

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 *Further Corrections as US-China Trade War Evolves*

The local benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) lost further ground last week. Stock prices came under pressure post first-half window-dressing as investors turned cautious ahead of the deadline by the US to impose initial trade tariffs on USD34bn worth of Chinese imports. The absence of any compromise after US import tariffs on China kicked in on Friday raised fears over the increased possibility for an escalating tit-for-tat trade war, which sparked selling ahead of the weekend.

For the week, the FBM KLCI fell 27.64 points, or 1.63 percent to 1,663.86, with Public Bank (-84sen), HLFG (-62sen), KLCC Properties (-38sen), Petronas Gas (-38sen) and Tenaga (-38sen) contributing most to the loss. Average daily traded volume and value last week was at 2.01 billion shares worth RM1.67 billion, compared to 1.94 billion shares and RM2.1 billion respectively the previous week.

Last week's selloff was driven almost entirely by the implementation of a 25% tariff hike by the US on its imports from China beginning last Friday noon and the latter's retaliation as promised. So far, there are no signs of any party relenting from the tit-for-tat trade war, especially China, which has enjoyed huge trade surplus from the US for decades. Now, it appears tariff on the remaining USD16bn, which adds up to the first tranche of USD50bn, will kick off as planned within the next two weeks. Although these actions are largely within market expectations, financial markets have not factored in a second round of trade war involving 10% tariff on USD200bn worth of Chinese imports and subsequent punitive actions of equivalent force from the US, if China retaliates again.

On a nominal basis, China's trade surplus with the US was USD375.6bn in 2017 and USD152.2bn in the first five months of 2018. It only imported USD129.9bn and USD52.9bn worth of goods from the US in those periods respectively. As such, the fear it may retort to other means to show resentment. Options available are going hard on US investments that are already rooted in China, devaluing its currency to make it cheaper for importers and pairing down its USD1.2tn worth of investments in the US treasury securities. Any move will invite counter retaliation from the US.

Yuan devaluation will weaken other currencies in the region as well for them to remain competitive against China. This expectation could postulate greater outflows of foreign funds from China and the emerging markets. Any drastic selling in US treasuries could be the last option as it owns 19.2% of the total USD6.2tn held by foreigners and could make its holding less valuable. China and foreign countries' total holdings of US treasuries accounted for less than 6% and 30% respectively of the US' total debt of USD21tn. The largest holders of the huge debt are the US Social Security Trust Fund, US pension funds and the Federal Reserve.

So, although the US has the means to absorb the selling from China should the situation warrants, the US dollar will depreciate, the cost of issuing new debts will rise and the economy will be hurt by higher interest rate. Since, this trade war is a “lose-lose” game, market anxiety will build up in the near-term until someone surrenders or all parties agree to suspend their decisions and go back to the discussion table.

As China and the US are Malaysia’s key trading partners, current negative market sentiment may not abate anytime soon with foreigners continue exiting. As far as Malaysia’s equity market is concerned, foreigners have been net sellers since the beginning of May, except on the last trading of June for window dressing purposes. Net foreign outflow from the equity market in the first six months of 2018 was RM7bn versus a net inflow of RM10.8mn in 2017 and net outflow of RM3.1bn and RM19.7bn in 2016 and 2015 respectively.

Foreign selling will continue to exert downside pressure on the benchmark index but the selling is expected to ease as the weeks go by with most of the net inflows last year finding their way out and valuation beginning to look attractive. At last Friday’s close, the FBMKLCI was trading at consensus CY19 price-to-earnings ratio of 14.8x, still about 8% premium to comparable developing markets’ 13.7x. As such, we may witness further weaknesses in the benchmark index before buyers return to bargain hunt.

Meanwhile, the Malaysian central bank is likely to maintain its Overnight Policy Rate at 3.25% when it meets this Wednesday. On China front, the focus would be on its trade data for June, which will be released this Friday. Although exports growth, in USD terms, is expected to narrow to 9.5% from 12.6% a month ago, trade surplus is forecast to be stronger at USD27bn versus USD24.9bn a month ago due to sharper pullback in imports. This is not going to augur well in current environment where an escalation in trade war is expected.

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

News In Brief *Corporate*

MISC Bhd has secured a 16-year charter contract with an estimated contract value of US\$441.0mn (RM1.8bn), commencing latest by Sept 1 this year. In a filing with Bursa Malaysia, MISC said it has signed a long-term charter contract with Hess Exploration and Production Malaysia BV (HESS) for the lease of a floating, storage and offloading facility (FSO) known as FSO Mekar Bergading on a bareboat basis. HESS, a Netherlands company, is a global independent energy company engaged in the exploration and production of crude oil and natural gas. *(The Edge Markets / Bursa Malaysia)*

Red Sena Bhd announced today that it will not be able to secure a qualifying acquisition (QA) by its Dec 10, 2018 deadline, after all. In a bourse filing, Red Sena said the announcement was made after taking into consideration "the processes and approvals required to complete the QA" as well as its remaining time frame of five months until the deadline. The group said this was mainly due to concerns with deal certainty and unrealistic valuation. Failure to complete the QA within the permitted time frame would entail Red Sena being dissolved, wound up and liquidated under the Companies Act 2016 within 60 days after the deadline. *(The Edge Markets / Bursa Malaysia)*

Top Glove Corp Bhd and its wholly-owned unit Top Care Sdn Bhd have initiated a writ action against two directors of Aspion Sdn Bhd for a sum of no less than RM714.9mn. In a statement, Top Glove and Top Care also initiated two separate originating summons against Aspion's former parent company Adventa Capital Pte Ltd to restrain the latter from disposing of its assets in Malaysia and Singapore by the same amount. *(The Edge Markets / Bursa Malaysia)*

Comment: We are surprised about the news as the acquisition was just completed not too long ago. We also believe Top Glove has conducted a proper due diligence process to check through everything. The claim amount of no less than RM714.9mn, or 52.6% indicates that the misrepresentation could seriously affect Top Glove's potential earnings derived from Aspion acquisition. Management is tight-lipped on the case now, pending analyst briefing. We maintain our Buy recommendation on the stock with unchanged target price of RM13.42/share.

Restoran Kualiti Sdn Bhd, a wholly-owned subsidiary of **KUB Malaysia Bhd**, entered into a sale and purchase agreement today with Inter Mark Resources Sdn Bhd (IMRSB) for the disposal of its entire 100% interest in A&W (Malaysia) Sdn Bhd for RM34.0mn. In a Bursa filing, KUB said the proposed disposal is expected to record a one-off estimated net gain of about RM18.9mn, including the reimbursement of intercompany balances of RM4.0mn. IMRSB is a private limited company whose principal shareholder, Ang Choon Yan, is the founder of a number of F&B businesses. *(The Edge Markets / Bursa Malaysia)*

Ta Ann Holdings Bhd has received its first ever sustainable forest management certification for its Malaysian operations, for its forest plantation in Sarawak. According to the company's press release, Ta Ann announced that its Kapit Forest Management Unit (FMU), managed by its wholly-owned subsidiary Tanjong Manis Holdings Sdn Bhd, has been awarded a three-year Certificate for Forest Management (Natural Forest) under the Malaysian Timber Certification Scheme on June 11, 2018. *(The Edge Markets / Bursa Malaysia)*

HCM Engineering Sdn Bhd, a wholly-owned unit of **Protasco Bhd**, is instructed to pay its sub-contractor a total of RM3.0mn for a payment claim requested in February. In a filing with Bursa, Protasco said it has received an adjudication decision for the claim, following a dispute with Kuasatek (M) Sdn Bhd over the mechanical and electrical (M&E) work packages under a project previously awarded to HCM Engineering. (*The Edge Markets / Bursa Malaysia*)

Plastic packaging manufacturer **Versatile Creative Bhd** said today its recent discovery of unauthorised payments by the company to third parties and the subsequent investigation it is conducting on the matter are not expected to impact its operations. Its statement filed on Bursa Malaysia was in response to a query from the regulator about its July 3 announcement on the unauthorised payments. Versatile Creative said the investigation and forensics audit, which commenced on July 3, 2018, is expected to be completed within three weeks from the commencement date. (*The Edge Markets / Bursa Malaysia*)

TSH Resources Bhd's large exposure to Indonesia puts its in good stead as the republic ramps up its biodiesel mandate to B25 in 2019. With the Indonesian government's push to make it mandatory for biodiesel to have a bio-content of at least 25% beginning 2019, the consumption of palm oil in the highly populated country only going to grow, according to TSH group managing director Datuk Tan Aik Sim. (*Financial Daily*)

News In Brief *Economy*

Malaysia **BNM Foreign Reserves Down US\$3.2bil to US\$104.7bil at June 29**

Bank Negara Malaysia's (BNM) international reserves dipped US\$3.2bil to US\$104.7bil as at June 29 from US\$107.9bil on June 14. "The reserves level has taken into account the quarterly adjustment for foreign exchange revaluation changes following the strengthening of the US dollar against various foreign currency reserve assets held by Bank Negara Malaysia," the central bank said in a statement. The reserves position is sufficient to finance 7.5 months of retained imports and is 1.1 times the short-term external debt. The main components of the international reserves were foreign currency reserves (US\$98.3bil), International Monetary Fund reserves position (US\$900mil), Special Drawing Rights (US\$1.2bil), gold (US\$1.5bil) and other reserve assets (US\$2.8bil).

Malaysia's Review of China-Related Projects Not Affecting Alibaba's Investment Plans

The review of China-related projects in Malaysia has not faltered e-commerce giant Alibaba Group's plans to continue to invigorate investments in Malaysia. Alibaba Group Malaysia chief representative James Song said as a commercial company it will be investing a lot in Malaysia, insisting the Group pays a lot of attention to Malaysia-China bilateral relations. "We are very positive about bilateral relations between both countries and at the same time we are very confident in Malaysia's future. "We're fully confident in our project in Malaysia and there is no setback, we are going to continue to invest in Malaysia, we have never changed our commitment to the local people and we will continue to do that," he told reporters at the Alibaba Group Media Familiarisation Visit here recently. Song said Alibaba Group co-founder and executive chairman Jack Ma paid a visit to Malaysia recently and had the honour of talking to Prime Minister Tun Dr Mahathir Mohamad and several ministers, including of finance and communications. (NST)

Asia **Singapore Tightens Property Market Rules**

Singapore tightened its property market rules as home prices increased notably over a year on strong demand and housing transactions. The government raised the Additional Buyer's Stamp Duty, or ABSD, on purchase of residential property and lifted the loan-to-value limits, according to a joint statement published by the Ministry of Finance, the Ministry of National Development and the Monetary Authority of Singapore. Nonetheless, the current ABSD rates for Singapore citizens and Singapore permanent residents purchasing their first residential property will be retained at 0 percent and 5 percent, respectively. The ABSD rate for foreign buyers was lifted to 20 percent from 15 percent. At the same time, entities buying residential properties for development have to pay 25 percent ABSD instead of 15 percent. (RTT)

Japan Household Spending Falls 1.4% in May

The average of monthly spending in Japan was down 1.4 percent on year in May, the Ministry of Internal Affairs and Communications said - coming in at 281,307 yen. That beat expectations for a fall of 1.5 percent following the 1.3 percent decline in April. The average of monthly income per household was up 3.4 percent on year to 439,089 yen. According to the discontinuity figures, household spending was down 3.9 percent on year and income was down 0.3 percent on year.

Separately, Japan's leading index increased more than expected in May to the highest level in six months. The leading index, which measures the future economic activity, climbed to 106.9 in May from 106.2 in April. The index was forecast to rise to 106.6. Moreover, this was the highest reading since November last year, when it marked 107.4. Similarly, the coincident index that reflects the current economic activity dropped to 116.1 in May from 117.5 in the previous month. That was in line with economists' expectations. (RTT)

United States **U.S., China Dig In for Long Trade Fight as Tariffs Take Effect**

The U.S. and China slapped levies on \$34 billion of each other's exports, the first tangible shots in a trade battle that both sides are bracing to fight for months—if not years. The new levies took effect after midnight Eastern Time on Friday in the U.S. In response, a commission of China's State Council said it applied tariffs on 545 items "including agricultural products, vehicles and aquatic products," according to state-run Xinhua News Agency. President Xi Jinping has instructed various levels of government to get ready for a full-bore trade war, according to Chinese officials. "With his tariff threats, Trump is posing an unprecedented challenge to the leadership," said Zhu Feng, a professor of international relations at Nanjing University, referring to President Donald Trump. Brookings Institution China scholar David Dollar, who was the U.S. Treasury's top official in Beijing during the Obama administration, figures the fight will stretch into next year, at least, because a strong economy will make it less likely that the U.S. will feel any immediate economic pressure from the trade fight.

Mr. Trump's threat to levy tariffs on another \$200 billion also won't be ready to put into effect until the late fall because the U.S. has to clear a number of procedural requirements. And as the U.S. closes in on midterm congressional elections, the China fight might seem like "a political winner," Mr. Dollar said. "It's an historic day," said former Trump White House chief strategist Steve Bannon, who still consults with administration officials. "China has been in a trade war with us for 20 years and now someone is standing up and fighting back." (WSJ)

U.S. Hiring Strong in June; Unemployment Rate Rises as More Enter Labour Force

Americans are flocking to the job market as the already robust economy revs up. Hundreds of thousands of Americans started looking for jobs and employers added 213,000 to their payrolls last month, the Labor Department said. Many of those job seekers were snapped up by employers while some were counted as unemployed while they sought out work, which helped push the jobless rate up to 4.0%, from an 18-year low of 3.8% in May. Those new entrants to the labour force could provide the raw material needed to support accelerating economic growth nine years after the recession ended. New entrants to the labour force—be they parents, recent graduates or those previously frustrated by their prospects—have caused the civilian labour force to grow by an average of about 250,000 workers each month this year. (WSJ)

U.S. Trade Gap Narrowed 6.6% in May

The U.S. trade gap narrowed in May to its smallest level since October 2016 on surging exports as President Donald Trump ratcheted up plans for tariffs and trading partners pledged retaliation. The trade deficit in goods and services fell 6.6% from a month earlier to a seasonally adjusted \$43.05 billion in May, the Commerce Department said. Exports rose 1.9% from April to \$144.89 billion, while imports increased by a much smaller 0.4% to \$210.68 billion. Economists surveyed by The Wall Street Journal had expected a \$43.6 billion gap in May. After hitting a nearly 10-year high of \$55.54 billion in February, the U.S. trade deficit has narrowed for three consecutive months, as imports dropped off while exports continued growing. As a result, many economists estimate that trade is likely to add a percentage point or more to annualized gross domestic product growth in the

second quarter, when the economy likely posted one of its highest growth rates since the recession.(WSJ)

U.S. Soybean Exports Surged Last Quarter

U. S. soybean exports surged in the second quarter, delivering an outside boon to economic growth even as China shifted much of its sourcing to Brazil in response to its worsening trade relations with the U.S. The value of soybean exports nearly doubled in May from April to a seasonally adjusted \$4.14 billion, driving the U.S. trade deficit to its narrowest margin since October 2016, the U.S. the Commerce Department said. Weekly data on grain shipments from the Agriculture Department show export volumes may have been even stronger during much of June. The surge, which did little to ease farmers' pain amid a downturn in prices, shows how global trade is shifting in the face of tit-for-tat sanctions between the world's two largest economies. U.S. farmers normally harvest soybeans between September and December. During the second quarter, global demand for the oilseed is usually focused on Brazil due to the Southern Hemisphere harvest season. (WSJ)

Europe and United Kingdom

BOE Sees Reversal of Decade-Long Slump in U.K. Productivity

Increasing investment by firms in technology means the U.K.'s abysmal productivity growth should soon start to recover, according to a Bank of England staff blog. A shortage of skills and labor is acting as a "catalyst" for firms to introduce productivity-boosting technology such as automation, said Will Holman and Tim Pike, who work in the central bank's division monitoring businesses across the country. But on the day the BOE published the analysis, data showed that a shortage of workers may be pushing up wages even though productivity is still in the doldrums. Productivity increased an annual 0.9 percent in the first quarter, less than half the average rate before the financial crisis. It fell 0.4 percent from the previous three months, figures published by the statistics office show. (Bloomberg)

UK House Price Growth Slows in June

UK house prices increased at a slower pace in June, data from the Lloyds bank subsidiary Halifax and IHS Markit showed. House prices grew only 0.3 percent on month in June, following May's 1.7 percent increase. Prices were expected to gain 0.2 percent. In three months to June, house prices advanced 1.8 percent annually, slower than the 1.9 percent rise seen in three months to May. The annual growth was forecast to ease to 1.6 percent. "At the half way stage of the year the annual rate is within our forecast range of 0-3 percent for 2018," Russell Galley, Managing Director of Halifax said. "We continue to see very positive factors of continuing low mortgage rates, great affordability levels and a robust labour market. The continuing shortage of properties for sale should also continue to support price growth," Galley added. (RTT)

Germany's Industrial Output Recovers at Faster than Expected Pace

Germany's industrial production recovered notably in May after a weaker start to the year, official data showed. Industrial output grew 2.6 percent month-on-month in May, reversing a revised 1.3 percent drop in April, Destatis reported. This was the biggest expansion in six months. Output was forecast to grow marginally by 0.3 percent. Excluding energy and construction, industrial production climbed 2.7 percent. Energy production logged a monthly growth of 0.8 percent in May and construction increased 3.1 percent. Production of capital goods moved up 0.9 percent, while that of consumer goods surged 6.5 percent. At the same time, intermediate goods output showed an increase of 3 percent. On a yearly basis, industrial production advanced by a more-than-expected 3.1 percent after rising 1.4 percent a month ago. Economists had expected 1.5 percent increase for May. (RTT)

Share Buy-Back: 06 July 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
CHINWEL	12,800	1.52	1.53/1.52	5,494,300
CMSB	150,000	2.43/2.39	2.45/2.39	3,451,500
DAIBOCI	7,000	2.05	2.07/2.05	462,200
EKSONS	24,600	0.72	0.73/0.72	4,332,100
GKENT	300,000	1.18/1.16	1.20/1.15	2,463,100
GLOMAC	22,000	0.45/0.435	0.45/0.43	7,325,200
GRANFLO	30,700	0.21/0.205	0.21/0.195	10,272,800
JAYCORP	7,300	0.80	0.80	1,389,000
KENANGA	372,300	0.735/0.72	0.735/0.72	8,023,100
MALAKOF	600,000	0.85/0.845	0.85/0.845	82,359,000
MKH	50,800	1.40/1.39	1.41/1.39	2,005,200
NYLEX	5,000	0.63/0.615	0.63/0.615	6,882,624
PBA	1,000	1.21	1.20/1.20	270,900
PRESTAR	20,000	0.84	0.835/0.825	8,601,200
SNTORIA	100,000	0.52	0.515/0.50	9,361,900
SYSCORP	30,000	0.34	0.345/0.335	17,754,600
TROP	81,000	0.875/0.87	0.875/0.865	10,630,742
WONG	100,000	0.865/0.86	0.90/0.83	246,900
YTL	9,000,000	1.15/1.14	1.16/1.13	261,374,818
YTLPOWR	7,063,500	1.07/1.05	1.08/1.05	333,491,912

Source: Bursa Malaysia

TA RESEARCH – Remisiers’ Briefing

Topic: Weekly Market Outlook

Speaker: Mr.Kaladher/ Mr.Stephen Soo

Venue: Multi Purpose Hall III,
10th Floor Menara TA One

Date: 09 July 2018 (Today)

Time: 12.40pm

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	
AUTOMOBILE																	
BAUTO	2.19	2.64	20.5%	Buy	2,544	0.57	12.1	17.5	18.2	12.5	4.7	5.6	2.47	-11.3	1.84	19.0	-0.5
MBMR	2.35	3.19	35.7%	Buy	919	0.62	31.4	31.9	7.5	7.4	3.4	3.4	2.68	-12.3	2.01	16.9	6.8
PECCA	0.85	1.30	53.8%	Buy	155	1.05	6.4	7.7	13.3	10.9	7.1	7.1	1.70	-50.3	0.78	8.3	-45.5
SIME	2.35	2.97	26.4%	Buy	15,982	1.62	13.2	16.3	17.8	14.4	1.4	1.7	3.06	-23.2	2.03	16.0	6.3
UMW	6.07	5.45	-10.2%	Sell	7,092	1.04	28.4	39.3	21.4	15.4	2.3	3.3	6.98	-13.0	4.70	29.1	16.7
BANKS & FINANCIAL SERVICES																	
ABMB	4.00	4.30	7.5%	Hold	6,192	0.99	31.9	34.9	12.6	11.5	3.8	4.0	4.49	-10.9	3.62	10.5	-2.0
AFFIN	2.58	2.50	-3.1%	Sell	5,013	0.92	25.5	26.8	10.1	9.6	3.1	3.1	2.70	-4.4	2.22	16.1	11.7
AMBANK	3.74	3.80	1.6%	Sell	11,273	1.31	37.6	41.5	10.0	9.0	4.0	4.8	5.12	-27.0	3.40	10.0	-15.2
CIMB	5.31	6.30	18.6%	Buy	49,732	1.54	52.2	55.5	10.2	9.6	4.9	5.2	7.39	-28.1	5.31	0.0	-18.8
HLBANK	18.20	21.80	19.8%	Buy	37,230	0.91	129.2	146.1	14.1	12.5	2.6	2.6	20.02	-9.1	14.90	22.1	7.1
MAYBANK	8.97	9.60	7.0%	Buy	98,049	1.02	71.4	75.7	12.6	11.8	6.1	6.1	11.08	-19.0	8.68	3.3	-8.5
PBBANK	22.52	25.80	14.6%	Buy	87,426	0.78	152.5	165.6	14.8	13.6	2.8	2.9	25.78	-12.6	19.90	13.2	8.4
RHBBANK	5.17	5.30	2.5%	Sell	20,732	1.33	54.3	59.0	9.5	8.8	2.9	2.9	5.88	-12.1	4.71	9.8	3.4
BURSA	7.50	8.07	7.6%	Buy	6,047	0.95	29.2	30.0	25.7	25.0	3.2	3.2	8.20	-8.5	6.31	18.8	11.2
BUILDING MATERIALS																	
ANNJOO	1.75	3.15	80.0%	Buy	939	1.55	42.1	44.9	4.2	3.9	11.5	13.2	3.98	-56.0	1.72	1.7	-54.7
CHINHIN	0.76	1.15	51.3%	Hold	420	1.35	8.3	9.4	9.1	8.0	6.4	6.4	1.42	-46.5	0.73	4.1	-37.2
CMSB	2.43	3.80	56.4%	Buy	2,603	1.47	21.3	22.7	11.4	10.7	3.5	3.7	4.42	-45.0	1.74	39.7	-37.7
CSCSTEL	1.30	1.41	8.5%	Hold	480	0.85	15.8	17.0	8.2	7.6	6.5	7.0	1.84	-29.3	1.27	2.4	-15.6
ENGTEX	1.02	1.29	26.5%	Buy	444	0.90	12.9	15.3	7.9	6.7	1.9	3.0	1.38	-26.1	0.95	7.4	-7.3
CONSTRUCTION																	
GADANG	0.67	1.22	82.1%	Buy	443	1.47	14.0	16.6	4.8	4.0	4.5	4.5	1.33	-49.6	0.64	4.7	-39.6
GAMUDA	3.35	4.70	40.3%	Buy	8,268	1.01	34.3	35.5	9.8	9.4	3.6	3.6	5.48	-38.9	3.00	11.7	-32.5
IJM	1.76	1.85	5.1%	Sell	6,390	1.22	9.6	15.7	18.3	11.2	3.4	3.4	3.52	-50.0	1.60	10.0	-42.3
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	0.29	0.29	1.8%	Buy	198	1.48	3.0	3.9	9.4	7.3	5.3	5.3	0.68	-57.8	0.26	11.8	-36.7
SENDAI	0.94	0.70	-25.5%	Sell	734	1.38	9.9	8.7	9.5	10.8	1.1	1.1	1.25	-24.8	0.68	38.2	8.7
SUNCON	1.81	1.85	2.2%	Hold	2,339	1.00	12.7	14.2	14.2	12.7	4.4	5.0	2.64	-31.4	1.72	5.2	-27.9
WCT	0.79	1.14	44.3%	Buy	1,096	0.60	10.5	10.7	7.5	7.4	3.8	3.8	2.15	-63.3	0.70	13.7	-51.2
LITRAK	4.18	5.01	19.9%	Buy	2,207	0.21	43.3	47.1	9.7	8.9	6.0	6.0	6.00	-30.3	3.63	15.2	-24.7
CONSUMER																	
<i>Brewery</i>																	
CARLSBG	19.66	20.65	5.0%	Hold	6,048	0.68	89.4	93.3	22.0	21.1	4.5	4.7	20.88	-5.8	14.48	35.8	29.2
HEIM	22.50	23.11	2.7%	Hold	6,797	0.51	95.2	103.5	23.6	21.7	4.1	4.5	24.02	-6.3	17.30	30.1	19.0
<i>Retail</i>																	
AEON	2.35	2.53	7.7%	Buy	3,299	0.58	7.9	9.2	29.9	25.5	1.9	2.1	2.65	-11.3	1.45	62.1	33.5
AMWAY	7.53	8.47	12.5%	Buy	1,238	0.65	35.6	37.5	21.1	20.1	4.6	4.9	8.52	-11.6	6.97	8.0	3.1
F&N	36.76	30.69	-16.5%	Sell	13,474	0.49	96.0	114.0	38.3	32.3	1.9	2.0	39.98	-8.1	23.40	57.1	36.1
HUPSENG	1.05	1.25	19.0%	Buy	840	0.54	5.8	6.2	18.0	17.0	5.7	5.7	1.23	-14.6	1.02	2.9	-3.7
JOHOTIN	0.96	1.02	6.8%	Buy	296	1.22	8.1	8.5	11.7	11.3	6.3	6.8	1.62	-41.0	0.89	7.3	-21.1
NESTLE	147.60	129.90	-12.0%	Sell	34,612	0.61	322.2	360.2	45.8	41.0	2.0	2.2	163.00	-9.4	82.70	78.5	43.0
PADINI	5.70	5.77	1.2%	Sell	3,750	0.80	25.6	29.1	22.3	19.6	2.2	2.3	6.01	-5.2	3.42	66.6	8.2
POHUAT	1.28	1.83	43.0%	Buy	281	0.52	20.1	23.1	6.4	5.5	4.7	6.3	2.07	-38.1	1.15	11.3	-28.5
QL	5.98	5.42	-9.4%	Sell	9,702	0.76	12.7	14.0	47.0	42.7	0.8	0.8	6.05	-1.2	3.71	61.3	37.5
SIGN	0.54	0.92	72.0%	Buy	121	0.87	6.6	8.7	8.1	6.1	4.7	6.5	0.97	-44.6	0.48	11.5	-24.1
<i>Tobacco</i>																	
BAT	34.00	34.72	2.1%	Sell	9,708	1.28	170.8	168.8	19.9	20.1	4.7	4.7	44.94	-24.3	22.46	51.4	-15.0
GAMING																	
<i>Casino</i>																	
GENTING	8.30	11.65	40.4%	Buy	31,803	1.03	58.9	66.7	14.1	12.4	1.9	1.9	9.90	-16.2	8.30	0.0	-9.1
GENM	4.80	6.77	41.0%	Buy	27,152	1.29	29.7	36.7	16.1	13.1	2.5	2.7	6.09	-21.2	4.59	4.6	-13.4
<i>NFO</i>																	
BJTOTO	2.40	3.34	39.2%	Buy	3,233	0.70	19.6	37.4	12.2	6.4	6.7	10.8	2.62	-8.4	2.06	16.5	7.1
HEALTHCARE																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	1.29	1.52	17.8%	Buy	840	0.45	6.9	7.6	18.6	17.0	3.6	3.8	1.49	-13.4	0.84	52.8	19.0
IHH	5.99	6.60	10.2%	Hold	49,385	0.66	11.9	12.3	50.4	48.8	0.5	0.5	6.42	-6.7	5.42	10.5	2.2
KPJ	1.03	1.14	10.7%	Buy	4,341	0.63	4.0	4.4	25.9	23.4	2.1	2.4	1.15	-10.4	0.84	22.6	6.2
<i>Rubber Gloves</i>																	
HARTA	5.80	4.84	-16.6%	Sell	19,236	0.93	12.6	14.5	46.1	40.1	1.4	1.5	6.64	-12.7	3.19	81.8	8.6
KOSSAN	8.50	9.76	14.8%	Buy	5,435	0.48	31.7	36.1	26.8	23.5	1.5	1.7	8.79	-3.3	6.38	33.2	4.8
SUPERMX	4.48	4.75	6.0%	Buy	2,937	0.67	20.0	22.6	22.4	19.8	1.7	2.0	4.61	-2.8	1.69	165.1	124.0
TOPGLOV	12.10	13.42	10.9%	Buy	15,463	0.46	35.6	43.4	34.0	27.9	1.2	1.5	12.48	-3.0	5.33	127.0	51.4
KAREX	0.88	0.54	-38.3%	Sell	877	0.81	1.3	1.8	65.2	48.7	0.4	0.5	1.69	-48.2	0.50	75.0	-32.7
INDUSTRIAL																	
SCIENTX	7.10	7.00	-1.4%	Sell	3,471	0.69	54.8	57.5	13.0	12.3	2.5	2.7	9.85	-27.9	6.51	9.1	-18.0
SKPRES	1.37	2.20	60.6%	Buy	1,713	0.96	10.2	11.7	13.5	11.7	3.8	4.4	2.35	-41.7	1.27	7.9	-39.9
MEDIA																	
ASTRO	1.63	1.65	1.2%	Hold	8,499	1.06	12.4	13.8	13.1	11.8	7.7	7.7	2.94	-44.6	1.31	24.4	-38.5
MEDIA PRIMA	0.51	0.38	-25.5%	Sell	566	0.84	-6.0	-4.2	na	na	0.0	0.0	0.94	-45.5	0.25	104.0	-32.9
STAR	1.09	1.20	10.1%	Hold	804	0.92	6.3	5.9	17.4	18.4	8.3	8.3	2.22	-50.8	1.00	9.0	-33.9

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	0.64	60.0%	Buy	703	1.84	4.6	4.8	8.7	8.3	2.5	2.5	0.61	-34.4	0.31	31.1	-17.5
LCTITAN	4.95	7.47	50.9%	Buy	11,251	na	47.6	50.5	10.4	9.8	4.2	4.6	6.53	-24.2	4.14	19.6	5.3
MHB	0.66	0.81	22.7%	Buy	1,056	1.50	-0.1	1.1	na	61.8	0.0	0.0	0.98	-32.7	0.63	5.6	-20.0
MISC	5.92	5.73	-3.2%	Sell	26,426	0.90	33.1	40.9	17.9	14.5	5.1	5.1	7.90	-25.1	5.03	17.7	-20.2
PANTECH	0.61	0.77	27.3%	Buy	450	1.17	6.3	6.9	9.6	8.8	4.1	4.5	0.74	-18.2	0.51	18.6	-6.2
PCHEM	8.44	9.05	7.2%	Hold	67,520	0.77	54.3	54.3	15.5	15.5	3.2	3.3	8.88	-5.0	6.80	24.1	9.6
SAPNRG	0.61	0.85	40.5%	Buy	3,625	2.58	-5.0	-1.6	na	na	0.0	0.0	1.75	-65.4	0.40	53.2	-14.8
SERBADK	3.39	4.72	39.2%	Buy	4,978	na	27.5	31.4	12.3	10.8	2.7	2.9	3.68	-7.9	1.86	82.3	4.6
VELESTO	0.29	0.35	22.8%	Buy	2,341	2.20	0.3	1.0	87.6	28.9	0.0	0.0	0.48	-40.6	0.22	32.6	-6.6
UZMA	1.08	1.47	36.1%	Buy	346	1.43	19.8	12.9	5.5	8.4	0.0	0.0	1.70	-36.5	0.93	16.8	-15.6
PLANTATIONS																	
FGV	1.48	1.76	18.9%	Buy	5,399	1.76	1.8	1.5	83.9	98.6	3.4	3.4	2.18	-32.1	1.45	2.1	-12.4
IJMPLNT	2.10	1.84	-12.4%	Sell	1,849	0.30	7.9	7.1	26.7	29.4	2.4	2.4	3.12	-32.7	2.08	1.0	-23.4
IOICORP	4.38	5.06	15.5%	Buy	26,746	0.81	19.0	19.6	23.0	22.3	6.0	3.5	4.81	-8.9	4.21	4.1	-1.1
KFIMA	1.53	1.65	7.8%	Hold	431	0.60	14.5	12.9	10.5	11.9	5.9	5.9	1.90	-19.5	1.44	6.2	-2.5
KLK	24.24	23.75	-2.0%	Sell	25,815	0.61	93.1	100.9	26.0	24.0	2.1	2.0	25.98	-6.7	23.26	4.2	-3.0
SIMEPLT	5.26	5.84	11.0%	Buy	35,772	na	19.6	18.5	26.9	28.4	2.7	2.9	6.00	-12.3	4.58	14.8	-12.3
TSH	1.17	1.09	-6.8%	Sell	1,615	0.41	9.3	9.6	12.6	12.2	2.0	2.1	1.76	-33.5	1.12	4.5	-29.1
UMCCA	6.09	5.43	-10.8%	Sell	1,277	0.42	17.0	19.8	35.9	30.7	2.6	3.0	7.08	-14.0	5.85	4.1	-6.5
PROPERTY																	
GLOMAC	0.45	0.50	11.1%	Hold	357	0.60	1.5	2.5	31.0	17.9	3.3	3.3	0.63	-28.3	0.43	4.7	-18.9
HUAYANG	0.45	0.49	8.9%	Hold	158	0.66	1.3	3.2	36.0	14.2	0.0	0.0	1.04	-56.7	0.44	2.3	-26.2
IBRACO	0.56	0.58	3.6%	Hold	278	na	4.6	7.7	12.3	7.3	3.6	3.6	0.92	-39.1	0.26	115.4	-31.3
IOIPG	1.66	1.87	12.7%	Buy	9,140	0.90	14.9	14.7	11.2	11.3	3.6	3.6	2.22	-25.2	1.47	12.9	-10.3
MAHSING	1.07	1.22	14.0%	Buy	2,598	0.99	9.4	9.6	11.3	11.2	4.7	4.7	1.61	-33.5	0.98	9.2	-26.2
SIMEPROP	1.17	1.28	9.4%	Hold	7,957	na	6.1	5.3	19.1	22.0	3.4	2.6	1.78	-34.3	1.04	12.5	-34.3
SNTORIA	0.52	0.73	41.7%	Buy	287	0.58	8.3	8.7	6.2	5.9	1.9	1.9	0.79	-34.5	0.50	3.0	-25.9
SPB	4.09	4.11	0.5%	Sell	1,405	0.63	18.7	23.4	21.8	17.5	2.9	2.9	5.50	-25.6	4.05	1.0	-16.5
SPSETIA	2.91	3.23	11.0%	Hold	11,321	1.16	16.1	18.1	18.0	16.0	4.1	4.1	4.00	-27.3	2.77	5.1	-27.3
SUNWAY REIT	1.50	1.65	10.0%	Hold	7,296	0.83	11.8	12.5	12.7	12.0	4.0	4.0	1.96	-23.4	1.44	4.2	-8.0
SUNREIT	1.73	1.87	8.1%	Hold	5,095	0.88	10.0	10.7	17.2	16.2	5.8	6.2	1.90	-8.9	1.48	16.9	-8.9
CMMT	1.20	1.48	23.3%	Buy	2,449	0.58	7.9	8.4	15.2	14.3	6.8	7.2	1.83	-34.4	0.98	22.4	-34.4
POWER & UTILITIES																	
MALAKOF	0.85	0.85	0.6%	Sell	4,156	1.01	5.8	6.7	14.5	12.6	8.3	8.3	1.17	-27.8	0.83	2.4	-13.8
PETDAG	24.80	24.13	-2.7%	Sell	24,638	0.74	114.1	114.9	21.7	21.6	3.4	3.5	28.18	-12.0	20.81	19.2	3.1
PETGAS	16.92	20.23	19.6%	Buy	33,480	0.76	99.3	100.0	17.0	16.9	4.1	4.1	19.50	-13.2	15.82	7.0	-3.2
TENAGA	14.26	18.34	28.6%	Buy	80,971	0.79	139.7	134.6	10.2	10.6	4.9	4.7	16.34	-12.7	13.54	5.3	-6.6
YTLPOWR	1.06	0.78	-26.4%	Hold	8,302	0.67	7.5	7.8	14.1	13.5	4.7	4.7	1.42	-25.4	0.73	45.2	-17.8
TELECOMMUNICATIONS																	
AXIATA	3.85	6.05	57.1%	Buy	34,841	1.83	11.9	15.7	32.2	24.5	2.6	3.5	5.82	-33.8	3.76	2.4	-29.9
DIGI	4.18	5.15	23.2%	Buy	32,500	0.97	19.6	20.2	21.3	20.7	4.7	4.8	5.10	-18.0	3.93	6.4	-18.0
MAXIS	5.21	5.95	14.2%	Hold	40,725	0.95	24.9	24.7	20.9	21.1	3.8	3.8	6.14	-15.1	5.21	0.0	-13.3
TM	3.40	3.30	-2.9%	Sell	12,777	1.49	16.8	14.8	20.2	23.0	5.6	5.6	6.62	-48.6	3.00	13.3	-46.0
TECHNOLOGY																	
<i>Semiconductor & Electronics</i>																	
ELSOFT	2.73	3.30	20.9%	Buy	754	0.77	13.1	14.9	20.9	18.3	3.4	3.8	2.95	-7.5	2.22	23.0	1.1
INARI	2.20	2.45	11.4%	Buy	6,910	0.27	8.2	10.4	26.7	21.2	2.7	3.3	2.55	-13.6	1.44	53.1	-2.9
MPI	9.70	11.50	18.6%	Buy	1,929	0.45	69.5	79.8	13.9	12.2	3.3	3.3	14.52	-33.2	7.57	28.1	-23.1
UNISEM	2.52	2.75	9.1%	Buy	1,832	0.96	13.2	18.7	19.1	13.5	4.4	4.4	4.25	-40.7	1.60	57.5	-31.0
TRANSPORTATION																	
<i>Airlines</i>																	
AIRASIA	3.04	3.15	3.6%	Buy	10,160	0.91	28.3	28.6	10.7	10.6	26.3	2.6	4.75	-36.0	2.93	3.8	-9.3
AIRPORT	8.77	8.79	0.2%	Sell	14,551	1.02	33.8	35.7	26.0	24.6	1.7	1.1	9.45	-7.2	7.98	9.9	-0.2
<i>Freight & Tankers</i>																	
PTRANS	0.26	0.44	69.2%	Buy	343	na	2.3	3.7	11.3	7.0	2.7	4.3	0.38	-31.9	0.23	15.6	-7.1
TNLOGIS	0.98	1.10	12.2%	Hold	447	0.92	10.0	9.7	9.8	10.1	0.0	4.1	1.79	-45.4	0.93	5.4	-26.9
WPRTS	3.40	3.78	11.2%	Hold	11,594	0.52	15.6	20.0	21.8	17.0	3.4	4.4	3.90	-12.8	3.10	9.7	-8.1

SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE

Company	Share Price (S\$)	Target Price (S\$)	% upside	Recom	Market Cap. (S\$m)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		% Chg YTD		
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg		Low Price	% Chg
BANKS & FINANCIAL SERVICES																	
DBS	25.35	36.10	42.4%	Buy	64,994	1.23	212.3	246.0	11.9	10.3	2.6	2.8	30.8	-17.6	19.68	28.8	3.7
OCBC	11.24	16.60	47.7%	Buy	47,040	1.20	109.5	123.2	10.3	9.1	6.7	7.7	14.0	-19.9	10.57	6.3	-9.3
UOB	26.26	31.70	20.7%	Hold	43,839	1.20	215.7	242.9	12.2	12.2	3.0	3.0	30.4	-13.5	22.79	15.2	0.0
PLANTATIONS																	
WILMAR	3.03	3.27	7.9%	Hold	19,388	0.81	22.5	25.1	13.5	12.1	3.0	3.3	3.5	-12.2	2.97	2.0	-1.9
IFAR	0.22	0.20	-9.1%	Sell	316	1.14	3.0	3.0	7.2	7.3	1.9	1.9	0.5	-56.4	0.22	2.3	-43.6

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.