

Daily Brief

Market View, News in Brief: Corporate, Economy, and Share Buybacks

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Market View *Lingering Trade Fears to Check Recovery*

Local shares recovered on Thursday as hopes for renewed trade talks between the world's two largest economies helped lessen negative sentiment sparked by the ongoing US-China trade spat. The KLCI gained 7.35 points to close near session highs at 1,792.60, off an early low of 1,777.45, as gainers edged losers 478 to 405 on mildly improved turnover of 2.38bn shares worth RM2.57bn.

Supports at 1,780/1,766; Resistance at 1,802/1,828

While hopes for fresh US-China trade talks should reduce trade tensions, the lack of certainty and lingering fears over contagion from weak emerging market currencies should act to restrict recovery potential. Crucial supports for the index stays at 1,780 (61.8%FR), 1,766 (50-day moving average) and 1,752 (76.4%FR), next at 1,720. Immediate resistance is set to 1,802 (50%FR), followed by the upper Bollinger band at 1,828, with stronger hurdle from 1,851, the 23.6%FR level.

Sell Globetronics & Inari

Bearish momentum on Globetronics point to further weakness towards the 61.8%FR (RM2.40), with a breakdown to grease fall towards the 50%FR (RM2.23) before pausing, while overhead resistance is at RM2.80 and 8/1/18 peak (RM2.97). Likewise, Inari could slide further towards the 61.8%FR (RM1.99), with a confirmed breakdown to test the 50%FR (RM1.81) or 38.2%FR (RM1.64) before bargain hunters return to cushion downside. Resistance from the 76.4%FR (RM2.21) is reinforced by the 100-day (RM2.23) and 200-day (RM2.18) moving averages.

Asia Positive on Potential US-China Trade Talks

Asia markets were largely positive on Thursday, on the back of news that the U.S. was attempting to restart trade negotiations with China. The Nikkei 225 saw a gain of 0.96 percent to end the trading day at 22,821.32, with the moves coming after Japan saw an 11 percent increase in core machinery orders for the month of July, largely rebounding from a decline in the prior month. South Korea's Kospi also climbed by 0.14 percent to close at 2,286.23. Greater China markets fell from their earlier highs but were broadly positive, as Hong Kong's Hang Seng index surged by 2.54 percent to close at 27,014.49. Over on the mainland, the Shanghai composite was higher by 1.15 percent to close around 2,686.58 while the Shenzhen composite returned to positive territory, ending the trading day higher by 0.71 percent at approximately 1,413.57. Down Under, the ASX 200 ended the day 0.76 percent lower at 6,128.7, with its utilities sector down by 2.15 percent.

On Wednesday, shares of semiconductor companies stateside fell after Goldman Sachs warned of a slowdown in memory chip demand. Asian companies in the sector experienced similar declines on Thursday, as stocks of chipmakers and associated manufacturers slumped against markets' overall positive environment. Japan's Tokyo Electron fell by 2.99 percent for the day and semiconductor test equipment manufacturer Advantest saw an even bigger drop of 5.39 percent. Over in South Korea, industry heavyweight Samsung Electronics slid by 1.12 percent while Taiwan's Taiwan Semiconductor Manufacturing Company ended the day lower by 2.11 percent.

Wall Street Rises as Trade Tensions Ease

Apple and other technology companies led the S&P 500 higher Thursday, as renewed optimism at the prospect of fresh U.S.-China trade talks helped the broad index notch its strongest gain this month. Tech companies rallied 1.1 percent as it led the S&P 500 higher, recouping some of the losses the sector suffered earlier this month on fears of heavier regulation and the impact of tariffs on the industry's trade-dependent firms. Apple shares gave the broader equity market a boost as well as they rose 2.4 percent. Thursday's move comes after a 1.2 percent drop Wednesday as the unveiled three new iPhones.

Investors also continue to track trade tensions between the U.S. and China, the world's two largest economies. But there is some optimism that the Trump administration is giving Beijing another chance to try to stave off new tariffs on USD200 billion in Chinese exports. A fresh round of trade talks could take place later this month. The Wall Street Journal also reported that Trump officials sense more flexibility among Chinese officials to negotiate to find common ground that could avert a full-blown trade war.

The Dow Jones Industrial Average rose 147.07 points, or 0.57 percent, to 26,145.99, the S&P 500 gained 15.26 points, or 0.53 percent, to 2,904.18 and the Nasdaq Composite added 59.48 points, or 0.75 percent, to 8,013.71.

News In Brief *Corporate*

FGV Holdings Bhd Group President/CEO Datuk Zakaria Arshad has been suspended from his duties after a notice of inquiry was served on him. The board of directors had issued the notice after concluding internal investigations into 10 critical issues that resulted in financial loss for FGV and its shareholders. *(Bursa Malaysia/ Bernama)*

Comment: We believe the suspension of Dato Zakaria as FGV's CEO is not likely to surprise the market. We believe there could be more negative news in the near future with regards to efficiency and integrity of the group. This may deteriorate and undermine investors' confidence. We think clarity on the next successor will be crucial for the stock to re-rate in the long run. Maintain **Sell** on FGV with an unchanged TP of **RM1.50/share**.

Westports Holdings Bhd is buying a parcel of land below sea, measuring 381 acres, off Pulau Indah in Selangor from Perbadanan Kemajuan Negeri Selangor for RM116.2mn cash. The purpose of the purchased land is to expand the container terminals as the current preliminary port design for Container Terminal 10 to 19 requires additional land acreage to accommodate new wharf and container yard space to facilitate the effective operations of the new container terminals. *(Bursa Malaysia/ The Edge)*

Comment: We are neutral on the news as the land purchase is to cater for future port expansion as guided by the management before. Specifically, the purchase of land allows the company to kick start with the land reclamation works for CT10-19 now and to provide sufficient time for the land to settle. As of June-18, the group has a total cash of RM298.4mn which is more than enough to finance the land purchase. No change to our TP of RM3.78. Maintain Sell on Westports.

Axiata Group Bhd's 66.4%-owned Indonesian listed outfit, PT XL Axiata Tbk, has proposed to raise up to 5 trillion rupiah through the establishment of a shelf bonds and sukuk ijarah programme. The proceeds after deducting issuance costs, will be used fully for capital expenditure to increase XL Axiata's capacity, expand its network, and improve service quality. *(Bursa Malaysia/ The Edge)*

Bermaz Auto Bhd reported a higher net profit of RM51.6mn for 1QFY19, from RM23.2mn recorded in the same period in 2017. Revenue went up to RM485.4mn from RM391.2mn, due to the improvement in sales volume from domestic operations as the change in the goods and services tax from the standard rate of 6% to 0% in June this year had boosted customer demand especially for the new CX-5 model. *(Bursa Malaysia/ Bernama)*

Lotte Chemical Titan Holding Bhd has denied that its integrated petrochemical facility in Indonesia (IPF project) has been suspended. Korean news portals reported that Lotte Chemical's four-trillion won IPF project in Indonesia was suspended due to the absence of group chairman Shin Dong-bin, who is now in prison. *(Bursa Malaysia/ The Sun)*

Shareholders of **MNRB Holdings Bhd** approved the company's proposed renounceable rights issue to raise about RM400mn at an EGM. The proposed renounceable rights issue, on a basis to be determined later, is intended for the capitalisation of its two subsidiaries, namely Takaful Ikhlas Bhd and Malaysian Reinsurance Bhd. *(Bursa Malaysia/ The Sun)*

AirAsia Group Bhd's consolidation initiative, known as One AirAsia, that unifies its various regional affiliates under one holding company, provides the Group cost-efficiency whilst taking out the complexity and duplication in its operations. *(Bernama)*

YLTC Sdn Bhd, a JV company between **Yee Lee Corp Bhd** and **Tasco Bhd**, has secured a contract with Shell Malaysia Trading Sdn Bhd to provide supply chain services for Shell convenience retail outlets in Peninsular Malaysia. *(Bursa Malaysia/ The Edge)*

Parkson Holdings Bhd is divesting a 70% stake in hire purchase unit, Parkson Credit Sdn Bhd, to Hong Kong-listed subsidiary Parkson Retail Group Ltd for RM49mn. The deal values Parkson Credit at a PE ratio of 7.8x. *(Bursa Malaysia/ The Edge)*

Hours after shareholders of **Panpages Bhd** voted not to re-elect the group's chairman and an executive director, Fong Wai Leong, the group's executive director and CEO, resigned, citing personal reasons. Separately, independent and non-executive director Wong Mun Wai also resigned for a personal reason. Yap Kien Ming, an independent and non-executive director, had also vacated his position as he was voted out. *(Bursa Malaysia/ The Edge)*

CAB Cakaran Corp Bhd's 51%-owned subsidiary Tong Huat Poultry Processing Pte Ltd has been fined S\$3.6mn for infringing the competition law in Singapore between 2007 and 2014. However, CAB Cakaran said it will be fully indemnified for the amount by Tong Huat's previous shareholders, as the group only bought into the subsidiary in 2015. *(Bursa Malaysia/ The Edge)*

Chemical Company of Malaysia Bhd's proposed disposal of a piece of land in Seremban, Negri Sembilan, to Rock Link Sdn Bhd for RM21.5mn is expected to bring a gain of RM1.1mn, after taking into account the real property gain tax from the disposal of the property, which is a piece of vacant industrial leasehold land measuring 73,705.1sqm. *(Bursa Malaysia/ The Sun)*

SMTrack Bhd has aborted plans to jointly implement the vessel fuel intelligent tracking system with VFTech Sdn Bhd. The group and VFTech have entered into a termination agreement to mutually terminate the collaboration agreement dated Jan 29, 2018. *(Bursa Malaysia/ The Edge)*

News In Brief *Economy*

Malaysia **Malaysia Can Grow 5% and Handle Its Debts — Finance Minister**

Malaysian Finance Minister Lim Guan Eng said that the Southeast Asian country can sustain 5% annual economic growth, as its new administration reviews mega projects and copes with hefty debts left by the previous government. In August, Malaysia cut its 2018 growth forecast to 5.0%, from 5.5%-6.0%, and reported much slower second-quarter expansion of 4.5%, compared with the previous period's 5.4%. Slower growth also signals the economic risks facing 93-year-old Mahathir Mohamad, after his stunning election win in May that brought him brought to the premiership in Southeast Asia's third-largest economy.

Lim, a former banker and chartered accountant, told the CLSA Investors' Forum in Hong Kong that there is an urgent need to review expensive development projects because Malaysia does not have "enough money to pay for them". "We want to see reductions (in debt) over the course of 3 years and at the same time we are able to service these debts, we will not be in default," Lim said. Lim will oversee the new administration's first budget in November, which he said will not run a deficit. (The Edge)

Asia **Japan Producer Prices Unchanged in August**

Producer prices in Japan were flat on month in August, the Bank of Japan said. That was beneath expectations for an increase of 0.1% following the downwardly revised 0.4% gain in July (originally 0.5%). On a yearly basis, producer prices were up 3.0% - also shy of expectations for 3.1% but unchanged from the previous month following a downward revision from 3.1%. Export prices were down 0.3% on month and up 2.9% on year in August, while import prices fell 0.6% on month but surged 12.2% on year.

Separately, core machine orders surged a seasonally adjusted 11.0% on month in July, the Cabinet Office said - coming in at 918.6 billion yen. That beat expectations for a gain of 5.5% following the 8.8% slide in June. On a yearly basis, core machine orders jumped 13.9% - also exceeding forecasts for 4.3% after adding 0.3% in the previous month. Manufacturing orders climbed 11.8% on month and 21.2% on year to 426.8 billion yen, while non-manufacturing orders advanced 10.9% on month and 7.7% on year to 494.1 billion yen. (RTT)

Australia's Employment Surges as Signal of Faster Wages Emerges

Australian employment jumped by more than twice economists' estimates in August as a key indicator of potential faster wage growth dropped to a five-year low. Under utilisation - a sum of unemployment and underemployment, which provides a better insight into the labour market's overall health - fell to 13.4%, the lowest level since June 2013, the statistics bureau said in Sydney. The central bank has kept interest rates at a record low to drive investment and hiring to such a point that employers are forced to offer higher wages. Jobs rose 44,000 from July; economists forecast 18,000 gain. Unemployment rate was 5.3%; estimate 5.3%. Full-time jobs climbed 33,700; part-time employment rose 10,200. Participation rate gained to 65.7%. Underemployment fell 0.3 percentage point to 8.1%. (The Business Times)

United States **U.S. Core Inflation Unexpectedly Cools as Apparel Costs Fall**

A gauge of underlying U.S. inflation unexpectedly cooled in August as apparel prices fell by the most in about seven decades and medical-care costs declined, suggesting little urgency for the Federal Reserve to speed up the pace of interest-rate hikes. Excluding food and energy costs, the core consumer price index rose 2.2% in August from a year earlier, compared with the 2.4% median estimate of economists surveyed by Bloomberg, a Labor Department report showed. The broader CPI slowed to a 2.7% annual gain from 2.9%. Treasury yields and the dollar declined, while stocks rose, as investors weighed the outlook for Fed interest-rate increases following the data.

While the moderation partly reflects a near-record 1.6% monthly drop in apparel prices, a component that tends to be volatile, the broader slowdown follows a surprise decline in producer prices and suggests the path of inflation could be softer than some people expect. Fed policy makers are widely expected to raise interest rates later this month and have also penciled in a fourth move this year, though a more persistent slowdown in inflation could affect their outlook. Freight costs and rising wages, along with tariffs and counter-levies, may keep putting upward pressure on inflation. The Fed will publish officials' updated economic and rate forecasts on Sept. 26.

In positive signs for the economy, a separate Labor Department report showed that filings for unemployment benefits fell last week to a 48-year low, underscoring a tight job market. The Bloomberg Consumer Comfort Index rose for the first time in five weeks. The cooling of price gains, along with what last week's jobs report showed was the fastest wage increase since 2009, meant inflation-adjusted hourly pay rose 0.2% from a year earlier, following a 0.1% decline in August. (Bloomberg)

U.S. Budget Deficit Widened in August, Treasury Says

The monthly U.S. federal budget deficit nearly doubled in August compared with a year earlier, as government spending swelled and revenues declined. The government ran a \$214 billion deficit last month, compared with a \$107.7 billion budget gap in August 2017, due to a 30% rise in government outlays, the Treasury Department said. The spending increase reflected some accounting shifts and calendar quirks and not actual spending changes. For example, Social Security benefit payments that would have been made in September were made in August due to the Labor Day holiday. Adjusting for these changes, the government said the deficit was \$152 billion in August—still 41% larger than the same period a year earlier.

Government receipts fell 3% in August compared with August 2017, in part due to a reduction in remittances from the Federal Reserve. Higher interest payments on the debt, a boost in military spending and rising costs associated with Social Security and Medicare all contributed to higher outlays last month. More broadly, the federal deficit is ballooning as government spending outpaces revenues. The budget gap totaled \$898 billion in the first 11 months of the 2018 fiscal year, 33% larger than at the same point in fiscal year 2017. In a report last week, the Congressional Budget Office projected a total deficit of \$793 billion for fiscal year 2018, compared with a \$665 billion deficit in fiscal year 2017, a 19% increase. (WSJ)

U.S. Jobless Claims Dip to 48-Year Low for Second Straight Week

Filings for U.S. unemployment benefits declined to a fresh 48-year low for the second straight week, underscoring a tight job market, Labor Department figures showed. Jobless claims decreased by 1,000 to 204,000 (est. 210,000), lowest since Dec. 1969, from 205,000 (revised from 203,000). Continuing claims fell by 15,000 to 1.696m in week ended Sept. 1, lowest since late 1973 (data reported with one-week lag). Four-week average of initial claims, a less volatile measure than the weekly figure, fell to 208,000, also lowest since Dec. 1969, from 210,000. The figures show further signs of strength in employment after last week's monthly jobs report for August indicated a solid pace of hiring and wages advancing at the fastest pace since the recession ended in 2009.

While the weekly figures tend to be volatile, especially around periods marked by holidays such as last week's Labor Day, the data are in line with company reports of difficulty finding skilled workers amid a shrinking pool. The issue came up again in the Federal Reserve's Beige Book report released Wednesday, where businesses flagged concern over filling positions. (Bloomberg)

Eurozone European Central Bank Holds Interest Rates Steady as Economy Ticks Over

The European Central Bank (ECB) left benchmark interest rates unchanged, with policymakers likely to argue the regional economy is robust enough to absorb spare capacity and generate inflation. In a subtle change to the bank's guidance, the ECB announced plans to end bond purchases at the end of year and keep interest rates at record low levels at least through next summer. The bank also confirmed it will halve bond purchases to 15 billion euros (\$17.4 billion) per month from October. With inflation rebounding and economic growth leveling-off at a relatively stable pace, the ECB has been gradually removing crisis-fighting stimulus for months. The scaling back of such measures comes despite risks to Europe's economy, ranging from global protectionism to emerging market turmoil. Nonetheless, ECB President Mario Draghi confirmed the bank will stick to its current monetary policy, with Europe's economic growth run now into its sixth consecutive year.

Over the past four years, the ECB has purchased more than 2.5 trillion euros of debt, depressing borrowing costs and stimulating economic growth in the 19-member currency bloc after a double-dip recession. But, so-called quantitative easing (QE) — which refers to the process of pumping cash through the financial system and real economy, supporting growth and inflation — is now scheduled to end in December. The central bank's plans to wind up QE are thought to symbolize the end of crisis-era policies in the euro zone. The measures are widely credited to have helped revive the once stricken economy. The decision sees the ECB's deposit rate — currently its primary interest rate tool — remain unchanged at -0.4%, while the main refinancing rate was held steady at 0%. (CNBC)

Draghi Ups Warning on High Debt Amid Italian Fiscal Tensions

European Central Bank President Mario Draghi upped his push for governments to keep their debt in check amid concern over the budget plans in Italy. In his regular policy statement in Frankfurt, Draghi repeated his line on the importance of “rebuilding fiscal buffers,” but added a new comment. Rather than merely saying that countries would benefit from better policies, he emphasized that there's a need to fully adhere to European Union budget rules. The comment comes amid worries about the fiscal program planned by the populist coalition in Draghi's home country, where bond yields have risen in recent months. Italy's debt-to-GDP ratio is already above 130%, the second-highest in the euro area.

Italy is due to release the economic framework for the budget by the end of the month and submit its full plan to the EU by mid-October. While the government says it will respect EU rules on budget deficits, some of its promises are costly and could push the debt ratio even higher. Asked about the potential fallout from the situation in Italy, Draghi said policy makers have so far seen no contagion in other parts of the euro region. He added that once the draft budget law is released, investors will “formulate their view.” (Bloomberg)

Bank of England Votes Unanimously to Keep Interest Rates on Hold

The Bank of England held interest rates at 0.75%, saying that recent developments in the UK economy were in line with its forecasts. Voting unanimously to leave rates unchanged, the BoE's Monetary Policy Committee pledged to continue with “an ongoing tightening of monetary policy” at a gentle pace so long as there was a “smooth adjustment” to Brexit. The vote was expected by financial markets following the quarter point rate rise in August. Market participants expect rates to remain on hold for the rest of this year, before one or two increases in 2019. In its policy statement, the MPC said the central bank's latest economic projections “appear to be broadly on track”, with growth slightly faster than the economy can withstand and therefore raising the prospect of modest inflationary pressures in the second half of next year. Assuming a favourable Brexit deal with the EU, the MPC said there was likely to be “a small margin of excess demand” by the end of 2019, which would require further interest rate rises “at a gradual pace and to a limited extent”. The MPC warned that global protectionist pressures were rising faster than expected, which might

dampen the world economy more than the committee had anticipated when it last produced detailed forecasts in August. But the MPC's main message was that the UK economy was in balance and inflation was gradually returning to the BoE's 2% target from the 2.5% rate recorded for July.

Alongside the committee's explanation of its decision, the BoE published a new survey and its latest summary of business conditions from its regional agents around the country. The business survey, which is larger than most private sector equivalents, suggested corporate leaders have underestimated a slowdown in sales and that this weakening was likely to continue. Companies were nervous about the impact of Brexit on sales, with 40% of those asked saying they expected leaving the EU to reduce exports. Only 14% were planning for higher exports. (Financial Times)

Germany's Inflation Steady at 2% as Estimated

Germany's consumer price inflation held steady, as initially estimated in August, final data from Destatis revealed. Consumer price inflation remained stable at 2% in August, in line with the estimate published on August 30. The rate reached the 2% mark for the fourth consecutive month. Excluding food and energy, inflation was 1.3% in August. The harmonized index of consumer prices for Germany, which is calculated for European purposes, climbed 1.9% annually, slower than July's 2.1% rise. The statistical office confirmed the preliminary estimate. On a monthly basis, the consumer price index edged up 0.1% in August, slower than July's 0.3% increase. Meanwhile, the harmonized index of consumer prices remained flat. Both CPI and HICP figures matched preliminary estimate. (RTT)

Share Buy-Back: 13 September 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
AMPPOP	10,000	0.65	0.65/0.64	18,051,700
BKAWAN	91,400	16.90/16.80	16.90/16.80	35,365,931
CJCEN	20,700	0.60	0.62/0.60	2,595,700
CMSB	100,000	3.19/3.09	3.19/3.09	4,205,700
EMETALL	38,000	0.445/0.44	0.45/0.435	2,584,800
FITTERS	692,300	0.395/0.39	0.40/0.385	39,082,900
GBGAQRS	20,000	1.04	1.09/1.04	17,014,702
GKENT	150,000	1.21	1.23/1.19	6,570,900
GLOMAC	20,000	0.42	0.415/0.41	8,174,200
HAIO	4,000	4.17/4.11	4.19/4.09	9,633,788
INCKEN	37,000	0.67/0.66	0.67/0.66	19,319,800
JCBNEXT	50,000	1.62	1.62	1,129,700
KENANGA	500,000	0.72/0.71	0.72/0.71	19,702,700
KOMARK	10,000	0.15	0.15/0.145	8,742,600
MALAKOF	250,000	0.89	0.905/0.885	84,798,500
MKH	18,400	1.32/1.31	1.33/1.31	2,756,800
N2N	90,000	1.21	1.22/1.19	27,765,300
SALCON	301,900	0.25/0.235	0.25/0.235	10,395,727
SUNWAY	400,000	1.51	1.53/1.50	61,551,662
SYSCORP	30,000	0.33	0.33/0.325	22,973,600
TOMYPAK	10,000	0.70	0.715/0.67	508,000
TROP	74,000	0.86/0.845	0.86/0.84	12,689,142
WASEONG	20,000	1.00/0.995	1.02/0.985	3,088,338
YINSON	28,000	4.51/4.50	4.60/4.50	8,918,000

Source: Bursa Malaysia

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SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
AUTOMOBILE																	
BAUTO	2.07	2.59	25.1%	Buy	2,406	0.56	12.0	17.2	17.2	12.1	5.0	5.8	2.44	-15.2	1.97	5.3	-4.8
MBMR	2.33	3.19	36.9%	Buy	911	0.53	31.4	31.9	7.4	7.3	3.4	3.4	2.68	-13.1	2.01	15.9	5.9
PECCA	0.82	1.25	52.4%	Buy	151	0.81	6.0	7.4	13.7	11.1	6.1	6.1	1.65	-50.3	0.77	7.2	-47.1
SIME	2.57	2.82	9.7%	Buy	17,478	1.42	12.6	15.7	20.4	16.4	3.1	3.7	3.06	-16.0	2.03	26.8	16.3
UMW	5.43	5.45	0.4%	Sell	6,344	0.83	28.4	39.3	19.1	13.8	2.6	3.7	6.98	-22.2	4.70	15.5	4.4
BANKS & FINANCIAL SERVICES																	
ABMB	4.18	4.30	2.9%	Hold	6,471	0.98	31.9	34.9	13.1	12.0	3.7	3.8	4.49	-6.9	3.62	15.5	2.5
AFFIN	2.42	2.20	-9.1%	Sell	4,702	0.77	21.7	23.4	11.2	10.4	3.3	3.3	2.70	-10.4	2.22	8.9	4.8
AMBANK	3.98	4.20	5.5%	Hold	11,996	1.31	37.6	41.5	10.6	9.6	3.8	4.5	4.90	-18.8	3.40	17.1	-9.8
CIMB	6.09	6.50	6.7%	Hold	57,038	1.54	53.8	57.5	11.3	10.6	4.4	4.7	7.39	-17.6	5.21	16.9	-6.9
HLBANK	20.26	21.80	7.6%	Hold	41,444	0.89	129.0	145.1	15.7	14.0	2.4	2.4	20.76	-2.4	14.90	36.0	19.2
MAYBANK	9.88	9.60	-2.8%	Sell	107,996	1.05	71.4	75.7	13.8	13.0	5.9	5.9	11.08	-10.8	8.68	13.8	0.8
PBBANK	24.92	25.80	3.5%	Hold	96,743	0.83	152.5	165.6	16.3	15.0	2.5	2.6	26.16	-4.7	19.90	25.2	19.9
RHBANK	5.37	5.70	6.1%	Hold	21,534	1.34	55.2	60.7	9.7	8.8	3.4	3.4	5.88	-8.7	4.71	14.0	7.4
BURSA	7.55	8.07	6.9%	Sell	6,096	0.87	29.2	30.0	25.9	25.2	3.2	3.2	8.12	-7.0	6.25	20.8	13.1
BUILDING MATERIALS																	
ANNJO	1.72	2.47	43.6%	Buy	925	1.74	32.2	35.1	5.3	4.9	9.0	10.5	3.98	-56.8	1.63	5.5	-55.4
CHINHIN	0.76	0.79	4.6%	Hold	415	1.25	5.0	8.6	15.1	8.8	3.3	5.3	1.33	-43.2	0.73	3.4	-37.6
CMSB	3.17	4.25	34.1%	Buy	3,396	1.65	24.2	24.9	13.1	12.7	3.0	3.1	4.42	-28.3	1.74	82.2	-18.7
CSCSTEL	1.13	1.34	18.6%	Hold	417	1.02	12.9	16.2	8.8	7.0	6.1	7.7	1.84	-38.6	1.12	0.9	-26.6
ENGTEX	0.98	1.22	24.5%	Buy	427	0.91	10.5	14.4	9.3	6.8	1.5	3.1	1.24	-21.0	0.95	3.2	-10.9
CONSTRUCTION																	
GADANG	0.70	0.97	39.6%	Buy	460	1.42	16.0	14.4	4.4	4.8	4.3	4.3	1.28	-45.7	0.64	8.6	-37.4
GAMUDA	3.41	4.08	19.6%	Buy	8,416	1.06	34.3	35.5	9.9	9.6	3.5	3.5	5.38	-36.6	3.00	13.7	-31.3
GDB	0.35	0.52	48.6%	Buy	219	na	4.6	5.2	7.5	6.7	3.4	4.3	0.45	-22.2	0.28	27.3	18.6
IJM	1.75	1.53	-12.6%	Sell	6,354	1.21	9.6	11.8	18.2	14.8	3.4	3.4	3.42	-48.8	1.60	9.4	-42.6
KAB	0.26	0.37	45.1%	Buy	82	na	3.1	3.7	8.3	6.9	3.9	4.7	0.33	-22.7	0.20	27.5	-15.0
PESONA	0.30	0.33	10.0%	Sell	208	1.02	2.0	3.8	14.7	8.0	5.0	5.0	0.60	-50.0	0.26	17.6	-33.3
SENDAI	0.68	0.70	2.9%	Sell	531	1.24	9.9	8.7	6.9	7.8	1.5	1.5	1.09	-37.6	0.66	3.8	-21.4
SUNCON	1.79	1.99	11.2%	Buy	2,313	1.05	12.7	14.2	14.1	12.6	4.5	5.0	2.64	-32.2	1.69	5.9	-28.7
WCT	0.85	0.93	10.1%	Buy	1,168	0.90	7.7	9.9	10.9	8.6	3.6	3.6	1.83	-53.8	0.70	21.6	-47.8
LITRAK	4.92	5.64	14.6%	Hold	2,598	0.21	43.3	42.8	11.4	11.5	5.1	5.1	6.00	-18.0	3.63	35.5	-11.4
CONSUMER																	
<i>Brewery</i>																	
CARLSBG	19.70	20.65	4.8%	Buy	6,060	0.56	89.3	93.2	22.1	21.1	4.5	4.7	20.88	-5.6	14.52	35.7	29.5
HEIM	20.30	23.11	13.8%	Hold	6,133	0.55	95.2	103.3	21.3	19.7	4.6	4.9	24.02	-15.5	17.30	17.3	7.4
<i>Retail</i>																	
AEON	1.94	2.53	30.4%	Buy	2,724	0.34	7.1	8.8	27.4	21.9	2.3	2.6	2.65	-26.8	1.45	33.8	10.2
AMWAY	6.98	7.94	13.8%	Hold	1,147	0.63	29.2	30.8	23.9	22.7	3.7	3.9	8.52	-18.1	6.91	1.0	-4.5
F&N	37.62	30.69	-18.4%	Sell	13,789	0.58	96.0	114.0	39.2	33.0	1.9	2.0	40.00	-6.0	23.40	60.8	39.3
HUPSENG	1.05	1.25	19.0%	Buy	840	0.53	5.8	6.2	18.0	17.0	5.7	5.7	1.20	-12.5	1.02	2.9	-3.7
JOHOTIN	0.92	1.15	25.7%	Buy	284	1.07	8.1	8.5	11.2	10.8	6.0	6.6	1.52	-39.8	0.89	2.8	-24.4
NESTLE	146.60	129.90	-11.4%	Sell	34,378	0.54	322.2	360.2	45.5	40.7	2.0	2.2	163.00	-10.1	84.36	73.8	42.1
PADINI	5.70	7.20	26.3%	Buy	3,750	0.67	27.8	34.8	20.5	16.4	2.2	2.3	6.20	-8.1	4.12	38.4	8.2
POHUAT	1.38	1.83	32.6%	Buy	303	0.56	20.1	23.1	6.9	6.0	4.3	5.8	2.07	-33.3	1.15	20.0	-22.9
QL	6.02	5.42	-10.0%	Sell	9,767	0.67	12.7	14.0	47.4	43.0	0.7	0.8	6.20	-2.9	3.82	57.6	38.4
SIGN	0.47	0.67	42.6%	Buy	106	0.74	4.8	6.1	9.8	7.7	3.2	5.3	0.97	-51.3	0.47	1.1	-33.3
<i>Tobacco</i>																	
BAT	34.20	28.29	-17.3%	Sell	9,765	1.08	152.7	148.0	22.4	23.1	4.1	4.1	44.70	-23.5	22.46	52.3	-14.5
GAMING																	
<i>Casino</i>																	
GENTING	8.03	10.26	27.8%	Buy	30,909	0.97	59.8	64.8	13.4	12.4	2.0	2.0	9.88	-18.7	7.89	1.8	-12.0
GENM	4.93	5.93	20.3%	Buy	27,887	1.26	28.7	32.0	17.2	15.4	2.4	2.6	5.73	-14.0	4.59	7.4	-11.1
<i>NFO</i>																	
BJTOTO	2.25	3.15	40.0%	Buy	3,031	0.67	19.6	37.4	11.5	6.0	7.1	11.6	2.62	-14.1	2.06	9.2	0.4
HEALTHCARE																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	1.18	1.52	28.8%	Buy	781	0.42	6.9	7.4	17.2	15.8	3.9	4.2	1.49	-20.8	0.88	33.7	8.8
IHH	5.25	6.03	14.9%	Hold	43,285	0.65	9.7	11.5	54.1	45.5	0.5	0.5	6.42	-18.2	5.21	0.8	-10.4
KPJ	1.12	1.20	7.1%	Hold	4,705	0.54	4.1	4.5	27.2	25.0	2.0	2.2	1.17	-4.3	0.84	33.3	15.5
<i>Rubber Gloves</i>																	
HARTA	6.70	4.90	-26.9%	Sell	22,273	0.96	13.2	14.6	50.7	45.9	1.4	1.4	7.45	-10.1	3.19	110.0	25.5
KOSSAN	4.28	4.73	10.5%	Hold	5,474	0.54	15.4	17.5	27.8	24.4	1.4	1.6	4.72	-9.3	3.19	34.2	5.5
SUPERMX	3.19	4.75	48.9%	Buy	2,092	0.46	16.3	19.8	19.5	16.1	2.5	2.5	4.61	-30.8	1.69	88.8	59.5
<i>Note: SUPERMX proposed bonus issue shares on the basis of 1 for 1. For more detail please refer to 30.08.2018 report.</i>																	
TOPGLOV	10.50	12.91	23.0%	Buy	13,421	0.19	35.6	41.8	29.5	25.1	1.4	1.7	12.48	-15.9	5.35	96.3	31.4
KAREX	0.69	0.51	-25.5%	Sell	687	0.60	1.0	1.6	68.0	43.7	0.4	0.6	1.67	-59.0	0.50	37.0	-47.3
INDUSTRIAL																	
SCIENIX	8.26	7.00	-15.3%	Sell	4,039	0.86	54.8	57.5	15.1	14.4	2.1	2.2	9.85	-16.1	6.51	26.9	-4.6
SKPRES	1.30	1.60	23.1%	Buy	1,625	0.96	10.1	10.3	12.8	12.6	4.0	4.0	2.35	-44.7	1.17	11.1	-43.0
MEDIA																	
ASTRO	1.80	1.65	-8.3%	Hold	9,385	1.18	12.4	13.8	14.5	13.0	6.9	6.9	2.94	-38.8	1.31	37.4	-32.1
MEDIA PRIMA	0.47	0.39	-16.1%	Sell	516	0.69	-5.9	-4.1	na	na	0.0	0.0	0.90	-48.3	0.25	86.0	-38.8
STAR	0.89	0.95	7.3%	Sell	653	0.89	3.1	2.6	28.3	33.5	3.4	3.4	2.10	-57.8	0.85	4.1	-46.4

SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
OIL & GAS																	
DNEX	0.38	0.63	65.8%	Buy	668	1.54	4.4	4.6	8.6	8.2	2.6	2.6	0.57	-33.3	0.31	24.6	-21.6
LCTITAN	5.06	6.59	30.2%	Buy	11,501	na	44.5	51.6	11.4	9.8	3.4	4.0	6.46	-21.7	4.57	10.7	7.7
MHB	0.63	0.78	23.8%	Sell	1,008	1.47	-5.6	0.4	na	146.4	0.0	0.0	0.98	-35.7	0.62	1.6	-23.6
MISC	5.86	5.65	-3.6%	Sell	26,158	0.86	29.3	40.3	20.0	14.5	5.1	5.1	7.90	-25.8	5.03	16.5	-21.0
PANTECH	0.47	0.64	37.6%	Hold	345	0.89	6.3	6.9	7.4	6.7	5.4	5.8	0.74	-37.2	0.44	5.7	-27.9
PCHEM	9.43	9.68	2.7%	Hold	75,440	0.76	57.0	57.8	16.5	16.3	3.0	3.3	10.04	-6.1	7.17	31.5	22.5
SAPNRG	0.45	0.30	-32.6%	Sell	2,667	1.87	-5.0	-2.2	na	na	0.0	0.0	1.75	-74.6	0.33	34.8	-37.3
Note: SAPNRG proposed rights issue shares on the basis of 5 for 3 and RCPS-I on the basis of 2 for 5. For more detail please refer to 27.08.2018 report.																	
SERBADK	3.80	4.72	24.2%	Buy	5,580	na	27.5	31.4	13.8	12.1	2.4	2.6	4.00	-5.0	2.15	76.7	17.3
VELESTO	0.27	0.34	28.3%	Buy	2,177	1.87	0.0	0.2	541.3	106.5	0.0	0.0	0.48	-44.8	0.22	23.3	-13.1
UZMA	1.19	1.44	21.0%	Buy	381	1.33	13.9	12.8	8.6	9.3	0.0	0.0	1.67	-28.7	0.93	28.6	-7.0
PLANTATIONS																	
FGV	1.54	1.50	-2.6%	Sell	5,618	1.62	-3.3	-0.5	na	na	0.0	0.0	2.18	-29.4	1.45	6.2	-8.9
IJMLNT	2.49	1.84	-26.1%	Sell	2,193	0.45	7.9	7.1	31.6	34.9	2.0	2.0	3.01	-17.3	2.08	19.7	-9.1
IOICORP	4.47	5.06	13.2%	Buy	27,296	0.82	19.0	19.6	23.5	22.8	5.9	3.4	4.81	-7.1	4.21	6.3	0.9
KFIMA	1.69	1.89	11.8%	Buy	476	0.66	14.7	13.1	11.5	12.9	5.3	5.3	1.76	-4.0	1.44	17.4	7.6
KLK	24.76	22.37	-9.7%	Sell	26,369	0.58	83.3	90.6	29.7	27.3	1.8	1.8	25.98	-4.7	23.26	6.4	-1.0
SIMEPLT	5.23	5.88	12.4%	Buy	35,568	na	18.8	18.3	27.8	28.5	3.3	2.9	6.00	-12.8	4.58	14.2	-12.8
TSH	1.15	1.04	-9.6%	Sell	1,588	0.41	3.8	4.3	30.7	26.5	1.3	1.3	1.71	-32.7	1.12	2.7	-30.3
UMCCA	6.18	5.59	-9.5%	Sell	1,296	0.41	18.2	19.8	33.9	31.2	1.9	2.4	7.08	-12.7	5.85	5.6	-5.1
PROPERTY																	
GLOMAC	0.42	0.50	20.5%	Hold	329	0.53	1.5	2.5	28.6	16.5	3.6	3.6	0.63	-33.8	0.40	3.7	-25.2
HUAYANG	0.46	0.50	9.9%	Hold	160	0.73	1.3	2.2	36.4	20.6	0.0	0.0	0.85	-46.2	0.44	4.6	-25.4
IBRACO	0.56	0.59	5.4%	Hold	278	na	4.1	8.0	13.8	7.0	3.6	3.6	0.92	-38.8	0.26	115.4	-31.3
IOIPG	1.67	1.87	12.0%	Hold	9,195	0.86	14.3	14.7	11.7	11.4	3.0	3.0	2.08	-19.7	1.47	13.6	-9.7
MAHSING	1.04	1.29	24.0%	Buy	2,525	1.02	9.4	9.8	11.0	10.6	4.8	4.8	1.59	-34.6	0.98	6.1	-28.3
SIMEPROP	1.19	1.33	11.8%	Hold	8,093	na	4.0	6.6	29.5	18.1	1.7	3.4	1.78	-33.1	1.04	14.4	-33.1
SNTORIA	0.51	0.73	43.1%	Buy	284	0.63	8.3	8.7	6.1	5.8	2.0	2.0	0.77	-34.0	0.48	6.3	-26.6
SPB	4.02	4.11	2.2%	Sell	1,381	0.60	18.7	23.4	21.5	17.2	3.0	3.0	5.50	-26.9	4.02	0.0	-18.0
SPSETIA	2.73	3.09	13.2%	Hold	10,650	1.01	9.8	16.5	27.9	16.6	2.9	3.3	4.00	-31.8	2.62	4.2	-31.8
SUNWAY	1.53	1.64	7.2%	Buy	7,441	0.87	11.8	12.2	13.0	12.5	3.9	3.9	1.96	-21.9	1.44	6.2	-6.1
REIT																	
SUNREIT	1.72	1.87	8.7%	Hold	5,066	0.74	9.6	10.3	17.8	16.6	5.6	6.0	1.90	-9.5	1.48	16.2	-9.5
CMMT	1.12	1.48	32.1%	Buy	2,289	0.50	7.9	8.4	14.2	13.4	7.3	7.7	1.83	-38.8	0.98	14.3	-38.8
POWER & UTILITIES																	
MALAKOF	0.91	0.82	-9.4%	Sell	4,448	1.12	3.7	5.3	24.2	17.0	6.6	6.6	1.10	-17.7	0.83	9.7	-7.7
PETDAG	26.40	24.13	-8.6%	Sell	26,227	0.77	114.1	114.9	23.1	23.0	3.3	3.2	28.18	-6.3	20.81	26.8	9.8
PETGAS	18.74	20.23	8.0%	Buy	37,081	0.92	99.1	99.9	18.9	18.8	3.6	3.6	19.50	-3.9	15.82	18.5	7.2
TENAGA	15.80	17.47	10.6%	Buy	89,715	0.82	136.7	127.8	11.6	12.4	4.1	4.1	16.34	-3.3	13.54	16.7	3.5
YTLPOWR	1.03	0.96	-6.8%	Sell	7,906	0.82	8.3	8.7	12.4	11.8	4.9	4.9	1.40	-26.5	0.73	41.1	-20.2
TELECOMMUNICATIONS																	
AXIATA	4.55	5.60	23.1%	Buy	41,267	1.85	12.9	16.2	35.3	28.0	2.4	3.0	5.82	-21.8	3.76	21.0	-17.1
DIGI	4.64	5.15	11.0%	Buy	36,076	1.00	19.6	20.2	23.7	22.9	4.2	4.4	5.10	-9.0	3.93	18.1	-9.0
MAXIS	5.80	5.90	1.7%	Sell	45,336	0.95	24.4	24.1	23.7	24.1	3.4	3.4	6.14	-5.5	5.21	11.3	-3.5
TM	3.10	3.30	6.5%	Sell	11,650	1.44	16.0	15.3	19.3	20.3	6.1	6.1	6.50	-52.3	3.00	3.3	-50.8
TECHNOLOGY																	
<i>Semiconductor & Electronics</i>																	
ELSOFT	3.43	3.75	9.3%	Buy	950	0.41	13.0	14.9	26.3	23.1	2.7	3.1	3.47	-1.2	2.22	54.5	27.0
Note: ELSOFT proposed bonus issue shares on the basis of 1 for 5. For more detail please refer to 29.08.2018 report.																	
INARI	2.12	2.50	17.9%	Buy	6,706	0.57	7.9	9.2	26.8	23.0	3.2	3.5	2.56	-17.2	1.54	37.7	-6.5
MPI	12.30	13.45	9.3%	Hold	2,446	0.67	70.8	80.4	17.4	15.3	2.4	2.6	14.52	-15.3	7.57	62.5	-2.5
UNISEM	3.10	3.30	6.5%	Buy	2,254	0.88	13.2	18.7	23.4	16.5	3.5	3.5	4.10	-24.4	1.60	93.7	-15.1
TRANSPORTATION																	
<i>Airlines</i>																	
AIRASIA	3.10	3.15	1.6%	Buy	10,360	0.86	28.3	28.3	11.0	11.0	25.8	2.6	4.75	-34.7	2.92	6.2	-7.5
AIRPORT	9.04	8.79	-2.8%	Sell	14,999	0.92	33.8	35.7	26.8	25.4	1.7	1.1	9.98	-9.4	7.98	13.3	2.8
<i>Freight & Tankers</i>																	
PTRANS	0.28	0.42	52.7%	Buy	380	na	2.5	3.4	10.8	8.1	3.6	3.7	0.34	-19.1	0.23	22.2	-1.8
TNLOGIS	0.97	1.10	14.0%	Buy	440	0.89	10.0	9.7	9.6	9.9	0.0	4.1	1.63	-40.8	0.93	3.8	-28.0
WPRTS	3.75	3.78	0.8%	Sell	12,788	0.59	15.6	20.0	24.0	18.7	3.1	4.0	3.95	-5.1	3.10	21.0	1.4

SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE

Company	Share Price (\$S)	Target Price (\$S)	% upside	Recom	Market Cap. (\$Smm)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		52week		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
BANKS & FINANCIAL SERVICES																	
DBS	24.53	32.80	33.7%	Buy	62,686	1.24	212.9	246.6	11.5	9.9	3.7	3.7	30.8	-20.3	19.68	24.7	0.4
OCBC	11.14	14.50	30.2%	Buy	46,675	1.22	109.4	123.1	10.2	9.1	6.7	7.7	14.0	-20.7	10.83	2.9	-10.1
UOB	26.10	33.70	29.1%	Buy	43,521	1.23	229.6	255.3	11.4	11.4	3.1	3.1	30.4	-14.1	22.79	14.5	-0.6
PLANTATIONS																	
WILMAR	3.16	3.27	3.5%	Hold	20,219	0.76	22.5	25.1	14.1	12.6	3.2	3.2	3.4	-7.6	2.97	6.4	2.3
IFAR	0.18	0.20	8.7%	Sell	264	1.13	3.0	3.0	6.0	6.1	2.3	2.2	0.5	-60.9	0.18	0.5	-52.8

BUY : Total return within the next 12 months exceeds required rate of return by 5%-point.

HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

SELL : Total return is lower than the required rate of return.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.
Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.