh on the market today(See full report next page)

Corporate Highlights

- **Petronas Gas, HOLD (TP: RM23.20):** Gets US\$500m funding from Mizuho Bank
- **Tenaga, BUY (TP: RM14.60):** Court dismisses suits filed against TNB on Integrex takeover
- **SYF Resources (CP: RM0.665):** dividends by 2017

Economic Update

- **Malaysia:** Malaysia's November exports weaker than expected, LNG weigh
- **China:** Suspends stock circuit breaker days after introduction
- **U.S.:** Jobless claims fall; planned layoffs smallest in 15½ years



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	4-Jan	5:00 PM	Markit Eurozone Manufacturing PMI	53.1	53.1
CN	4-Jan	9:45 AM	Caixin China PMI Mfg	49.0	48.6
JP	4-Jan	9:35 AM	Nikkei Japan PMI Mfg	-	52.5
US	4-Jan	10:45 PM	Markit US Manufacturing PMI	-	51.3
US	4-Jan	11:00 PM	Construction Spending MoM	0.6%	1.0%
US	4-Jan	11:00 PM	ISM Manufacturing	49.0	48.6
US	4-Jan	11:00 PM	ISM Prices Paid	36.0	35.5
EU	5-Jan	6:00 PM	CPI Estimate YoY	0.4%	0.2%
EU	5-Jan	6:00 PM	CPI Core YoY	1.0%	0.9%
JP	5-Jan	7:50 AM	Monetary Base YoY	-	32.5%
JP	5-Jan	9:35 AM	Nikkei Japan PMI Services	-	51.6
EU	6-Jan	5:00 PM	Markit Eurozone Services PMI	53.9	53.9
EU	6-Jan	5:00 PM	Markit Eurozone Composite PMI	54.0	54.0
EU	6-Jan	6:00 PM	PPI MoM	-0.2%	-0.3%
EU	6-Jan	6:00 PM	PPI YoY	-3.1%	-3.1%
CN	6-Jan	9:45 AM	Caixin China PMI Services	-	51.2
CN	6-Jan	9:45 AM	Caixin China PMI Composite	-	50.5
JP	6-Jan	9:35 AM	Nikkei Japan PMI Composite	-	52.3
US	6-Jan	8:00 PM	MBA Mortgage Applications	-	7.3%
US	6-Jan	9:15 PM	ADP Employment Change	198K	217K
US	6-Jan	9:30 PM	Trade Balance MYR	(\$44.10B)	(\$43.89B)
US	6-Jan	10:45 PM	Markit US Services PMI	55.8	53.7
US	6-Jan	10:45 PM	Markit US Composite PMI	-	53.5
US	6-Jan	11:00 PM	ISM Non-Manf. Composite	56.0	55.9
US	6-Jan	11:00 PM	Factory Orders	-0.3%	1.5%
US	6-Jan	11:00 PM	Durable Goods Orders	-	0.0%
EU	7-Jan	5:10 PM	Markit Eurozone Retail PMI	-	48.5
EU	7-Jan	6:00 PM	Economic Confidence	106.0	106.1
EU	7-Jan	6:00 PM	Consumer Confidence	-5.7	-5.7
EU	7-Jan	6:00 PM	Unemployment Rate	10.7%	10.7%
EU	7-Jan	6:00 PM	Retail Sales MoM	0.2%	-0.1%
EU	7-Jan	6:00 PM	Retail Sales YoY	2.0	2.5
CN	7-Jan	-	Foreign Reserves	-	\$3438.3B
MY	7-Jan	12:00 PM	Trade Balance MYR	-	12.16B
MY	7-Jan	12:00 PM	Exports YoY	-	16.7%
MY	7-Jan	12:00 PM	Imports YoY	-	-0.4
MY	7-Jan	6:00 PM	Foreign Reserves	-	\$94.9B
US	7-Jan	9:30 PM	Initial Jobless Claims	-	-
US	7-Jan	9:30 PM	Continuing Claims	-	-
JP	8-Jan	1:00 PM	Leading Index CI	103.9	104.2
JP	8-Jan	1:00 PM	Coincident Index	11.6	113.3
US	8-Jan	9:30 PM	Unemployment Rate	5.0%	5.0%
US	8-Jan	9:30 PM	Change in Nonfarm Payrolls	200K	211K
US	8-Jan	9:30 PM	Change in Manufacturing Payrolls	8K	(1K)
US	8-Jan	11:00 PM	Wholesale Inventories MoM	-0.1%	-1.0%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,655.13	-12.84	-0.77
FBMEMAS	11,601.88	-93.85	-0.80
FBMEMAS SHA	12,610.46	-97.77	-0.77
FBM100	11,270.42	-90.45	-0.80
Volume (mn)	3,051.62	617.88	25.39
Value (RMmn)	2,270.79	-44.17	-1.91
FBMKLCI YTD Chg			-2.21

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMmn)
Local Retail	21.7	46.3
Local Institution	54.1	248.9
Foreign Investors	24.2	-295.2

Top Gainers

	Close	Change+/-	(+/- %)
FIAMMA HLDGS	2.20	0.46	26.44
PANASONIC MAN	24.38	0.32	1.33
FAR EAST HLDGS	7.75	0.24	3.20

Top Losers

	Close	Change+/-	(+/- %)
PETRONAS DAGA	23.72	-0.78	-3.18
BRIT AMER TOBAC	53.50	-0.56	-1.04
GLOBETRONICS TE	6.48	-0.30	-4.43

World Indices

	Close	Change+/-	(+/- %)
DJIA	16,514.10	-392.41	-2.32
NASDAQ	4,689.43	-146.34	-3.03
S&P 500	1,943.09	-47.17	-2.37
FTSE 100	5,954.08	-119.30	-1.96
DAX	9,979.85	-234.17	-2.29
Nikkei 225	17,767.34	-423.98	-2.33
HSI	20,333.34	-647.47	-3.09
KOSPI	1,904.33	-21.10	-1.10
STI	2,730.47	-73.80	-2.63
KLCI Futures	1599.0	9.5	0.0
USDMYR 3M	13.1	-0.04	0.0
USDMYR 6M	13.1	0.0	0.0
USDMYR 12M	13.10	0.02	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	33	0.0	0.2%
Brent (USD/bbl)	33.8	-0.5	-1.4%
Gold(USD/ounce)	1,109	0.4	0.0%
Coal (USD/mt)	51.3	-0.3	-0.5%
CPO (RM/mt)	2,422	-26.0	-1.1%
Rubber	112	-2.7	-2.4%
RM/USD	4.30	-0.0255	0.59%
EUR/USD	0.91	-0.0002	-0.02%
YEN/USD	121.69	0.01	-0.01%

What To Expect

U.S. Market

- The Dow Jones Industrials Average plunged 392.41 points to 16,514.10 points, S&P 500 declined 47.17 points to 1,943.09. Nasdaq dropped by 146.34 points to 4,689.43. Stocks closed sharply lower Thursday as China news overnight and low oil prices renewed concerns about global economic growth.
- Reuters reported in early afternoon trade that China's central bank is under increasing pressure from policy advisors to let the yuan currency fall quickly and sharply, by as much as 10-15 percent, as its recent gradual softening is thought to be doing more harm than good.

The Local Market

- FBMKLCI declined 12.84 points and closed at 1,655.13 in tandem with the negative regional market sentiment. There were 253 gainers and 721 decliners in total value traded of RM2.27 billion.
- Among the decliners on Bursa Malaysia were Petronas Dagangan shed 78 cent to RM23.72, British American Tobacco fell 56 cent to RM53.50, Globetronics down 30 cent to RM6.48 and Lafarge Malaysia cut 28 cent to RM8.80.

Strategy

- **“Bloodbath in Wall Street; Injured by China and Tumbling Oil”**

Wall Street tanked precipitously on Thursday, spooked by another circuit breaker in China and also tumbling oil price, igniting fear that global growth is going to get hit this year. S&P 500 and DJIA lost 47.17 (-2.37%) and 392.41 (-2.32%) points to finish at 1,943.09 and 16,514.10 respectively. To begin with, China stock market bellwether index erased another 6.9% before suffering another circuit breaker for the week, prompting regulator to suspend the usage of circuit breaker after it resulted in much more panic than otherwise. Things do not look good in China, nonetheless, the suspension of circuit breaker may mean that the market may suffer a free fall without a mechanism to halt it. In sum, the tremor from China will send a reverberating global effect and it can last quite some time. In addition to China, the resulting effect from the anticipated slowdown in Chinese economy had weighed on oil price. It settled a tad lower at USD33 per barrel before testing a low of USD32 for the day. Willy-nilly, the shakiness from Wall Street and unsettled business from China will weigh on the market today.

- Our 1H16 FBMKLCI target is 1,720 based on PER of 16.5x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.5% in 2016

CORPORATE HIGHLIGHTS

Petronas Gas, HOLD (TP: RM23.20): Gets US\$500m funding from Mizuho Bank

Petronas Gas Bhd has secured US\$500m (RM2.2bil) term loan from Mizuho Bank Ltd which would be used to finance the group's and/or its subsidiaries' general corporate funding purposes including, but not limited to, capital expenditure. Petronas Gas said on Thursday it had signed a facility agreement with Mizuho Bank Ltd, which was the mandated lead arranger and the lenders Mizuho Bank Ltd Labuan branch and Mizuho Bank (Malaysia) Bhd. It said the facility shall have a tenure of five years from the first drawdown. *(Source: The Star)*

Tenaga, BUY (TP: RM14.60): Court dismisses suits filed against TNB on Integrax takeover

The Kuala Lumpur High Court has dismissed the suits against Tenaga Nasional Bhd (TNB) served by dissenting shareholders of Integrax Bhd, including Integrax co-founder Amin Halim Rasip and his wife Nor'aini Hashim. The utility giant told Bursa Malaysia that the court dismissed on Thursday the three originating summons from the duo, Chan Kok Keong and Yau Wai Leong served in July last year. The court also ordered Amin and Nor'aini to pay cost of RM50,000 to TNB. There was no order to costs for summons from the other two plaintiffs. *(Source: The Star)*

SYF Resources (CP: RM0.665): Targets dividends by 2017

SYF Resources Bhd, which is looking to launch property projects with a total gross development value of RM500 million in Sungai Long and Semenyih in the next three to four years, plans to start paying out dividends again by 2017 at the earliest. The furniture manufacturer last paid dividends a decade ago. SYF ventured into the property development business in 2012. Executive director Datuk Seri Chee Hong Leong said for this year alone it plans to launch two projects in Sungai Long, which will have a GDV of RM100 million each. *(Source: The Sun)*

Ideal Sun City (CP: RM0.47): Acquires industrial land for RM6.15mil

Penang-based project management services provider Ideal Sun City Holdings Bhd is acquiring 15 plots of leasehold industrial land located in Anzen Business Park off Jalan Kepong from Tan Hua Meng for RM6.15mil. The acquisition price excludes the goods and services tax. The company said in a stock exchange filing that the properties were located on land that has been rented out with an average annual gross rental yield of 5.9%. "The purchase consideration of the properties took into account of the management's best estimate, enquiries on the market value of the similar properties in the vicinity and a valuation by an independent valuer Raine & Horne International Zaki + Partners Sdn Bhd," it said. *(Source: The Star)*

Instacom (CP: RM0.285): Completes private placement with encouraging take-up rate

Instacom Group Bhd's completed its private placement exercise, which resulted in proceeds of RM33.75mil, recently with an encouraging take up rate with strategic investors. The telecommunication infrastructure provider had

proposed up to 10% of its issued and paid-up capital would be issued under the private placement exercise. The placement was done at 25 sen per share, which represented a discount of approximately 9.71% to the five-day weighted average market price of Instacom shares, up to and inclusive of Dec 16, 2015," it said in a statement. Instacom said the date was the last traded day of Instacom shares immediately preceding the price-fixing date, of RM0.2769 per share. (Source: The Star)

Esthetics (CP: RM0.86) inks agreement with France's LPG to distribute skin care equipment

Esthetics International Group Bhd (EIG)'s wholly-owned subsidiary EIG Dermal Wellness (M) Sdn Bhd has signed a distribution agreement with France's LPG Systems. EIG said the agreement grants EIG the exclusive rights to sell and distribute LPG skin care equipment through the professional beauty and wellness market in Malaysia for a period of one year. "The agreement will enable EIG to further leverage and expand its distribution of professional skin care and beauty equipment through all appropriate distribution channels, including professional salons," read the announcement. LPG is one of the leading brands in non-invasive professional skin care equipment from France with over 26 years' experience in professional skin care equipment and worldwide distribution in over 110 countries. (Source: The Edge)

Century Bond (CP: RM1.54): Unit To Acquire 30 Per Cent Stake In Prestige Packages For RM2.89 Million

Century Bond Bhd's wholly-owned unit, CB Bags Sdn Bhd, has signed an agreement to buy the remaining 30 per cent equity in Prestige Packages (Perlis) Sdn Bhd from Cement Industries of Malaysia Bhd (CIMA). Century Bond said, CB Bags, which current has 70 per cent stake in Prestige Packages, would pay RM2.89 million for the stake. Century Bond said the acquisition would result in Prestige Packages becoming a wholly-owned unit of the company and enable it to gain full control and direction of the company. The company said the purchase price was arrived on a willing buyer-willing seller basis and after taking into consideration the net asset of Prestige Packages of RM9.64 million based on the management accounts as at Sept 30, 2015. (Source: Bernama)

ECONOMIC UPDATES

Malaysia: Malaysia's November exports weaker than expected, LNG weigh

Malaysia's exports in November 2015 rose at a slower pace of 6.3% to RM67.63bil from the RM63.59bil a year ago caused by a decline in exports of liquefied natural gas (LNG) due to the lower average unit value. Based on the Malaysia External Trade Development Corporation (Matrade) data released on Thursday, the exports were sharply below economists' expectations of a 12% growth on-year, day. The exports were also down 12.1% from the RM75.81bil in October. Matrade said exports of manufactured goods grew by 9% to RM54.03bil and of agricultural goods by 9.2% to RM5.64bil. However, exports of mining goods fell 11% to RM7.6 billion. (Source: The Star)

Malaysia: US\$95.3 billion reserves at end of 2015

Bank Negara Malaysia's international reserves fell US\$20.6 billion (RM90.5 billion) to US\$95.3 billion as at end-December 2015 from US\$115.9 billion a year before that. BNM said in a statement yesterday the reserves, had in ringgit terms, increased by RM3.7 billion to RM409.1 billion from RM405.4 billion during that period. The reserves level as at Dec 31, 2015 has taken into account the adjustment for foreign exchange revaluation changes," BNM said. The central bank said the international reserves remain ample to facilitate international transactions. The reserves are sufficient to finance 8.5 months of retained imports, significantly higher than the 3-month international threshold. The reserves level is also adequate to meet external obligations with a reserves to short-term external debt coverage of 1.1 times. *(Source: The Sun)*

China: Suspends stock circuit breaker days after introduction

China's securities regulator suspended a new stock circuit-breaker after a selloff forced local exchanges to shut for the second day this week, signalling that the country's leadership may reconsider or change the system. The China Securities Regulatory Commission announced the suspension on its official microblog account on Thursday night. The decision came hours after CSRC officials held an emergency meeting to discuss conditions on the nation's tumbling stock market, according to a person familiar with the discussions who asked not to be named because he wasn't authorized to speak publicly. China's CSI 300 Index plunged 7.2% on Thursday, triggering an automatic shutdown within 30 minutes of the open, as declines in the yuan rattled investor confidence in the world's second-largest economy. *(Source: The Edge)*

U.S.: Jobless claims fall; planned layoffs smallest in 15½ years

The number of Americans filing for jobless benefits fell last week and layoffs in December were the smallest in 15½ years, pointing to a firmer labor market even as economic growth appears to have slowed sharply in the fourth quarter. Coming on the heels of a report on Wednesday showing private payrolls in December notched their biggest increase in a year, the data on Thursday suggest the economy's fundamentals remain healthy as it struggles against the headwinds of a strong dollar, bloated inventories and energy sector investment cuts. Initial claims for state unemployment benefits dropped 10,000 to a seasonally adjusted 277,000 for the week ended Jan 2, the Labor Department said. *(Source: The Edge)*

U.K.: House prices rose 9.5% in 2015, says Halifax

UK house prices rose by 9.5% in 2015, according to the lender Halifax, making it the fastest annual increase in nine years. In the last month, prices went up by 1.7%, said the Halifax, bringing the average price of a home to £208,286. However, other lenders, such as the Nationwide measure, put the rate of increase much lower. Last month, it said prices rose by 4.5% in 2015, less than half the Halifax estimate. Halifax's housing economist, Martin Ellis, said one reason for the sharp increase was the continuing shortage of property for sale. *(Source: BBC)*

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.