

## Weekly Strategy

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

Kaladher Govindan

Tel: +603-2167 9609

kaladher@ta.com.my

www.taonline.com.my

### Market View *Healthy Profit Taking Consolidation Should Ensue*

The blue-chip benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) surged to a fresh 2.5-year high last Friday, as extremely strong buying momentum on GLC-related stocks offset post window-dressing profit-taking and spilled over to the oil & gas sector, sparked by the firm ringgit and oil price trend.

For the first week of 2017, the blue-chip benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) climbed 21.16 points, or 1.2 percent to close at 1,817.97, with Petronas Gas (+88sen), Sime Darby (+56sen), Petronas Chemicals (+45sen), Petronas Dagangan (+44sen) and Genting Berhad (+42sen) accounting for most of the index's rise. Daily traded volume and value ballooned to 4.92 billion shares worth RM3.25 billion, compared to the 2.54 billion shares and RM2.11 billion respectively the previous week.

While the FBMKLCI may chalk early gains this week from the spillover effects of Wall Street last Friday, its steep rally in the last two weeks needs consolidation before trending up further to prevent a sharp pullback. With the 1,800 level acting as a strong support, the benchmark index should resume its northbound journey, after minor consolidation, to retest the all-time high of 1,896 in the first quarter of 2018.

This coincides with the "Capricorn Effect" and the usual pre-election rally. As stock market is also viewed as an important barometer of the economy, its strong performance compliments the strength in the key economic data, it should work in favour of the ruling coalition in showcasing its achievements and relevance of its economic policies. So far, the GDP growth in the first three quarters of 2017 has outperformed market expectations and is likely to remain strong in the fourth quarter (forecast 6% YoY), leading to a full year growth of 5.9%. It will be well supported by the solid external demand (November exports hit an all-time high of RM83.5bn, year-to-date exports growth was at 20.4% YoY and trade surplus stood at RM90bn in the first eleven months of 2017) and resilient domestic activities, which underpins the strong private consumption and investment. Continued expansion in trade surplus will complement the positive effect of crude oil price recovery on ringgit due to repatriation and conversion of US dollar to ringgit.

No doubt, it will be tough for exports to maintain the double-digit growth in 2018 due to ringgit's recovery but domestic demand is expected to pick this year with the launch of various mega projects and wage growth. Ringgit closed at RM3.99 against the US dollar last Friday with the return of foreign funds and recovery in crude oil prices and may find a base around RM3.90 but the strength is expected to waver in the second half of 2018. This will be driven by the US Federal Reserve interest rate hikes and adaption of similar approach by other central banks from developed nations, reversal in crude oil prices post listing of Saudi Aramco and as US shale players resolve the deadlock caused by the shortage of equipment and fracking crew, and cooling external demand due to competition and rising inflationary pressure, especially in the US.

In the interim period, many sectors like auto, aviation, consumers, media, telco, utilities, etc. are expected to benefit from the ringgit's strength. Most companies in these sectors import their raw materials and/or incur large part of their capital expenditure in US dollar terms while deriving their sales mostly in ringgit terms. Some even have high debts denominated in US dollars, especially the telco and utilities players. **Astro (TP: RM3.10)**, **Carlsberg (TP: RM18.06)** and **Nestle (TP: RM120.50)** deserve a special mention here as worthy of investment, not only because of the ringgit factor, the upcoming 2018 FIFA World Cup and mostly local sales, but also due to measures undertaken to mitigate operating costs and improve efficiency.

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As of Monday, January 08, 2018, the HOD, Kaladher Govindan, who prepared this report, has interest in the following securities covered in this report:  
(a) nil

**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

## News In Brief *Corporate*

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Japan is making an all-out bid for the **Kuala Lumpur-Singapore High Speed Rail (HSR)** contract to construct Southeast Asia's largest ever infrastructure project. Bids for the HSR must be submitted by the middle of the year, with the contract expected to be awarded by year-end. Other bidders include China, South Korea and France. (Bernama)

Malaysia will suspend **export taxes on crude palm oil** for a three month period starting Jan 8 to boost prices and reduce stockpiles. The export tax suspension will be lifted before the three month period if crude palm oil stocks fall to 1.6mn tonnes. (Reuters)

**Petronas** is seeking to increase the non-fuel segment contribution to its downstream business this year, in line with most oil and gas companies worldwide. The non-fuel segment's contribution to the downstream business is currently at 10%. The downstream market is projected to remain competitive as demand was expected to be subdued as more people had shifted towards public transportation. (Bernama)

**KUB Malaysia Bhd** said its A&W quick-service restaurant chain in Malaysia remains for sale, but it is waiting to sell at the right price. A final decision on buyers for the business still has to come from the master franchisor for A&W, A Great American Brand LLC. It is currently in an extended franchise agreement with A Great American Brand until June 2019. (The Edge)

Ayala Land Inc is extending an unconditional mandatory take-over offer for **MCT Berhad** at RM0.88/share. This follows the acquisition of an additional 17.2% stake in the group from Tan Sri Dato' Sri Goh Ming Choon for RM202.5mn, raising its total stake to 50.2%. (Bursa)

**Mydin Mohamed Holdings Bhd** is seeking a buyer for its premium chain of Sam's Groceria stores as part of its ongoing internal reorganisation. The group now operates four Sam's Groceria outlets, which is estimated to be worth RM50mn. (The Edge)

**Scomi Engineering Bhd** had received the approval to merge with **Scomi Group Bhd**. Under the proposal, seven Scomi Engineering shares will be exchanged for 10 consolidated Scomi Group shares. Supposed to be a three way merger, this follows the rejection by **Scomi Energy Services Bhd** to merge with Scomi Group, earlier last Thursday. The merger is expected to help streamline Scomi's operations and finances, as it refocuses its strategy on rail and renewable energy. (Bursa)

**MY E.G. Services Berhad** received an extension from the Ministry of Home Affairs for the voluntary repatriation of illegal foreign workers for the Immigration Department of Malaysia. The extension is from 1 January 2018 to 30 June 2018. (Bursa)

Apart from pushing for higher passenger traffic, upgrading and improving its services this year to boost income, **Malaysia Airports Holdings Bhd** is also keen to sell stakes in its international units. It is keen to see its stake in Istanbul Sahiba Gocken International Airport reduced and is in talk with about ten strategic investors. (The Star)

Loss-making **TH Heavy Engineering Bhd** is looking to India and the Middle Eastern markets to expand its fabrication segment, after its fabrication unit was blacklisted by Petronas in April 2016. Its entry into these markets is likely to take the form of a JV, whereas it would focus on its pivot towards shipbuilding and ship repairs in Malaysia in the meantime. (The Edge)

After nine straight years of record-breaking sales, **SCGM Bhd** expects the momentum to continue amid growing consumer demand for “lifestyle” packaging. The group is confident of posting a double-digit revenue growth for FY18. It believes the thermoform industry will remain strong because people are going for hygienic packaging and a healthier lifestyle. (The Edge)

**MGB Berhad** is acquiring Multi Court Developers Sdn Bhd (MCDSB) for RM2.8mn. MCDSB owns a freehold land in Batu Pahat, measuring 9.4ha. This will be utilised for the PPAIM project, which will consist of 365 units of double storey terrace houses with an estimated GDV of approximately RM93.5mn. The project is expected to commence from 2Q2018 and is scheduled to be completed in 2020. (Bursa)

**AMMB Holdings Berhad** entered into a termination agreement with ARA Asset Management (Malaysia) Limited for the termination of the JV in managing AmFIRST REIT. It then entered into a new shareholders’ agreement with Amcorp Properties Berhad, with the purpose of growing AmFIRST REIT. (Bursa)

**Eduspec Holdings Berhad** (EHB) entered into an agreement with PKU-HKUST SHENZHEN-HONGKONG INSTITUTION to promote STEM Education in the schools in China. This enables EHB to promote and distribute its STEM with Computer Science and STEM with Robotics Program in connection with an earlier agreement signed with iCarnegie Global Learning/Robomatter Inc. (Bursa)

## News In Brief *Economy*

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### *Asia* **Malaysia Exports Up 14.4% In Nov 2017, Imports Up 15.2%**

Malaysia's November 2017 exports rose 14.4% year-on-year to RM83.5 billion on higher electrical and electronic (E&E) exports and as commodity sales improved. The Statistics Department said E&E products, which comprised 38% of total exports, grew 21%. Higher sales of commodities including timber and oil palm-based products besides liquefied natural gas, also contributed to the nation's exports increase. Annually, exports increased due to higher exports to Hong Kong (+RM1.8bn), Singapore (+RM1.8bn), Republic of Korea (+RM1.5bn), European Union (+RM900.1mn) and United States (+RM890.0mn). Malaysia's imports also rose. In the meantime, imports grew 15.2% y-o-y, as the country bought more intermediate, capital and consumption goods. On a y-o-y basis, higher imports were mainly from Singapore (+RM2.6 billion), China (+RM1.7 billion), European Union (+RM1.2 billion), Taiwan (+RM1.1 billion) and India (+RM978.8 million). In October 2017, Malaysia's exports and imports grew 18.9% and 20.9% from a year earlier respectively, according to the department. (DOSM)

### **Malaysia to Suspend Export Tax on Palm Oil for Three Months**

Malaysia, the world's second-largest palm oil producer, will suspend export taxes on crude palm oil for a three-month period starting on Jan 8 to boost prices and reduce high stockpiles, according to Plantation Industries and Commodities Minister Datuk Seri Mah Siew Keong. The export tax suspension will be lifted before the three-month period if crude palm oil stocks fall to 1.6 million tonnes, he said at a press conference. The implementation of this scheme is to reduce palm oil stocks and strengthen palm oil prices, adding that he expected stocks to continue to increase in 2018. (The scheme) is one of the short-term pre-emptive measures by the government to manage the fall in crude palm oil prices, so that the smallholders' (small-scale farmers) incomes are not impacted and the country's oil palm industry continues to be competitive. Official data showed November stocks grew 16% to 2.56 million tonnes from October on weak exports. Inventories are forecast to rise 5.1% on-month to 2.69 million tonnes at end-December – the most in more than two years – according to a Reuters poll. (The Star)

### **China's Foreign Reserves Extend Rising Streak Amid Capital Curbs**

China's foreign-exchange reserves posted an 11th straight monthly increase, capping a year of recovery amid tighter capital controls, a stronger Yuan and resilient economic growth. The reserves climbed \$20.7 billion to \$3.14 trillion in December, according to a People's Bank of China statement, compared with a \$3.13 trillion median estimate in a Bloomberg survey. That brought the full-year increase to \$129 billion. The world's largest foreign currency stockpile has been steadily rebounding since January, when it fell below \$3 trillion for the first time in almost six years after the central bank propped up the Yuan. The currency has come roaring back with authorities keeping a tight grip on money flowing out of the country and full-year economic growth set to pick up. The effective implementation of capital controls, most clearly shown in the crackdown on the activities of the corporate raiders, has greatly reduced the volume of external flows. China's currency regulator, the State Administration of Foreign Exchange, cited gains in the value of non-dollar currencies for last month's increase and said the nation's economic performance had contributed to stable cross-border capital flows for the year. Looking ahead, SAFE predicted that the reserves, and the balance of payments, would be "stable." (Bloomberg)

### **Japan's Abe Urges Central Bank to Keep Up Efforts on Economy**

Japanese Prime Minister Shinzo Abe called on central bank governor Haruhiko Kuroda to keep up efforts to reflate the economy, but added he was undecided on whether to reappoint Kuroda for another five-year term. Kuroda was handpicked by Abe to take the helm of the central bank in 2013 to deploy a massive stimulus programme - part of the premier's "Abenomics" reflationary policies - that helped boost growth but failed to drive

up inflation to the bank's target of 2%. Abe also said the government would continue to work with the central bank to boost growth, so that he could declare an official end to deflation at the earliest date possible. Governor Kuroda has met my expectations with job availability at a 43-year high. Many analysts see a good chance that Kuroda will be reappointed when the government selects successors to him and his two deputies in coming months, decisions that need parliament's approval. Abe said Japan's economy was showing signs of emerging from deflation, with a tightening job market pushing up wages. (The Star)

## *United States* **U.S. Employers Slowed Pace of Hiring in December**

The pace of hiring slowed a bit in the final month of 2017, but remained robust for the year as a whole and the jobless rate held at a 17-year low, signs the broader labor market maintained plenty of momentum going into the new year. Nonfarm payrolls rose a seasonally adjusted 148,000 in December, the Labor Department said. That brought employment gains for the year to 2.1 million, the seventh straight year of increases exceeding two million. It is only the second time on record—the other being in the 1990s—when the economy has produced jobs at that pace for that long. The unemployment rate remained at 4.1%, matching the lowest level since December 2000 for the third straight month, with benefits hitting a widening swath of the population. The unemployment rate for blacks fell to 6.8% in December, the lowest level since records were kept starting in 1972. Unemployment for Hispanics and Latinos was 4.9%, just above a record low. Those rates remained elevated relative to December's 3.7% unemployment rate for whites. Hiring has now risen for 87 straight months, the longest uninterrupted period of job expansion on record. The second longest run of job expansion—between 1986 and 1990—was only about half as long. The current labor-market expansion is more notable for its length than its strength. Payrolls grew by better than 2.5% annually, on average, during the economic expansions in the 1960s, 1980s and 1990s. Payroll growth has topped 2% for the year only once in the current upturn, in 2014. It was 1.4% in 2017, the smallest annual increase since 2010. (The Wall Street Journal)

## **U.S. Trade Gap Grew 3.2% in November**

The U.S. trade gap rose to a nearly six-year high in November, driven by a surge in imports as upbeat American households stepped up purchases of cellphones, household items and other products. The trade deficit widened 3.2% from a month earlier to \$50.5 billion, the highest since January 2012, the Commerce Department said. Economists surveyed by The Wall Street Journal expected a \$49.8 billion gap. While both imports and exports rose, the former increased by a greater margin, causing the deficit to expand. Imports climbed 2.5% while exports increased 2.3%. Busier international trade flows reflect strengthening economies in the U.S. and abroad, with major global regions growing in sync for the first time in years. Imports and exports, before inflation, reached record highs in November. And after adjusting for inflation, imported goods and exported goods set records. U.S. exports grew 5.6% from January through November compared with the same period a year earlier, while imports climbed 6.7% over that period. The trade gap widened 11.6% over that period. The widening trade gap carries mixed implications for the U.S. economy. The surge in imports suggests Americans and businesses are wealthy and confident enough to step up spending, a sign of underlying economic health. (The Wall Street Journal)

## **Growth in the U.S. Service-Sector Slowed at the End of 2017**

The U.S. service sector lost momentum during the last two months of 2017, but still expanded at a healthy pace. The Institute for Supply Management said its nonmanufacturing index fell 1.5 percentage points to 55.9 in December 2017. A reading above 50 indicates activity is expanding across service and other industries, while a number below 50 signals contraction. Economists surveyed by The Wall Street Journal had expected a December reading of 57.6. November also saw a decline in the ISM's index, but the two months of deceleration came after September and October posted intense growth that was likely related to post-hurricane bounce back in the services sector. "Nothing alarming about the

pull back of two months in a row, considering the high level of growth.... When you look at the services industries...they were going at a faster rate of growth for the third and fourth quarter. How sustainable would that growth be? It'd have to ease off the throttle," said Anthony Nieves, who oversees the ISM survey. The overall U.S. economy has expanded at a healthy pace in recent months, bolstered by consumer and business spending. (The Wall Street Journal)

### **Powell Backed Fed's Bond-Buying Plan With Reservations in 2012**

Federal Reserve governor Jerome Powell guardedly supported an aggressive expansion of the Fed's controversial bond-buying program in 2012 and expressed reservations behind closed doors about longer-term risks, according to transcripts of central bank policy meetings released by the bank. Mr. Powell joined the board in May of that year and has been tapped by President Donald Trump to succeed Fed Chairwoman Janet Yellen next month. Because he voted consistently to support the policies of former Fed Chairman Ben Bernanke and later Ms. Yellen, markets expect he wouldn't deviate significantly from the Fed's current policy path to gradually raise rates. The materials released Friday reveal for the first time his greater caution in 2012 about aggressively deploying unconventional policy tools compared with Mr. Bernanke and Ms. Yellen, who forcefully warned about the risks if they failed to do everything in their power to boost hiring. The release of 2,167 pages of transcripts and other materials from eight meetings of the Fed's rate-setting committee, published with the customary five-year lag, provide the first verbatim public record of what individual officials and staffers said during the policy discussions. Until now, their comments have only been summarized in the minutes released three weeks after each meeting, without identifying any speakers by name. (The Wall Street Journal)

### **U.S. Factory Orders Jump More than Expected in November**

New orders for U.S. manufactured goods jumped by more than expected in the month of November, according to a report released by the Commerce Department. The Commerce Department said factory orders surged up by 1.3% in November after rising by an upwardly revised 0.4% in October. Economists had expected factory orders to climb by 1.1% compared to the 0.1% drop originally reported for the previous month. The bigger than expected increase in factory orders reflected notable growth in orders for both durable and non-durable goods. Durable goods orders jumped by 1.3% in November after falling by 0.4% in October, while orders for non-durable goods spiked by 1.4% after shooting up by 1.1% in the previous month. The report also showed a significant increase in shipments of manufactured goods, which surged up by 1.2% in November after climbing by 0.8% in October. Inventories of manufactured goods also rose by 0.4% in November following a 0.3% increase in the previous month. With shipments rising faster than inventories, the inventories-to-shipments ratio edged down to 1.35 in November from 1.36 in October. (RTT News)

## ***Europe and United Kingdom***

### **Euro-Area Inflation Slowdown Undermines Hawkish Calls to End QE**

European Central Bank policy makers who marked the turn of the year by pushing for an end to crisis-era stimulus measures just got a reminder that they'll have to wait a while longer for price pressures to pick up. Despite solid economic growth, euro-area inflation slowed to 1.4% last month from 1.5%, and the underlying rate unexpectedly failed to rise from a meagre 0.9%. The data highlight the difficulty for the ECB in judging when to pull back, even as some Governing Council members warn of the dangers of postponing the decision too long. "Does it bode well for the hawks? Not really," said Piet PH Christiansen, senior ECB and euro-area analyst at Danske Bank A/S in Copenhagen. "We're going to see very slow normalization of monetary policy and they're definitely not going to hike interest rates fast." With largely synchronized growth, and the ECB now referring to an "expansion" rather than a "recovery," sentiment may be shifting in the 25-member Governing Council. Longtime hawks such as Germany's Jens Weidmann and Sabine Lautenschlaeger have found some of their views echoed in recent weeks by influential colleagues including Executive Board member Benoit Coeure, a key architect of

quantitative easing. Yet Friday's data could serve as a cue not to move too fast. Consumer-price growth is well short of the goal of just under 2%, even with the support of QE and negative interest rates, and the ECB forecasts little improvement this year. A separate report showed Italian inflation unexpectedly slowed last month to 1%, the lowest level in a year. The country faces March elections that could stoke uncertainty. (Bloomberg)

### **U.K. Productivity Rose Most in Six Years in Third Quarter**

U.K. productivity rose the most in more than six years in the three months through September, rebounding from a slump in the previous two quarters. Output per hour increased 0.9%, the biggest increase since the second quarter of 2011, the Office for National Statistics said. From a year earlier, it was up 0.8%, the most since the end of 2016. While the figures show an improvement, the ONS damped any optimism by pointing out that productivity growth has been poor for years. Weak productivity growth has marred the U.K. economy's performance since the financial crisis, and expectations for a pickup almost every year have failed to be fulfilled. The Bank of England says it has eaten into the economy's potential growth, meaning there could be unwelcome upward pressure on inflation even at a slower growth pace. The BOE is currently carrying out its annual review of the supply side of the economy and will publish the findings in its February Inflation Report. That will be a crucial piece of research for the outlook for interest rates. The central bank raised its key rate in November for the first time in a decade, citing the economy's reduced speed limit and potential for overheating. Economists surveyed by Bloomberg see growth of just 1.4% this year. Expansion was probably 1.5% in 2017, making it the weakest among the Group of Seven nations. (Bloomberg)

### **German Construction Growth Strongest in 4 Months**

Germany's construction activity expanded at the fastest pace in four months in December, buoyed by strong growth in commercial building work, survey data from IHS Markit showed. The headline Purchasing Managers' Index climbed to 53.7 in December from 53.1 in November. Any reading above 50 indicates expansion in the sector. Among sectors, commercial activity was the main driver of growth in December. There was also a moderate increase in the level of work on residential building projects, while civil engineering activity declined for the second straight month. New orders returned to growth in December after having fallen for the first time in over a year in November. Employment and purchasing activity expanded at weaker rates. Firms' confidence towards future performance improved to a 5-month high in December, recovering from a 12-month low in November.

Separately, Germany's retail sales climbed 4.4% year-on-year in November, reversing a revised 0.9% drop in October. Sales were forecast to grow 2.3%. Sale of food, beverages and tobacco gained 4.2% and that of non-food products climbed 4.7%. On a monthly basis, retail turnover advanced 2.3%, in contrast to October's 1% decrease. Economists had forecast a 1% rise for November. Data showed that retail turnover in 2017 is set to be between 2.7% and 3.1% higher in real terms than in 2016. (RTT News)



Share Buy-Back: 05 January 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
JCBNEXT	8,000	1.73	1.73/1.70	71,400
LIENHOE	375,000	0.35	0.35/0.34	19,545,500
PECCA	80,000	1.50/1.48	1.52/1.45	3,195,800
PWF	50,000	1.03/1.02	1.03/1.00	1,121,706
SCGM	52,000	2.43/2.40	2.44/2.37	609,900
UNIMECH	5,000	1.04	1.05/1.04	6,416,810

Source: Bursa Malaysia

## TA RESEARCH – Remisiers’ Briefing

**Topic:** Weekly Market Outlook

**Speaker:** Kaladher/ Stephen Soo

**Venue:** Auditorium, 10th Floor Menara TA One

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**Kaladher Govindan – Head of Research**

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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)	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	
<b>AUTOMOBILE</b>																
	05-Jan-18															
BAUTO	2.22	2.50	Buy	2,563	0.77	14.3	19.9	15.5	11.1	5.2	5.4	2.24	-0.9	1.84	20.7	0.9
MBMR	2.33	2.32	Hold	911	0.89	23.2	23.9	10.1	9.8	2.0	2.0	2.60	-10.4	2.01	15.9	5.9
PECCA	1.47	1.69	Buy	272	na	11.1	12.5	13.2	11.8	3.8	4.1	1.70	-13.5	1.28	14.8	-5.2
SIME	2.77	1.97	Hold	18,838	1.59	12.0	12.7	23.1	21.9	1.1	1.1	2.96	-6.4	1.92	44.3	25.3
UMW	5.75	4.37	Sell	6,718	1.38	19.2	35.3	29.9	16.3	1.7	3.1	6.08	-5.4	4.23	35.9	10.6
<b>BANKS &amp; FINANCIAL SERVICES</b>																
ABMB	4.10	4.20	Buy	6,347	1.36	30.6	35.6	13.4	11.5	3.9	3.9	4.49	-8.7	3.62	13.3	0.5
AFFIN	2.50	2.50	Hold	4,857	0.87	24.2	28.1	10.3	8.9	3.2	3.2	2.98	-16.0	2.22	12.6	8.2
AMBANK	4.60	5.10	Buy	13,865	1.26	48.6	52.0	9.5	8.8	3.9	3.9	5.70	-19.3	4.06	13.3	4.3
CIMB	6.70	7.00	Buy	61,811	1.53	50.9	56.0	13.2	12.0	3.8	4.2	7.08	-5.4	4.71	42.3	2.4
HLBANK	17.20	17.50	Buy	35,184	0.67	114.2	120.9	15.1	14.2	2.6	2.6	17.50	-1.7	13.06	31.7	1.2
MAYBANK	9.80	9.70	Hold	105,601	1.03	70.9	77.7	13.8	12.6	5.1	5.1	9.86	-0.6	8.05	21.7	0.0
PBBANK	20.78	23.60	Buy	80,242	0.62	142.4	149.8	14.6	13.9	2.8	2.9	21.08	-1.4	19.66	5.7	0.0
RHBBANK	5.18	5.20	Hold	20,772	1.66	52.2	53.8	9.9	9.6	2.9	2.9	5.59	-7.3	4.71	10.0	3.6
BURSA	10.64	11.10	Buy	5,719	0.91	39.0	41.5	27.3	25.7	3.2	3.2	10.98	-3.1	8.08	31.7	5.1
<i>Note: BURSA proposed bonus issue of shares on the basis of 1 for 2. Ex-Target price RM7.04</i>																
<b>CONSTRUCTION</b>																
GADANG	1.18	1.73	Buy	777	1.06	14.3	18.2	8.3	6.5	2.5	2.5	1.37	-13.9	1.01	16.8	6.3
GAMUDA	4.95	6.00	Buy	12,155	0.88	34.5	35.7	14.3	13.9	2.4	2.4	5.52	-10.3	4.58	8.1	-0.2
IJM	3.04	2.89	Sell	11,030	0.86	13.7	18.2	22.2	16.7	3.1	3.1	3.61	-15.8	2.71	12.2	-0.3
PESONA	0.47	0.55	Buy	323	0.88	5.8	4.8	8.0	9.8	3.2	3.2	0.74	-36.7	0.44	6.9	3.3
SENDAI	0.87	0.58	Sell	679	1.27	9.6	9.0	9.1	9.7	1.1	1.1	1.39	-37.4	0.51	72.3	0.6
SUNCON	2.52	2.65	Buy	3,256	0.50	14.7	16.4	17.1	15.3	2.2	2.4	2.53	-0.4	1.67	50.9	0.4
WCET	1.73	1.64	Hold	2,434	1.03	12.6	11.2	13.7	15.5	1.7	1.7	2.48	-30.1	1.46	18.5	6.8
LITRAK	5.56	6.26	Hold	2,934	0.28	45.6	47.1	12.2	11.8	4.5	4.5	6.15	-9.6	5.40	3.0	0.2
<i>Building Materials</i>																
ANNJOO	3.89	4.40	Buy	2,004	1.28	45.3	49.2	8.6	7.9	5.7	6.7	3.98	-2.3	2.27	71.4	0.8
CHINHIN	1.23	1.49	Buy	684	1.13	12.4	12.0	9.9	10.2	4.1	4.9	1.49	-17.4	0.86	43.0	1.7
ENGTEX	1.12	1.38	Buy	477	0.68	14.2	16.1	7.9	7.0	3.7	4.9	1.52	-26.3	1.07	4.7	1.8
<b>CONSUMER</b>																
<i>Brewery</i>																
CARLSBG	15.40	18.06	Buy	4,737	0.76	86.2	88.7	17.9	17.4	5.6	5.7	16.00	-3.8	13.90	10.8	0.7
HEIM	19.00	19.14	Buy	5,740	0.43	84.0	88.3	22.6	21.5	4.0	4.2	19.58	-3.0	15.78	20.4	0.5
<i>Retail</i>																
AEON	1.73	1.97	Sell	2,429	0.41	6.7	7.7	25.9	22.5	2.3	2.6	2.70	-35.9	1.64	5.5	-1.7
AMWAY	7.40	8.18	Buy	1,216	0.38	43.9	45.2	16.9	16.4	5.1	5.4	8.18	-9.5	7.04	5.1	0.3
F&N	27.82	28.55	Hold	10,197	0.23	155.7	182.7	17.9	15.2	2.2	2.3	28.00	-0.6	22.64	22.9	3.0
HUPSENG	1.10	1.25	Hold	880	0.40	5.4	5.6	20.2	19.8	4.1	4.5	1.28	-14.1	1.08	1.9	0.9
JOHOTIN	1.24	1.70	Buy	385	0.76	12.5	12.6	9.9	9.9	4.0	4.4	1.76	-29.5	1.16	6.9	2.5
NESTLE	103.40	120.50	Buy	24,247	0.40	330.1	373.8	31.3	27.7	2.9	3.2	103.80	-0.4	74.12	39.5	0.2
PADINI	5.36	4.67	Sell	3,526	0.78	27.0	30.0	19.9	17.9	2.3	2.4	5.50	-2.5	2.26	137.1	1.5
POHUAT	1.71	2.37	Buy	376	0.62	25.3	25.5	6.8	6.7	4.7	4.7	2.07	-17.3	1.65	3.6	-4.5
QL	4.59	3.26	Sell	7,447	0.32	12.8	14.7	35.8	31.2	1.0	1.0	4.59	0.0	3.26	41.0	5.5
SIGN	0.74	0.92	Buy	170	1.01	6.9	9.2	10.7	8.1	3.4	4.7	1.07	-30.8	0.69	7.2	5.0
<i>Tobacco</i>																
BAT	37.50	52.08	Buy	10,707	1.32	187.4	175.4	20.0	21.4	5.3	5.3	51.04	-26.5	34.06	10.1	-6.3
<b>GAMING</b>																
<i>Casino</i>																
GENTING	9.62	11.53	Buy	36,801	1.55	54.4	59.8	17.7	16.1	1.7	1.7	10.00	-3.8	7.99	20.5	4.6
GENM	5.80	6.51	Buy	32,877	1.55	27.0	30.6	21.5	18.9	1.6	1.7	6.38	-9.1	4.63	25.3	3.0
<i>NFO</i>																
BJTOTO	2.28	3.34	Buy	3,071	0.81	21.5	26.0	10.6	8.8	7.0	7.9	3.00	-24.0	2.23	2.2	1.8
<b>HEALTHCARE</b>																
<i>Hospitals/ Pharmaceutical</i>																
CCMDBIO	2.75	2.70	Buy	767	0.82	15.0	16.1	18.3	17.1	3.6	3.8	2.80	-1.8	1.90	44.7	8.7
IHH	5.82	6.40	Buy	47,952	0.71	11.9	15.0	49.0	38.9	0.5	0.6	6.45	-9.8	5.42	7.4	-0.7
KPJ	0.99	1.12	Buy	4,201	0.46	3.8	4.2	26.0	23.4	2.1	2.3	1.14	-13.6	0.90	9.4	1.5
<i>Rubber Gloves</i>																
HARTA	10.66	7.30	Sell	17,620	0.89	25.8	30.5	41.3	34.9	1.1	1.3	11.40	-6.5	4.53	135.3	-0.2
KOSSAN	8.58	8.80	Buy	5,487	0.13	38.3	43.0	22.4	19.9	2.2	2.5	8.62	-0.5	5.62	52.7	8.8
SUPERMX	2.05	1.80	Sell	1,344	0.43	15.3	17.9	13.4	11.5	2.6	3.0	2.16	-5.1	1.69	21.3	2.5
TOPGLOV	8.90	7.00	Sell	11,171	0.10	33.7	36.4	26.4	24.4	1.9	2.0	9.16	-2.8	4.56	95.2	11.4
KAREX	1.28	1.00	Sell	1,283	0.64	2.8	5.2	46.3	24.6	0.5	1.0	2.52	-49.2	1.20	6.7	-1.5
<b>INDUSTRIAL</b>																
SCIENTX	9.12	9.84	Buy	4,411	0.37	68.2	74.9	13.4	12.2	2.3	2.9	9.85	-7.4	6.69	36.3	5.3
SKPRES	2.28	2.20	Hold	2,850	0.65	10.4	14.8	22.0	15.4	2.3	3.2	2.32	-1.7	1.24	83.9	0.0
<b>MEDIA</b>																
ASTRO	2.72	3.10	Buy	14,182	1.07	14.0	13.7	19.5	19.9	4.8	5.0	2.94	-7.5	2.45	11.0	2.6
MEDIA PRIMA	0.74	0.45	Sell	821	1.10	-3.8	-1.7	na	na	0.0	0.0	1.28	-42.2	0.58	27.6	-2.6
STAR	1.51	1.25	Sell	1,114	1.08	6.7	6.7	22.5	22.5	7.9	7.9	2.22	-31.9	1.31	15.3	-8.5

**SNAPSHOT OF STOCKS UNDER COVERAGE**

Company	Share Price (RM)	Target Price (RM)	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	
<b>OIL &amp; GAS</b>																
DNEX	0.55	0.72	Buy	965	1.37	4.2	4.5	13.1	12.2	1.8	1.8	0.69	-20.3	0.27	107.5	13.4
LCTITAN	5.07	6.66	Buy	11,524	na	63.4	68.2	8.0	7.4	4.9	5.3	6.53	-22.4	4.14	22.5	7.9
MHB	0.89	0.78	Sell	1,424	1.80	-0.5	0.3	na	262.2	0.0	0.0	1.16	-23.3	0.63	42.4	7.9
MISC	7.45	6.56	Sell	33,255	1.11	46.8	52.3	15.9	14.2	4.0	4.0	7.90	-5.7	6.89	8.1	0.4
PANTECH	0.66	0.69	Sell	491	1.12	6.1	6.8	10.8	9.6	4.2	4.7	0.74	-10.8	0.45	46.7	2.3
PCHEM	8.15	8.05	Hold	65,200	1.11	49.8	52.6	16.4	15.5	2.7	2.8	8.27	-1.5	6.80	19.9	5.8
SAPNRG	0.81	1.25	Buy	4,854	2.48	-6.5	-4.9	na	na	0.0	0.0	2.10	-61.4	0.67	21.8	14.1
SERBADK	3.45	3.40	Hold	4,606	na	25.7	27.8	13.4	12.4	2.2	2.4	3.60	-4.2	1.51	128.5	6.5
UMWOG	0.41	0.51	Buy	3,368	2.02	0.4	1.2	101.5	33.1	0.0	0.0	0.91	-55.1	0.27	51.9	34.4
UZMA	1.48	1.56	Hold	474	1.14	13.2	14.4	11.2	10.3	0.0	0.0	1.98	-25.3	1.26	17.5	15.6
<b>PLANTATIONS</b>																
FGV	1.90	2.01	Hold	6,931	1.77	3.7	4.5	51.3	41.8	2.6	2.6	2.18	-12.8	1.51	25.8	12.4
IJMLNT	2.68	2.69	Sell	2,360	0.22	9.1	12.5	29.4	21.4	3.0	3.4	3.60	-25.6	2.68	0.0	-2.2
IOICORP	4.60	4.12	Sell	28,906	1.14	21.0	21.8	21.9	21.1	3.5	3.7	4.81	-4.4	4.31	6.7	1.3
KFIMA	1.62	1.89	Buy	457	0.55	13.3	14.5	12.2	11.2	5.6	5.6	1.96	-17.3	1.56	3.8	3.2
KLK	24.88	26.18	Hold	26,496	0.79	120.7	126.3	20.6	19.7	2.4	2.5	25.50	-2.4	23.00	8.2	-0.5
SIMEPLT	5.61	6.25	Buy	38,153	na	21.0	22.1	26.7	25.4	2.5	2.7	6.00	-6.5	4.58	22.5	-6.5
TMH	1.65	2.10	Buy	2,278	0.69	9.3	9.6	17.7	17.2	1.4	1.5	1.94	-14.9	1.56	5.8	0.0
UMCCA	6.63	6.73	Sell	1,390	0.44	22.8	34.8	29.1	19.0	2.6	2.7	7.08	-6.4	5.76	15.1	1.8
<b>PROPERTY</b>																
GLOMAC	0.61	0.50	Sell	437	0.68	3.0	4.4	20.5	13.7	3.3	3.3	0.75	-18.8	0.58	4.3	-0.8
HUAYANG	0.64	0.59	Sell	224	0.88	1.8	3.4	34.7	18.7	0.8	0.8	1.21	-47.5	0.60	6.7	4.1
IBRACO	0.82	0.92	Hold	405	na	9.1	12.4	8.9	6.5	4.9	6.1	0.99	-17.7	0.76	7.9	0.0
IOIPG	1.95	2.02	Hold	10,737	0.78	16.5	16.3	11.8	12.0	3.1	3.1	2.22	-12.2	1.79	8.9	5.4
MAHSING	1.48	1.69	Buy	3,591	0.88	13.0	12.6	11.3	11.8	4.4	4.4	1.64	-9.8	1.38	7.2	2.1
SIMEPROP	1.66	1.54	Buy	11,289	na	9.2	9.1	18.0	18.2	1.2	1.2	1.78	-6.7	1.04	59.6	-6.7
SNTORIA	0.67	0.76	Buy	376	0.24	8.3	8.6	8.0	7.7	1.5	1.5	0.91	-26.9	0.60	10.8	-4.3
<i>Note: SNTORIA proposed bonus issue of warrants &amp; right issue of shares. For more details please refer to</i>																
SPB	4.88	5.28	Hold	1,677	0.69	21.2	26.1	23.1	18.7	2.5	2.5	5.50	-11.3	4.32	12.9	-0.4
SPSETIA	3.36	3.77	Buy	10,162	0.93	21.3	21.9	15.8	15.4	3.6	3.6	4.38	-23.3	3.06	9.9	-16.0
SUNWAY	1.77	1.74	Hold	8,666	0.80	11.9	12.6	14.9	14.1	2.8	3.4	1.96	-9.6	1.27	39.5	8.6
<b>REIT</b>																
SUNREIT	1.74	1.87	Hold	5,124	0.80	10.0	10.7	17.3	16.3	5.8	6.1	1.90	-8.4	1.64	6.1	-8.4
CMMT	1.44	1.72	Buy	2,934	0.64	8.6	8.9	16.7	16.2	6.2	6.4	1.83	-21.3	1.39	3.6	-21.3
<b>POWER &amp; UTILITIES</b>																
MALAKOF	0.95	1.16	Buy	4,723	0.78	6.0	6.8	15.8	13.9	7.4	7.4	1.39	-32.0	0.86	9.9	-3.6
PETDAG	24.70	22.08	Sell	24,538	0.46	105.1	105.7	23.5	23.4	3.2	3.2	25.70	-3.9	21.00	17.6	1.8
PETGAS	18.36	19.10	Buy	36,330	0.96	98.8	99.5	18.6	18.5	3.8	3.8	21.74	-15.5	15.82	16.1	5.0
TENAGA	15.42	17.38	Buy	87,370	0.69	129.9	127.9	11.9	12.1	3.0	3.0	15.68	-1.7	13.00	18.6	1.0
YTLPOWR	1.32	1.17	Sell	10,464	0.87	9.6	10.1	13.7	13.1	3.8	3.8	1.50	-12.0	1.11	18.9	2.3
<b>TELECOMMUNICATIONS</b>																
AXIATA	5.69	5.75	Hold	51,483	1.35	16.0	19.5	35.6	29.1	1.4	2.8	5.82	-2.2	4.24	34.2	3.6
DIGI	4.89	5.20	Buy	38,020	0.77	20.0	20.6	24.5	23.7	4.1	4.2	5.19	-5.8	4.36	12.2	-4.1
MAXIS	6.05	6.10	Hold	47,254	0.71	26.2	25.7	23.1	23.5	3.3	3.3	6.60	-8.3	5.48	10.4	0.7
TM	6.02	7.20	Buy	22,623	0.50	23.2	24.9	26.0	24.2	3.5	3.7	6.69	-10.0	5.85	2.9	-4.4
<b>TECHNOLOGY</b>																
<i>Semiconductor &amp; Electronics</i>																
ELSOFT	2.76	2.70	Hold	759	0.71	15.0	15.7	18.4	17.6	3.8	4.0	2.95	-6.4	1.36	102.3	2.2
IRIS	0.22	0.25	Buy	531	2.02	0.6	0.7	38.9	32.2	0.0	0.0	0.23	-6.5	0.12	87.0	16.2
INARI	3.69	3.35	Hold	7,571	1.00	14.2	15.9	26.0	23.2	2.7	3.1	3.77	-2.1	1.72	115.0	8.5
MPI	12.80	12.95	Hold	2,546	0.67	105.5	121.2	12.1	10.6	2.5	2.5	14.52	-11.8	7.60	68.4	1.4
UNISEM	3.60	3.25	Sell	2,642	1.08	27.1	28.7	13.3	12.5	3.3	3.3	4.25	-15.3	2.37	51.9	-1.4
<b>TRANSPORTATION</b>																
<i>Airlines</i>																
AIRASIA	3.59	3.83	Buy	11,997	1.29	38.3	39.8	9.4	9.0	1.4	1.7	3.59	0.0	2.16	66.2	7.2
AIRPORT	8.80	8.47	Sell	14,601	1.32	19.7	20.1	44.6	43.7	1.1	1.4	9.45	-6.9	6.00	46.7	0.1
<i>Freight &amp; Tankers</i>																
PTRANS	0.30	0.44	Buy	371	na	2.3	3.6	12.9	8.3	2.4	3.6	0.38	-22.7	0.14	109.4	5.4
TNLOGIS	1.38	1.80	Buy	630	1.25	13.6	14.0	10.1	9.8	3.6	3.6	1.83	-24.7	1.29	7.0	3.0
WPRTS	3.57	4.02	Hold	12,174	0.77	15.5	20.0	23.0	17.9	3.2	4.2	4.31	-17.2	3.34	6.9	-3.5

**SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE**

Company	Share Price (S\$)	Target Price (S\$)	Recom	Market Cap. (S\$m)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		52week		% Chg YTD
						FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
<b>BANKS &amp; FINANCIAL SERVICES</b>																
DBS	26.32	23.30	Sell	67,317	1.27	189.1	214.6	13.9	12.3	2.3	2.3	26.6	-1.0	17.65	49.1	5.9
OCBC	12.95	13.50	Buy	54,211	1.21	104.1	110.6	12.4	11.7	6.7	7.7	13.0	-0.2	9.15	41.5	4.5
UOB	26.91	26.90	Hold	44,752	1.06	215.4	229.3	12.5	12.5	2.6	2.6	27.2	-0.9	20.38	32.0	1.7
<b>PLANTATIONS</b>																
WILMAR	3.20	3.63	Hold	20,475	0.87	29.9	31.8	10.7	10.1	2.5	2.8	4.0	-20.0	3.06	4.6	3.6
IFAR	0.41	0.53	Hold	588	1.01	5.2	5.7	7.9	7.2	3.1	3.4	0.6	-29.3	0.37	12.3	5.1

**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.