

Daily Brief

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

Chartist: Stephen Soo

Tel: +603-2167 9607

stsoo@ta.com.my

www.taonline.com.my

Market View *Adverse Sentiment to Add Caution*

Stocks fell on Monday, led by the construction sector, which slumped 10%, as Gamuda sank 24% after the government terminated the underground portion of the MRT2 project and opted for international tender on the unfinished work contract to save cost. The KLCI slipped 1.4 points to close at 1,775.75, off an early low of 1,769.72 and high of 1,778.19, as losers swamped gainers 745 to 195 on total turnover of 2.37bn shares worth RM1.82bn.

Key Supports at 1,770/1,752; Resistance at 1,802

Unfavorable external sentiment due to rising US interest rates and a hawkish Fed, and cost cutting measures on major local infrastructure contracts should see investors staying cautious pending more fresh leads. On the index, a breakdown below immediate support at 1,770, the current 100-day moving average level, would grease correction to better support at 1,752, the 76.4%FR level. Next significant support area will be the 1,728 to 1,720 levels. Immediate overhead resistance is now at 1,802, the 200-day moving average level, next will be the upper Bollinger band at 1,811, with tougher hurdle from 1,851, the 23.6%FR.

Buy Sharp Dips in Gamuda & SunCon

Any further selloff on Gamuda should attract bargain hunters looking for oversold rebound with key overhead resistance from the 76.4%FR (RM3.02) and crucial supports from yesterday's low of RM2.32 and RM2.00. Further selloff on Sunway Construction should also encourage bargain hunting interest given the extreme oversold condition, with key chart supports from the 123.6%FP (RM1.48) and 138.2%FP (RM1.34), and overhead hurdles from RM1.70 and 76.4%FR (RM1.92).

China Shares Weigh On Regional Markets

Chinese stocks led weaker action across Asian markets on Monday, as investors assessed the latest move by the People's Bank of China to loosen monetary policy. The People's Bank of China announced measures on Sunday it was cutting the reserve requirement ratio (RRR) by 100 basis points effective Oct. 15. The RRR is currently 15.5 percent for large commercial banks and 13.5 percent for smaller lenders. The move by China's central bank, its fourth in 2018, came amid concerns about the economic impact of Beijing's ongoing trade war with Washington. Market sentiment was also dented as investors in Chinese stocks reacted for the first time to new pressure from Washington and a report that Chinese spies had compromised U.S. hardware. U.S. Vice President Mike Pence highlighted disputes with China on issues such as cyber-attacks, Taiwan, freedom of the seas and human rights, marking a sharpened U.S. approach toward Beijing beyond the trade war.

The Shanghai composite Index slumped 3.85 percent to finish at 2,712.78 on the first trading day since the Golden Week holidays ended. Shares of most major Chinese banks saw sharp declines, with Industrial and Commercial Bank of China down by 3.81 percent and China Construction Bank tumbled by 4.14 percent. In down under, the benchmark S&P/ASX 200 Index fell 85.18 points or 1.38 percent to 6,100.31, off a low of 6,122.10 earlier, with most sectors trending lower. The heavily-weighted financial sector traded lower by 1.24 percent, with shares of Australia and New Zealand Banking Group falling by 2.87 percent and Commonwealth Bank of Australia lower by 0.66 percent. Elsewhere, South Korea's Kospi was down 13.69 points, or 0.6 percent, at 2,253.83. Japan's markets are closed for a public holiday.

Wall Street Close Mixed Amid Lingering Fears of Rising Interest Rates

The Dow Jones Industrial Average bounced back from earlier losses to finish higher Monday, but the broader stock market closed lower as fears over rapidly rising rates continued to weigh on sentiment. Traders seemed reluctant to make significant moves, as the bond markets were closed along with banks and federal offices in observance of Columbus Day. The volatility on Wall Street came on the heels of the notable weakness seen over the final two sessions of the previous week. A jump in treasury yields contributed to the pullback seen late last week, as traders expressed renewed concerns about the outlook for interest rates. The yield on the ten-year note reached its highest closing level in over seven years last Friday following the release of the monthly jobs report. Adding to those worries, technology stocks, a major driver of the bull market in the past few years, have shown signs of faltering. Amazon.com, Microsoft, Alphabet and Advanced Micro Devices each lost at least 1 percent.

Meanwhile, the latest corporate earnings season kicks off this week with major banks like Citigroup, J.P. Morgan Chase and Wells Fargo all scheduled to release their latest quarterly results. S&P 500 earnings are expected to have grown by 19.2 percent in the third quarter, according to Fact-Set data. Corporate profits grew by more than 20 percent in the first two quarters of the year.

The Dow Jones Industrial Average rose 39.73 points, or 0.15 percent, to 26,486.78, the S&P 500 lost 1.14 points, or 0.04 percent, to 2,884.43 and the Nasdaq Composite dropped 52.50 points, or 0.67 percent, to 7,735.95.

News In Brief *Corporate*

Some 45 out of the 67 public private partnership (PPP) projects under the **Public Private Partnership Unit** (UKAS) that are under review have been approved. The status of the remaining 22 PPP projects under UKAS is not known. However, the Finance Ministry had no intention of cancelling any of the PPP projects (*StarBiz*).

According to **Mass Rapid Transit Corp Sdn Bhd** (MRT Corp), the underground works for the Mass Rapid Transit Line 2 (MRT2) project is already 39% completed, and as such, its termination and retendering will be 'relatively complex'. MRT Corp will now have to review the overall construction timeline for MRT2 following the Government's decision to change the project structure (*New Straits Times*).

IHH Healthcare Bhd will increase its majority equity interest in Acibadem, Turkey from 60% currently to approximately 90% pursuant to the shareholder's agreement which was entered into in connection with IHH's acquisition back in 2011. Post completion of the transaction, IHH will capitalise the existing loans of USD250mn which are currently supported by Acibadem's shareholders and to potentially divest its non-core assets as part of its plans to significantly reduce its foreign currency debt. The acquisition is expected to be completed in 4Q18, subject to regulatory approval including from Bank Negara Malaysia. (*Bursa Malaysia/The Edge*)

Comment: *The news is not a surprise for us as IHH have been actively looking for ways to restructure its Acibadem's balance sheet. To recap, back during the acquisition of Acibadem, its founder, Mehmet has a 15% put option to convert his Acibadem shares to IHH's shares. We also note that if the founder exercises his put option, Khazanah can also convert their 15% to IHH shares. No changes to our FY18 earnings estimates. We maintain our Hold call with an unchanged TP of RM5.60/share.*

MMC-Gamuda KVMRT (T) Sdn Bhd, a 50-50 joint venture (JV) between **MMC Corp Bhd and Gamuda Bhd**, had offered a 24% cost reduction for the unfinished underground work of the Mass Rapid Transit Line 2 (MRT2) project. As progress achieved is now 40%, the balance of the uncompleted underground works is now valued at RM9.6bn (*The Edge*).

UEM Sunrise Bhd's chief operating officer for development, Datuk Roslan Ibrahim is relinquishing his role following his transfer to **UEM Group Bhd**. The transfer was under the UEM Talent Mobility Programme to take up strategic assignments. Roslan had joined the UEM Group in 2006 with cross functional experience from his background in engineering and construction as well as business development (*Bursa Malaysia*).

MCE Holdings Bhd has partnered with Chinese electronic parts manufacturer Suzhou Prachtig Electronic Material Co Ltd to set up a framework for the consultation and exchange of information and technology. The initial stage of the cooperation would focus on the localisation of automotive plastic parts and value-added processes to develop and supply the products in Malaysia and the rest of Asean (*The Edge*).

T7 Global Bhd, which is mainly involved in engineering and oil & gas, has set up a new unit which will be involved in retail clothing. The new unit will be involved in retail sale of articles of clothing, articles of fur, clothing accessories, footwear and other retail sale of new goods in specialised stores (*The Edge*).

Reach Energy Bhd has drilled its first exploration well on its Emir-Oil asset in the Kariman field, Kazakhstan on Oct 6. The well is expected to confirm the larger extent of the hydrocarbon resource being exploited in the Kariman structure. This exploration well will also augment the geological understanding of the prolific trend and support further exploration efforts (*Bursa Malaysia*).

Securemetric Bhd, a digital security solution provider, has executed an underwriting agreement with TA Securities Holdings Bhd in preparation for its listing on Bursa Malaysia's ACE Market. Its initial public offering (IPO) will involve a public issue of 68mn new shares, 17mn of which will be made available for application by the Malaysian public (*The Edge*).

Pahang Princess Tengku Datuk Aishah Sultan Ahmad Shah has been appointed as the non-executive chairman of **Diversified Gateway Solutions Bhd**. Tengku Aishah is also the independent non-executive chairperson of Insas Bhd, Inari Amerton Bhd and Miecoco Chipboard Bhd. In addition to that, she is an independent non-executive director of WZ Satu Bhd (*The Edge*).

News In Brief *Economy*

Malaysia **Azmin: A Different Economic Logic for Malaysia**

The government remains committed to grow and break out of the middle income trap to become an advanced high-income economy, according to Economic Affairs Minister Datuk Seri Mohamed Azmin Ali. "Malaysia remains stuck in the middle-income trap as we have not yet been able to transition towards becoming a high-income nation," Azmin said in his speech at the Khazanah Megatrends Forum 2018. As of 2017, GDP per capita as measured in terms of nominal US dollars has fallen to 9,944 from a peak of 11,183 in 2014. In order to break out of the middle income trap, Azmin said this would require a different economic logic for Malaysia.

"The second idea is economic complexity or diversification of the economy, via exports in agriculture, manufacturing or services because exporting to the world requires that whatever good or services we produce be globally competitive. "Hence, our economy must be as far along the technology and efficiency frontiers as possible," he said. He noted that Toyota, Honda and Nissan emerged from a decision from the Japanese government to diversify their economy and build on their rapidly developing electronics industry. "Firms also need to move away from being too narrowly focused on chasing short-term profits. "Short-term thinking necessarily means that companies will hold off on reinvesting for the future, therefore reducing their long-term sustainability and profitability," Azmin said. (The Star)

MoF Approves 45 PPP Projects

Some 45 out of the 67 public private partnership (PPP) projects under the Public Private Partnership Unit (UKAS) that are under review have been approved. The status of the remaining 22 PPP projects under UKAS is not known. However, Finance Minister Lim Guan Eng said that the ministry had no intention of cancelling any of the PPP projects. "At the moment, 45 out of 67 PPP projects under review have been given the green light to proceed, on the condition that they go through an open tender process," Lim said during his speech at Khazanah Nasional Bhd's Megatrend Forum 2018 on Monday. Additionally, Lim pointed out that Malaysia was not undergoing "austerity" measures, but "smarter spending". He said the government was adopting a wider application of the open tender process, selective public investments and renegotiating mega-infrastructure projects. "If there are areas of priority that require spending, we would be more than happy to spend, especially for long-term sustainable growth," Lim said. He said the government had managed to shave RM5.22bil off the MRT2's total cost of RM56.93bil by rationalising the above-ground portion of the project. (The Star)

Effective Policy Making Needs Global Perspective

Monetary and fiscal policies should have global perspectives as any fallout often spread across the borders, says Bank Negara Malaysia's (BNM) Governor Datuk Nor Shamsiah Mohd Yunus. She said in a world, which is increasingly buffeted by protectionism and the risk of financial contagion, central banks must cooperate with each other. "However, independent a central bank is from the government, it cannot function in isolation. Cooperation at the national, regional and international levels is necessary. "As guardians of the financial system, central bankers must maintain public trust," she said at the commemoration of BNM's first Malaysian governor, Tun Ismail Ali's centennial birthday and the launch of "Tun Ismail Ali Paragon of Trust and Integrity" memoir here on Monday. Nor Shamsiah said trust between central bankers was formed out of reliability, stemming from competency which was practised since the central bank was first set up.

"As the first Malaysian Governor of BNM, Tun Ismail Ali had planted the principles that now run deep within the bank and gave us the vision to soar towards," she said. Not only does a central bank need to be careful custodians of monetary policy and an able adviser to the government, Nor Shamsiah said, BNM also needed to be seen and recognised as the competent authority to discharge these roles. Meanwhile, Ismail's memoir, which was written by his sister, Tun Dr Siti Hasmah Mohd Ali, was launched by Prime Minister Tun Dr Mahathir Mohamad. Nor Shamsiah said the book launch was to honour Ismail as a nation builder; a titan of the Malaysian economic and financial sector. (The Star)

Government Not Selling Affordable Housing Units in Cities

The Federal Government will not sell affordable housing units which are located in cities under the new housing policy which will be unveiled later, says Housing and Local Government Minister Zuraida Kamaruddin. Instead, the Federal Govt will help subsidise the development of these units in the city and then rent them out, she said on Monday. "We will not sell but rent (these units out). This will help to strengthen the rental market in the city," Zuraida said at the open dialogue with real estate stake holders which included various heads of agencies and associations, World Bank and National Property Information Centre officials. This may be the first time the housing minister is holding an open dialogue with real estate officials to help resolve the long-running affordable housing issue.

Affordable units, which are managed by the government, are separate from units under the Rent to Own scheme. Under this RTO scheme, there will be a review of income every five years, Zuraida said. The affordable housing issue will be dealt with by the affordable housing council, a subset of the overall national housing policy. On using Bandar Malaysia for affordable housing, she said there are proposals to carve out a certain portion for affordable housing to be developed there. (The Star)

Asia China Services Sector Expands in September, but Costs Up and Employment Shrinks: Caixin PMI

China's services sector grew at its fastest clip in three months in September on improved demand, a private survey showed on Monday, though sentiment worsened as firms started shedding jobs after over two years of expansion while rising cost pressures pointed to a squeeze on profit margins. The Caixin/Markit services purchasing managers' index (PMI) rose to 53.1 in September from 51.5 in August, and staying above the 50 level that separates growth from contraction. The faster growth is a welcome signal for a key part of the world's second-largest economy as it faces rising headwinds from a heated trade row with the United States. An official gauge of the non-manufacturing sector for last month published on Sept 30 also pointed to continued expansion, which analysts say was largely driven by a jump in construction in a sign the government's fiscal easing may be gaining traction. Monday's survey showed most of the pick-up came from higher new business orders, as the sub-index rose at its quickest pace in three months with a reading of 52.4, compared to 51.7 in August.

China is counting on services, particularly high value-added services in finance and technology, to lessen the economy's traditional reliance on heavy industry and investment. Policymakers have also quickened project approvals lately to prop up infrastructure investment growth. Strength in the services sector would alleviate some pains already felt by China's manufacturing sector from the impact of U.S. tariffs. Factory activity stalled in September after 15 months of expansion, with export orders falling the fastest in over two years, a separate Caixin survey just over a week ago. Government statistics show the services sector, accounting for slightly over half of China's economy in the first half of 2018, grew 7.6% in that period from a year earlier, easily outpacing overall GDP growth of 6.8%. Caixin's composite manufacturing and services PMI, also released on Monday, rose marginally to 52.1 in September from 52.0 in August. (Reuters)

Yuan Hits 7-Week Low after PBOC Cuts Reserve Ratio, Frees Up Liquidity

Most Asian currencies were weaker on Monday, with the yuan among the top decliners after the central bank cut the minimum cash reserve banks must hold, a move to support the economy in China's bitter trade disputes with the United States. The People's Bank of China's (PBOC) move on Sunday to slash banks' reserve requirement ratio (RRR) by 110 basis points sent the yuan to a 7-week low of 6.9069 against the dollar in early trade on Monday after a week-long holiday. The yuan declined 0.1% against the central bank's daily fix of 6.8957 at open, and then weakened further. Investor anxiety over the escalating Sino-U.S. trade war also sent China shares tumbling.

While the PBOC said the latest RRR cut would not add to the renewed pressure on the yuan. That pressure was seen arising from possible interest rate differentials as U.S. yields rise while Chinese long-term yields fall because of the RRR cut. China may rely more on administrative measures to keep RMB exchange rate in check. The rising dollar also pressured regional currencies, although the dollar's movements were limited by low liquidity thanks to a holiday in Japan and the U.S. bond market closed for Columbus Day. (The Star)

United States U.S.-China Tensions Break Out in Beijing

A public confrontation between the top diplomats from the U.S. and China showed the rapid deterioration in ties between their countries, as tensions over trade threaten to jeopardize cooperation on North Korea and aggravate longstanding disagreements. Secretary of State Mike Pompeo exchanged testy words with Foreign Minister Wang Yi in Beijing on Monday at a critical moment for U.S.-China relations, with trade negotiations stalled, military talks halted and each side blaming the other for a recent close encounter between their warships in the South China Sea. Vice President Mike Pence last week outlined a shift in U.S. strategy from engagement to confrontation with China, accusing Beijing of undermining U.S. interests on multiple fronts, including meddling in U.S. elections. The U.S. has been pressing China—North Korea's main ally, investor and trade partner—to sustain efforts to persuade North Korean leader Kim Jong Un to abandon his nuclear weapons program.

Monday's frosty talks in Beijing came after South Korea's president said earlier in the day that he expected Mr. Kim to soon meet the Chinese and Russian leaders, as Pyongyang courts support from its traditional partners. The Chinese foreign minister began his meeting with Mr. Pompeo by accusing the U.S. of escalating trade friction, causing trouble over Taiwan and unjustifiably criticizing China's domestic and external policies. (WSJ)

Eurozone German Industrial Output Declines Unexpectedly

Germany's industrial production declined unexpectedly in August on a notable weakness in construction, suggesting that the economy lost some momentum in the third quarter. Data from Destatis showed that industrial output slid 0.3% from July, confounding expectations for an increase of 0.5%. This was the third consecutive decline in output. Production had decreased 1.3% in July. On a yearly basis, industrial production logged a fall of 0.1% in August, in contrast to the expected growth of 0.1% and a 1.5% increase seen in July. Excluding energy and construction, industrial production dropped 0.1% month-on-month in August. Among components, energy production advanced 1.3% in August, while construction output contracted 1.8%. Output of consumer goods grew 1.4% and that of intermediate goods showed an increase of 0.1%. On the other hand, capital goods output decreased 0.7%.

Elsewhere, a survey from the think tank Sentix showed that despite the negative discussions about the automotive industry and the question marks over the continued existence of the current government coalition, the German economic data remain stable. The investor confidence index for Germany rose to 20.0 in October from 18.1 in September. (RTT)

Share Buy-Back: 08 October 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
AMPPOP	30,000	0.655/0.65	0.655/0.64	18,098,500
BJFOOD	1,120,000	1.46/1.42	1.47/1.41	18,000,000
CBIP	5,700	1.09	1.11/1.09	17,278,627
CJCEN	182,800	0.62/0.61	0.625/0.61	3,487,000
EWEIN	150,000	0.61/0.605	0.62/0.595	1,100,000
GLOMAC	100,000	0.39/0.38	0.39/0.38	9,339,600
GRANFLO	130,000	0.20/0.195	0.20/0.19	10,657,200
IJM	250,000	1.67/1.57	1.77/1.56	5,037,800
INCKEN	42,000	0.665/0.66	0.665/0.66	19,722,400
KENANGA	210,000	0.73/0.725	0.73/0.725	21,536,000
KERJAYA	320,000	1.24/1.16	1.24/1.15	1,823,700
KOMARK	10,000	0.15	0.15	8,956,100
LIENHOE	14,100	0.31	0.31/0.30	20,599,800
MALAKOF	833,600	0.875/0.86	0.875/0.845	91,004,400
MKH	42,500	1.24	1.26/1.24	4,097,100
N2N	130,000	1.22	1.23/1.22	28,638,600
NYLEX	30,000	0.685/0.68	0.685/0.68	7,512,524
P&O	14,000	1.05/1.03	1.05/1.02	12,286,193
SALCON	306,100	0.25	0.25/0.24	10,901,827
SUNWAY	950,000	1.43/1.42	1.44/1.41	68,342,362
SYSCORP	40,000	0.315/0.31	0.315/0.305	23,920,600
TEXCYCL	54,900	0.61/0.60	0.62/0.595	2,239,850
TITIJYA	10,000	0.33	0.335/0.32	2,566,100
TROP	221,000	0.90/0.89	0.90/0.885	15,039,242

Source: Bursa Malaysia

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD (14948-M)

A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my

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	
							08-Oct-18										
AUTOMOBILE																	
BAUTO	2.04	2.59	27.0%	Buy	2,371	0.58	12.0	17.2	16.9	11.9	5.1	5.9	2.44	-16.4	1.95	4.6	-6.1
MBMR	2.06	3.19	54.9%	Buy	805	0.56	31.4	31.9	6.6	6.5	3.9	3.9	2.68	-23.1	2.01	2.5	-6.4
PECCA	0.80	1.25	56.3%	Buy	147	0.79	6.0	7.4	13.4	10.9	6.3	6.3	1.65	-51.5	0.77	4.6	-48.4
SIME	2.60	2.82	8.5%	Buy	17,682	1.38	12.6	15.7	20.6	16.5	3.1	3.6	3.04	-14.4	2.01	29.3	18.6
UMW	4.74	5.45	15.0%	Sell	5,538	0.86	28.4	39.3	16.7	12.1	3.0	4.2	6.98	-32.1	4.55	4.2	-8.8
BANKS & FINANCIAL SERVICES																	
ABMB	4.13	4.30	4.1%	Hold	6,394	0.94	31.9	34.9	13.0	11.8	3.7	3.9	4.49	-8.0	3.62	14.1	1.2
AFFIN	2.35	2.20	-6.4%	Sell	4,566	0.82	21.7	23.4	10.8	10.1	3.4	3.4	2.70	-13.0	2.22	5.8	1.7
AMBANK	4.00	4.20	5.0%	Hold	12,057	1.32	37.6	41.5	10.6	9.6	3.8	4.5	4.90	-18.4	3.40	17.6	-9.3
CIMB	6.04	6.50	7.6%	Hold	56,569	1.55	53.8	57.5	11.2	10.5	4.5	4.8	7.39	-18.3	5.21	15.9	-7.6
HLBANK	20.58	21.80	5.9%	Hold	42,098	0.94	129.0	145.1	16.0	14.2	2.3	2.3	21.26	-3.2	14.90	38.1	21.1
MAYBANK	9.65	9.60	-0.5%	Sell	105,482	1.05	71.4	75.7	13.5	12.7	6.0	6.0	11.08	-12.9	8.68	11.2	-1.5
PBBANK	24.98	25.80	3.3%	Hold	96,976	0.83	152.5	165.6	16.4	15.1	2.5	2.6	26.16	-4.5	19.90	25.5	20.2
RHBBANK	5.28	5.70	8.0%	Hold	21,173	1.34	55.2	60.7	9.6	8.7	3.4	3.4	5.88	-10.2	4.71	12.1	5.6
BURSA	7.70	8.07	4.8%	Sell	6,218	0.90	29.2	30.0	26.4	25.7	3.1	3.1	8.12	-5.1	6.25	23.2	15.3
BUILDING MATERIALS																	
ANNJOO	1.71	2.47	44.4%	Buy	919	1.70	32.2	35.1	5.3	4.9	9.0	10.6	3.98	-57.0	1.63	4.9	-55.7
CHINHIN	0.75	0.79	5.3%	Hold	413	1.24	5.0	8.6	15.0	8.7	3.3	5.3	1.32	-43.2	0.73	2.7	-38.0
CMSB	2.93	4.25	45.1%	Buy	3,138	1.66	24.2	24.9	12.1	11.7	3.3	3.4	4.42	-33.7	1.74	68.4	-24.9
CSCSTEL	1.20	1.34	11.7%	Hold	443	0.92	12.9	16.2	9.3	7.4	5.7	7.2	1.77	-32.2	1.11	8.1	-22.1
ENGTEX	0.98	1.22	25.1%	Buy	425	0.91	10.5	14.4	9.3	6.8	1.6	2.9	1.23	-20.7	0.95	2.6	-11.4
CONSTRUCTION																	
GADANG	0.71	0.97	36.6%	Buy	470	1.44	16.0	14.4	4.4	4.9	4.2	4.2	1.28	-44.5	0.64	10.9	-36.0
GAMUDA	2.43	3.08	26.7%	Sell	5,997	1.07	33.2	27.9	7.3	8.7	4.9	4.9	5.31	-54.2	2.32	4.7	-51.0
GDB	0.32	0.52	65.1%	Buy	197	na	4.6	5.2	6.8	6.1	3.8	4.8	0.45	-30.0	0.28	14.5	6.8
IJM	1.60	1.44	-10.0%	Sell	5,809	1.17	9.6	11.8	16.6	13.6	3.8	3.8	3.35	-52.2	1.56	2.6	-47.5
KAB	0.28	0.37	32.1%	Buy	90	na	3.1	3.7	9.1	7.6	3.6	4.3	0.33	-15.2	0.20	40.0	-6.7
PESONA	0.28	0.33	20.0%	Buy	191	1.09	2.0	3.8	13.5	7.3	5.5	5.5	0.60	-54.2	0.26	7.8	-38.9
SENDAI	0.80	0.70	-12.5%	Sell	625	1.18	9.9	8.7	8.1	9.2	1.3	1.3	1.09	-26.6	0.66	22.1	-7.5
SUNCON	1.56	1.93	23.7%	Buy	2,016	1.08	12.7	14.2	12.3	11.0	5.1	5.8	2.64	-40.9	1.53	2.0	-37.8
WCT	0.85	0.99	17.2%	Buy	1,168	0.91	7.8	10.7	10.9	7.9	3.6	3.6	1.83	-53.8	0.70	21.6	-47.8
LITRAK	4.57	5.64	23.4%	Hold	2,413	0.21	43.3	42.8	10.6	10.7	5.5	5.5	6.00	-23.8	3.63	25.9	-17.7
CONSUMER																	
<i>Brewery</i>																	
CARLSBG	19.58	20.65	5.5%	Buy	6,023	0.60	89.3	93.2	21.9	21.0	4.5	4.7	20.88	-6.2	14.62	34.0	28.7
HEIM	20.46	23.11	13.0%	Hold	6,181	0.53	95.2	103.3	21.5	19.8	4.5	4.9	24.02	-14.8	17.30	18.3	8.3
<i>Retail</i>																	
AEON	1.70	2.53	48.8%	Buy	2,387	0.39	7.1	8.8	24.0	19.2	2.6	2.9	2.65	-35.8	1.45	17.2	-3.4
AMWAY	6.70	7.94	18.5%	Hold	1,101	0.63	29.2	30.8	22.9	21.8	3.8	4.1	8.52	-21.4	6.61	1.4	-8.3
F&N	37.00	30.69	-17.1%	Sell	13,562	0.59	96.0	114.0	38.5	32.5	1.9	2.0	40.00	-7.5	23.40	58.1	37.0
HUPSENG	1.00	1.25	25.0%	Buy	800	0.58	5.8	6.2	17.2	16.2	6.0	6.0	1.20	-16.7	1.00	0.0	-8.3
JOHOTIN	0.91	1.16	28.2%	Buy	281	1.12	8.1	8.5	11.1	10.6	5.5	6.1	1.52	-40.5	0.89	1.7	-25.2
NESTLE	146.40	129.90	-11.3%	Sell	34,331	0.55	322.2	360.2	45.4	40.6	2.0	2.2	163.00	-10.2	85.00	72.2	41.9
PADINI	5.75	7.20	25.2%	Buy	3,783	0.73	27.8	34.8	20.7	16.5	2.2	2.3	6.20	-7.3	4.12	39.6	9.2
POHUAT	1.38	1.74	26.1%	Buy	303	0.61	17.2	22.0	8.0	6.3	4.3	5.8	2.07	-33.3	1.15	20.0	-22.9
QL	6.85	6.57	-4.1%	Sell	11,114	0.66	12.7	13.0	53.9	52.6	0.7	0.7	7.08	-3.2	3.82	79.3	57.5
SIGN	0.47	0.67	44.1%	Buy	105	0.79	4.8	6.1	9.7	7.6	3.2	5.4	0.97	-51.8	0.45	3.3	-34.0
<i>Tobacco</i>																	
BAT	33.60	28.29	-15.8%	Sell	9,594	1.07	152.7	148.0	22.0	22.7	4.2	4.2	43.56	-22.9	22.46	49.6	-16.0
GAMING																	
<i>Casino</i>																	
GENTING	7.81	10.26	31.4%	Buy	30,073	0.93	59.8	64.8	13.1	12.0	2.0	2.0	9.74	-19.8	7.76	0.6	-14.4
GENM	4.92	5.93	20.5%	Buy	27,831	1.23	28.7	32.0	17.2	15.4	2.4	2.6	5.73	-14.1	4.59	7.2	-11.2
<i>NFO</i>																	
BJTOTO	2.24	2.80	25.0%	Buy	3,017	0.71	19.6	29.8	11.4	7.5	7.1	11.6	2.62	-14.5	2.06	8.7	0.0
HEALTHCARE																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	1.20	1.52	26.7%	Buy	794	0.45	6.8	7.5	17.6	16.1	3.8	4.1	1.49	-19.5	0.88	35.9	10.7
IHH	5.30	5.60	5.7%	Hold	43,697	0.66	8.0	8.8	65.9	60.1	0.4	0.4	6.42	-17.4	4.96	6.9	-9.6
KPJ	1.08	1.20	11.1%	Hold	4,544	0.50	4.1	4.5	26.3	24.2	2.1	2.3	1.17	-7.7	0.84	28.6	11.3
<i>Rubber Gloves</i>																	
HARTA	6.31	4.90	-22.3%	Sell	20,993	0.99	13.2	14.6	47.8	43.3	1.5	1.5	7.45	-15.3	3.43	84.2	18.2
KOSSAN	4.25	4.73	11.3%	Hold	5,435	0.55	15.4	17.5	27.6	24.3	1.4	1.6	4.72	-10.0	3.19	33.2	4.8
SUPERMX	2.84	4.75	67.3%	Buy	1,862	0.54	16.3	19.8	17.4	14.4	2.8	2.9	4.61	-38.4	1.76	61.4	42.0
<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	0.26	35.6	41.8	29.5	25.1	1.4	1.7	12.48	-15.9	5.61	87.2	31.4
KAREX	0.69	0.51	-26.1%	Sell	692	0.59	1.0	1.6	68.5	44.1	0.4	0.6	1.67	-58.7	0.50	38.0	-46.9
INDUSTRIAL																	
SCIENTX	8.60	9.16	6.5%	Hold	4,205	0.92	59.3	69.6	14.5	12.4	2.3	2.4	9.30	-7.5	6.51	32.1	-0.7
SKPRES	1.28	1.60	25.0%	Buy	1,600	0.94	10.1	10.3	12.6	12.4	4.0	4.1	2.35	-45.5	1.17	9.4	-43.9
MEDIA																	
ASTRO	1.52	1.95	28.3%	Buy	7,925	1.20	12.4	11.7	12.2	13.0	8.2	6.6	2.94	-48.3	1.31	16.0	-42.6
MEDIA PRIMA	0.46	0.39	-14.3%	Sell	505	0.68	-5.9	-4.1	na	na	0.0	0.0	0.90	-49.4	0.25	82.0	-40.1
STAR	0.79	0.95	21.0%	Sell	579	0.89	3.1	2.6	25.1	29.7	3.8	3.8	1.77	-55.6	0.77	1.9	-52.4

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	0.40	0.63	57.5%	Buy	703	1.51	4.4	4.6	9.1	8.6	2.5	2.5	0.57	-29.8	0.31	31.1	-17.5
LCTITAN	4.50	6.59	46.4%	Buy	10,228	na	44.5	51.6	10.1	8.7	3.8	4.4	6.46	-30.3	4.50	0.0	-4.3
MHB	0.67	0.78	17.3%	Sell	1,064	1.40	-5.6	0.4	na	154.6	0.0	0.0	0.98	-32.1	0.61	9.0	-19.4
MISC	5.76	5.65	-1.9%	Sell	25,711	0.87	29.3	40.3	19.7	14.3	5.2	5.2	7.90	-27.1	5.03	14.5	-22.4
PANTECH	0.48	0.70	45.8%	Buy	356	0.88	6.3	6.2	7.6	7.8	5.2	5.0	0.74	-35.1	0.44	9.1	-25.6
PCHEM	9.35	9.68	3.5%	Hold	74,800	0.76	57.0	57.8	16.4	16.2	3.0	3.3	10.04	-6.9	7.22	29.5	21.4
SAPNRG	0.37	0.32	-13.5%	Sell	2,217	1.93	-5.0	-8.3	na	na	0.0	0.0	1.62	-77.2	0.33	12.1	-47.9
<i>Note: SAPNRG proposed rights issue shares on the basis of 5 for 3 and RCPS-1 on the basis of 2 for 5. For more detail please refer to 27.08.2018 report.</i>																	
SERBADK	4.01	4.72	17.7%	Buy	5,889	na	27.5	31.4	14.6	12.8	2.2	2.5	4.23	-5.2	2.30	74.3	23.8
VELESTO	0.27	0.34	25.9%	Buy	2,218	1.89	0.0	0.2	551.5	108.5	0.0	0.0	0.48	-43.8	0.22	25.6	-11.5
UZMA	1.29	1.44	11.6%	Buy	413	1.26	13.9	12.8	9.3	10.0	0.0	0.0	1.67	-22.8	0.93	39.5	0.8
PLANTATIONS																	
FGV	1.46	1.50	2.7%	Sell	5,326	1.59	-3.4	-0.5	na	na	0.0	0.0	2.18	-33.0	1.45	0.7	-13.6
IJMLNT	2.35	1.84	-21.7%	Sell	2,069	0.45	7.9	7.1	29.8	33.0	2.1	2.1	3.01	-21.9	2.08	13.0	-14.2
IOICORP	4.57	5.06	10.7%	Buy	27,907	0.81	17.8	19.6	25.7	23.3	4.5	2.5	4.81	-5.0	4.21	8.7	3.2
KFIMA	1.55	1.89	21.9%	Buy	437	0.64	14.7	13.1	10.5	11.9	5.8	5.8	1.76	-11.9	1.44	7.6	-1.3
KLK	25.00	22.37	-10.5%	Sell	26,624	0.57	83.3	90.6	30.0	27.6	1.8	1.8	25.98	-3.8	23.26	7.5	0.0
SIMEPLT	5.25	5.88	12.0%	Buy	35,704	na	18.8	18.3	27.9	28.6	3.3	2.9	5.97	-12.0	4.55	15.3	-12.0
TSH	1.10	1.04	-5.5%	Sell	1,519	0.46	3.8	4.3	29.3	25.3	1.4	1.4	1.71	-35.7	1.08	1.9	-33.3
UMCCA	5.94	4.11	-30.8%	Sell	1,246	0.42	18.5	12.4	32.1	48.1	2.0	2.0	7.08	-16.1	5.85	1.5	-8.8
PROPERTY																	
GLOMAC	0.38	0.43	13.2%	Hold	301	0.55	1.5	1.6	26.2	23.5	3.9	3.9	0.61	-38.1	0.38	0.0	-31.5
HUAYANG	0.43	0.50	16.3%	Hold	151	0.72	1.3	2.2	34.4	19.5	0.0	0.0	0.85	-49.1	0.42	2.4	-29.5
IBRACO	0.58	0.59	1.7%	Hold	288	na	4.1	8.0	14.3	7.2	3.4	3.4	0.92	-36.6	0.26	123.1	-28.8
IOIPG	1.52	1.87	23.0%	Hold	8,369	0.88	14.3	14.7	10.6	10.4	3.3	3.3	2.06	-26.2	1.47	3.4	-17.8
MAHSING	1.03	1.29	25.2%	Buy	2,501	0.97	9.4	9.8	10.9	10.5	4.9	4.9	1.59	-35.2	0.98	5.1	-29.0
SIMEPROP	1.11	1.33	19.8%	Hold	7,549	na	4.7	6.6	23.6	16.9	1.8	3.6	1.78	-37.6	1.04	6.7	-37.6
SNTORIA	0.50	0.73	46.0%	Buy	279	0.62	8.3	8.7	6.0	5.7	2.0	2.0	0.73	-31.3	0.45	12.4	-28.1
SPB	4.20	4.11	-2.1%	Sell	1,443	0.62	18.7	23.4	22.4	18.0	2.9	2.9	5.50	-23.6	4.02	4.5	-14.3
SPSETIA	2.49	3.09	24.1%	Hold	9,714	0.98	9.8	16.5	25.4	15.1	3.2	3.6	4.00	-37.8	2.49	0.0	-37.8
SUNWAY	1.43	1.64	14.7%	Buy	6,945	0.88	11.8	12.2	12.2	11.7	4.2	4.2	1.83	-21.9	1.41	1.4	-12.3
REIT																	
SUNREIT	1.68	1.87	11.3%	Hold	4,948	0.74	9.6	10.3	17.4	16.2	5.7	6.2	1.90	-11.6	1.48	13.5	-11.6
CMMT	1.16	1.48	27.6%	Buy	2,371	0.44	7.9	8.4	14.7	13.9	7.0	7.4	1.83	-36.6	0.98	18.4	-36.6
POWER & UTILITIES																	
MALAKOF	0.88	0.92	5.1%	Buy	4,296	1.11	3.7	5.3	23.4	16.7	6.9	6.9	1.07	-18.2	0.83	6.1	-10.7
PETDAG	26.00	24.13	-7.2%	Sell	25,830	0.78	114.1	114.9	22.8	22.6	3.4	3.3	28.18	-7.7	20.81	24.9	8.1
PETGAS	18.74	20.23	8.0%	Buy	37,081	0.94	99.1	99.9	18.9	18.8	3.6	3.6	19.50	-3.9	15.82	18.5	7.2
TENAGA	15.38	17.47	13.6%	Buy	87,330	0.82	136.7	127.8	11.3	12.0	4.2	4.2	16.34	-5.9	13.54	13.6	0.8
YTLPOWER	1.04	0.96	-7.7%	Sell	7,982	0.81	8.4	8.8	12.4	11.8	4.8	4.8	1.40	-25.8	0.73	42.5	-19.4
TELECOMMUNICATIONS																	
AXIATA	4.29	5.45	27.0%	Buy	38,909	1.86	12.9	16.2	33.3	26.4	2.6	3.2	5.82	-26.3	3.76	14.1	-21.9
DIGI	4.71	5.15	9.3%	Buy	36,620	1.01	19.6	20.2	24.0	23.3	4.2	4.3	5.10	-7.6	3.93	19.8	-7.6
MAXIS	5.70	5.00	-12.3%	Sell	44,555	0.95	23.8	23.5	23.9	24.3	3.5	3.5	6.14	-7.2	5.21	9.4	-5.2
TM	3.01	3.30	9.6%	Sell	11,311	1.47	16.0	15.3	18.8	19.7	6.3	6.3	6.50	-53.7	2.97	1.3	-52.2
TECHNOLOGY																	
<i>Semiconductor & Electronics</i>																	
ELSOFT	3.34	3.75	12.3%	Buy	925	0.49	13.0	14.9	25.6	22.5	2.8	3.1	3.53	-5.4	2.22	50.5	23.7
<i>Note: ELSOFT proposed bonus issue shares on the basis of 1 for 5. For more detail please refer to 29.08.2018 report.</i>																	
INARI	2.33	2.50	7.3%	Hold	7,370	0.53	7.9	9.2	29.6	25.3	2.9	3.1	2.56	-8.8	1.58	47.1	3.0
MPI	12.38	13.45	8.6%	Buy	2,462	0.73	70.8	80.4	17.5	15.4	2.3	2.6	14.52	-14.7	7.57	63.5	-1.9
N2N	1.23	1.70	38.2%	Buy	700	0.50	4.0	4.9	31.1	25.4	2.2	0.8	1.37	-10.2	0.67	83.6	33.7
UNISEM	3.09	3.30	6.8%	Hold	2,247	0.87	13.2	18.7	23.3	16.5	3.6	3.6	4.05	-23.7	1.60	93.1	-15.3
TRANSPORTATION																	
<i>Airlines</i>																	
AIRASIA	3.00	3.15	5.0%	Buy	10,026	0.89	28.3	28.3	10.6	10.6	26.7	2.7	4.75	-36.8	2.92	2.7	-10.4
AIRPORT	8.57	8.79	2.6%	Sell	14,219	0.90	33.8	35.7	25.4	24.0	1.8	1.2	9.98	-14.1	7.98	7.4	-2.5
<i>Freight & Tankers</i>																	
PTRANS	0.29	0.42	47.4%	Buy	394	na	2.5	3.4	11.2	8.4	3.5	3.6	0.34	-14.9	0.23	26.7	1.8
TNLOGIS	0.94	1.10	17.0%	Buy	429	0.86	10.0	9.7	9.4	9.6	0.0	4.3	1.55	-39.4	0.92	2.2	-29.9
WPRTS	3.66	3.78	3.3%	Sell	12,481	0.58	15.6	20.0	23.5	18.3	3.2	4.1	3.95	-7.3	3.10	18.1	-1.1

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	25.47	32.80	28.8%	Buy	65,071	1.25	213.1	246.8	12.0	10.3	3.5	3.5	30.8	-17.2	20.88	22.0	4.2
OCCBC	11.11	14.50	30.5%	Buy	46,542	1.22	109.4	123.1	10.2	9.0	6.7	7.7	14.0	-20.9	10.92	1.7	-10.3
UOB	26.13	33.70	29.0%	Buy	43,571	1.22	229.6	255.4	11.4	11.4	3.1	3.1	30.4	-14.0	23.84	9.6	-0.5
PLANTATIONS																	
WILMAR	3.17	3.27	3.2%	Hold	20,283	0.76	22.5	25.1	14.1	12.6	3.2	3.2	3.4	-7.3	2.97	6.7	2.6
IFAR	0.23	0.20	-11.1%	Sell	323	0.99	3.0	3.0	7.4	7.5	1.9	1.8	0.5	-52.1	0.18	23.0	-42.3

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.