

Daily Brief

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

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Market View *Trade War Contagion Fears to Cap Rebound Upside*

Blue chips rose on Monday, lifted by regional strength on the back of stronger-than-expected US June employment data, but lower liners and small caps ended lower amid concerns over the start of tit-for-tat trade tariffs between the two largest global economies. The KLCI gained 8.77 points to close at 1,672.63, off an early low of 1,662.58 and high of 1,674.61, as losers beat gainers 512 to 316 on total turnover of 2.01bn shares worth RM2.05bn.

Resistance at 1,708/1,729; Key Supports at 1,636/1,614

Concerns over contagion from escalating US-China trade tensions sparked by the beginning of tit-for-tat tariffs should restrict technical rebound upside due to oversold conditions. Immediate overhead resistance for the index will be at 1,708, next at 1,729, followed by 1,752 and 1,780, the respective 76.4%FR and 61.8%FR levels. Key retracement supports are from the 138.2%FP (1,636), with the 150%FR (1,614) matching the Nov 2016 pivot low acting as crucial support.

Bargain Aemulus & Inari

A confirmed breakout on Aemulus above the 200-day ma (43sen) would enhance upside momentum for share price to target the 76.4%FR (49sen), with next significant hurdle being the 1/8/17 peak (60sen). Key retracement support from the 50%FR (36sen) matches the 100-day ma level. Inari needs to overcome RM2.38 to improve upside momentum and re-test the 8/1/18 peak (RM2.55), while a convincing breakout should aim for the 123.6%FP (RM2.90) ahead. Key uptrend support is from the 200-day ma (RM2.06).

Asian Markets Rebound as Trade Woes Set Aside

Asian shares rallied on Monday, building on the Friday uptick seen in much of the world, including Wall Street, as investors continued to keep an eye on trade after the U.S. and China exchanged tariffs last week. The gains came on the back of an advance in U.S. stocks on Friday as better-than-expected jobs data stateside overshadowed tariffs kicking in. U.S. jobs report showed another month of gains in excess of 200,000, spurring more Americans to re-enter the workforce. Also Friday, German industrial production beat all estimates for May. The focus this week would be on Chinese data for June covering inflation, new loans and international trade. The United States also releases inflation figures.

Japan's Nikkei share average rebounded to one-week highs on Monday, buoyed by broad-based gains across sectors, with pharmaceuticals leading gains on the index. The Nikkei rose 1.21 percent, or 264.04 points, to close at 22,052.18. Elsewhere, the Kospi saw slimmer gains in South Korea, rising by 0.57 percent to end at 2,285.80 as tech stocks climbed while manufacturers declined. In Australia, the S&P/ASX 200 added 0.22 percent to finish at 6,286 amid gains in banks and resources plays. Greater China market also rallied, outperforming other regional markets. The Shanghai composite rose 2.49 percent to close at 2,815.51 as banks and insurers notched gains.

Wall Street Rally on Earnings Optimism

The Dow Jones Industrial Average had its best day in a month Monday as investors focused on a strong jobs report from late last week and the coming earnings season, despite heightened trade tensions. On Friday, June data on nonfarm payrolls came in stronger than expected, and May and April jobs figures were revised higher. The report was seen as underlining the strength in the U.S. economy at a time when many investors are concerned about worsening relations between the U.S. and its major trading partners. On earning front, analysts will also be looking for signs that corporate profits might be peaking. Earnings at companies in the S&P 500 are expected to increase 21 percent from a year earlier, according to Thomson Reuters. That would be the second-best quarterly gain in more than seven years.

Meanwhile, a Bank of America Merrill Lynch research report also showed earnings per share for S&P 500 companies for 2018 was revised higher amid better-than-expected first-quarter results, higher oil prices and stronger-than-expected U.S. economic growth. The day's gains were broad-based, with seven of the 11 primary S&P 500 sectors higher. Leading the advance were financial stocks, which jumped 2 percent. Bank stocks rose at least 2.5 percent, led by Bank of America, Citigroup, Goldman Sachs and J.P. Morgan Chase.

The Dow Jones Industrial Average rose 320.11 points, or 1.31 percent, to 24,776.59, the S&P 500 gained 24.35 points, or 0.88 percent, to 2,784.17 and the Nasdaq Composite added 67.81 points, or 0.88 percent, to 7,756.20.

News In Brief *Corporate*

Bloomberg has reported that **Sapura Energy Bhd**, the oil and gas company is considering listing its operations on the Australian stock exchange in a float that could be worth as much as A\$2.7bn. The plan comes as Sapura Energy moves to pare down its US\$4.5bn debt, largely to Malayan Banking Bhd, and as the oil price rally attracts equity investors to the resource space. *(The Edge Markets)*

Piling and foundation specialist **Econpile Holdings Bhd** has bagged a RM122.0mn contract to undertake working bored piles for the proposed Pavilion Damansara Heights (Parcel 2) mixed development at Jalan Damanlela here. The latest contract represents the group's second contract win for Phase 2 of the project, having secured a RM18.0mn contract for contiguous bored piling in September last year. It was also awarded a RM570.1mn contract to undertake bored piling and substructure works for Phase 1 in February 2017. Econpile said its wholly-owned subsidiary Econpile (M) Sdn Bhd had on Friday (July 6) received a letter of award from Jendela Mayang Sdn Bhd to undertake construction and completion of the working bored piles. The overall duration of the contract is 13 months. *(The Edge Markets / Bursa Malaysia)*

Atlan Holdings Bhd's 74.6%-owned subsidiary Duty Free International Ltd (DFIL) is investing US\$2.8mn for a 70% stake in Brand Connect Holding Pte Ltd's enlarged share capital to develop and grow the group's alcohol distribution business and expand its market ops into Southeast Asia. Atlan said DFIL has today entered into a conditional agreement with Brand Connect and founders Robert Justin Frizelle and Meridian Compass Ltd, which will see DFIL subscribing for 2.8mn new shares in Brand Connect. *(The Edge Markets)*

Rohas Tecnic Bhd has bagged a joint venture (JV) contract for the reconductoring of three existing transmission lines for a combination of US\$7.5mn and 157.7mn Bangladeshi Taka (about RM37.8mn). Rohas said a JV between its 75%-owned unit HG Power Transmission Sdn Bhd and Apar Industries Bhd had on July 8 accepted the contract from Power Grid Co of Bangladesh Ltd. The contract is for the "design, supply, installation, testing and commissioning of reconductoring of the three existing 132 kilovolt (KV) transmission lines". The job is to be completed in 15 months, the filing said. *(The Edge Markets / Bursa Malaysia)*

Adventa Bhd has postponed its proposed three-for-five rights issue, which sought to raise RM50.4mn, amid the ongoing legal proceedings between its managing director Low Chin Guan and **Top Glove Corp Bhd**, after Lim — a major shareholder in Adventa — informed the company he was not in a position to provide an undertaking in relation to the rights issue due to the legal case. Separately, Top Glove told Bursa Malaysia its legal suit against Adventa Capital Pvt Ltd stemmed from its discovery that all is not as it appeared at its newly acquired surgical glove manufacturing company Aspion Sdn Bhd. Following an investigation into the new subsidiary and investigation by an independent accounting firm, it has discovered that there was an overstatement of inventory, plant and machinery in Aspion's accounts amounting to RM74.4mn, while the acquisition price of Aspion was found to have been overstated by RM640.5mn. *(The Edge Markets / Bursa Malaysia)*

Andy Yap Jee Wye, who was recently appointed as the group's acting chief financial controller following the discovery of "unauthorised payments" made by the company, has resigned from his position as an executive director of plastic packaging manufacturer **Versatile Creative Bhd** because of "personal reasons". The resignation took effect on Sunday (July 8). *(The Edge Markets / Bursa Malaysia)*

E.A. Technique Bhd, one of Johor Corporation's (JCorp) group of companies, is optimistic of a significant improvement in its 2018 full-year financial performance compared to 2017. Managing Director Datuk Ir Abdul Hak Md Amin attributed the optimism to several factors, including the company securing new contracts to supply three super crew boats over the past two months. The contracts, under the Integrated Logistics Control Tower programme, were awarded by oil majors Petronas Carigali, Enquest Petroleum and ExxonMobil. (*The Edge Markets*)

Petaling Tin Bhd's largest shareholder Tan Sri Dr Chen Lip Keong has extended his takeover offer for the remaining shares he does not own in the loss-making property development company by another 2 weeks, to 5pm on July 26. In a filing with Bursa Malaysia, Petaling Tin said save for the extended closing date, all other details, terms and conditions of the offer remain unchanged. The level of acceptance for Petaling Tin's shares stood at 323.8mn or a 93.6% stake as at July 6. (*The Edge Markets / Bursa Malaysia*)

N2N Connect Bhd has paid a total of RM5.3mn in additional income tax and penalty for the years of assessment 2012 to 2016 to the Inland Revenue Board (IRB). In a filing with Bursa Malaysia, N2N said the amount was paid by the group and its wholly-owned subsidiary N2N Global Solutions Sdn Bhd. The IRB had slapped N2N and N2N Global Solutions with an additional tax of RM3.7mn and RM1.7mn in penalty. (*The Edge Markets / Bursa Malaysia*)

FGV Holdings Bhd is optimistic that Prime Minister Tun Dr Mahathir Mohamad's official visit to China in August will benefit the palm oil sector, said President and Group Chief Executive Officer Datuk Zakaria Arshad. Speaking to reporters at the FGV open house, he said the visit was also expected to improve bilateral trade relations between China and Malaysia. When asked if FGV would participate in the visit, Zakaria said the company had yet to receive any information from the Prime Minister's department on the trip. Elaborating further, he said the bulk purchase of palm oil by China had decreased following competitive market prices in China and Malaysia, as well as the competition from Indonesia. (*Bernama*)

Competition in the Malaysian general insurance industry has resulted in a lower profit margin for **LPI Capital Bhd**, which saw its net profit slip by 3.4% YoY to RM65.7mn for the second financial quarter ended June 30, 2018 (2QFY18). This resulted in lower earnings per share for the current quarter under review of 16.5 sen. LPI recorded revenue of RM353.1mn in 2QFY18, which was marginally higher than its 2QFY17 revenue of RM352.7mn. The group declared a first interim dividend of 26 sen per share, payable on Aug 1. (*The Edge Markets / Bursa Malaysia*)

News In Brief *Economy*

Malaysia **Business Optimism Index Hits Three-Year High in Q3 2018**

Malaysian business confidence has hit a three-year high for the third-quarter (Q3) 2018, according to Dun & Bradstreet (D&B) Malaysia's Business Optimism Index (BOI) study. Overall BOI increased from +12.58 percentage points in Q1 2018 to +13.17 percentage points in Q2 2018. On a year-on-year (YoY) basis, BOI jumped significantly from +3.40 percentage points in Q3 2017 to +13.17 percentage points in Q3 2018. In a statement, D&B said the six business indicators under the quarterly BOI study include volume of sales, net profits, selling price, inventory level, employees and new orders. According to D&B Malaysia, two of six indicators have climbed upwards on a quarter-on-quarter (QoQ) basis. New orders rose from +14.0 percentage points in Q2 2018 to +19.5 percentage points in Q3 2018, while inventory levels jumped from +3.50 percentage points in Q2 2018 to +18.0 percentage points in Q3 2018. Both volume of sales and net profits eased slightly from +19.0 percentage points in Q2 2018 to +18.0 percentage points in Q3 2018 and from +16.0 percentage points in Q2 2018 to +15.5 percentage points in Q3 2018. Selling price fell visibly from +9.50 percentage points in Q2 2018 to +1.0 percentage point in Q3 2018. Employment levels decreased from +13.5 percentage points in Q2 2018 to +7.0 percentage points in Q3 2018. On a YoY basis, five of six indicators have risen upwards for Q3 2018. (NST)

Singapore Will Seek Compensation if Malaysia Cancels Rail Plan

Singapore will seek compensation for all costs incurred if Malaysia cancels a planned multi-billion-dollar high-speed railway link between the two countries. Transport Minister Khaw Boon Wan told parliament that compensation would be sought under the terms of the 2016 high-speed rail bilateral agreement between Singapore and Malaysia. "We will deal with the question of compensation from Malaysia for costs incurred by Singapore in accordance with the bilateral agreement and international law," Khaw said, adding that Singapore expected to incur costs of around S\$300mil (US\$221.5mil) by the end of the year. Soon after achieving a stunning upset in Malaysia's May general election, Prime Minister Tun Dr Mahathir Mohamad said he would cancel the rail link to Singapore, a signature project of his predecessor Datuk Seri Najib Tun Razak, in what he called a move to cut costs. The decision is a setback to construction and rail companies in Asia, including those from China and Japan that are keen to gain a slice of the orders. The 350-kilometer (220-mile) line, with trains moving at a top speed of more than 300 kilometers an hour, was targeted to begin operating in 2026. (The Star)

Asia **China's FX Reserves Post Surprise Gain, Withstand June Market Chaos**

China's foreign exchange reserves unexpectedly rose in June, bolstered by an increase in the value of its U.S. Treasury holdings in an otherwise volatile month for Chinese markets, which were battered by fears about a Sino-U.S. trade war. Reserves rose \$1.51 billion in June to \$3.112 trillion, compared with a drop of \$14.23 billion in May, central bank data showed. Economists polled by Reuters had expected reserves to drop by \$10.6 billion to \$3.10 trillion. China's State Administration of Foreign Exchange (SAFE) said in a statement the small increase in reserves was due to asset price changes but did not provide details. Analysts pointed to the performance of U.S. bonds in June, which are believed to make up a major part of China's reserves.

Fears about a global trade war were among the factors in June that drove investment flows into safe haven assets, such as U.S. government bonds. China is the largest holder of U.S. government debt. Its holdings fell to \$1.182 trillion in April from \$1.188 trillion in May, data from the U.S. Treasury Department showed. China also invests its reserves in other U.S. instruments as well as sovereign debt of other countries. At the same time, the U.S. dollar index rose slightly by 0.7% in June, compared with a sharper gain of 2.3% in May, according to Thomson Reuters data. (Reuters)

Japan Has 1,938.3 Billion Yen Current Account Surplus

Japan had a current account surplus of 1,938.3 billion yen in May, the Ministry of Finance said. That topped expectations for a surplus of 1,266.0 billion yen and was up from 1,845.1 billion yen in April. The trade balance reflected a deficit of 303.9 billion yen, exceeding forecasts for a shortfall of 483.1 billion yen following the 573.8 billion yen surplus in the previous month. The adjusted current account surplus was 1,850.0 billion yen - which beat forecasts for 1,184.8 billion yen following the 1,885.5 billion yen surplus a month earlier.

Separately, Overall bank lending in Japan was up 2.2% on year in June, coming in at 524.847 trillion yen. That follows the 2.0% gain in May. Excluding trusts, bank lending advanced an annual 2.1% to 456.475 trillion yen - accelerating from the 1.9% gain in the previous month.

In the meantime, A measure of peoples' assessment of the Japanese economy improved in June, in line with expectations. The current index of Economy Watchers' survey rose to 48.1 in June from 47.1 in May. The outlook index strengthened to 50.0 in June from 49.2 in the previous month. (RTT)

United States Consumer Credit in U.S. Jumps in May by Most in Six Months

U.S. consumer debt rose in May by the most in six months on more credit-card debt outstanding and non-revolving loans, Federal Reserve figures showed Monday. The increase in revolving debt, which includes credit cards, shows consumers were spending more freely midway through the second quarter. After slowing in March to recoup from a debt-laden fourth-quarter, households picked up the pace of credit in consecutive months. The rise in non-revolving debt, which includes educational and auto loans, partly reflects steady motor-vehicle sales. The Fed's consumer credit report doesn't track debt secured by real estate, such as home equity lines of credit and home mortgages. The results signal a modest acceleration for second-quarter spending amid recent tax cuts and a robust labor market. Still, moderate wage gains may encourage households to be more conscious about taking on too much debt. (Bloomberg)

U.S. Exporters Will Be a Surprise Loser From Tariff Fight

Who's the biggest loser when tariffs are imposed on imports? The surprising answer: exporters. Though completely counterintuitive, theory and evidence show that taxes on imports act just like a tax on exports. Though it's early, the Trump administration's recent round of tariffs is already rippling out to exporters: Soybean farmers face plunging prices as China raises tariffs, Harley-Davidson will move production of motorcycles destined for the European Union out of the U.S., and BMW says foreign retaliation may hit exports from its South Carolina plant. Economists credit Abba Lerner, then a graduate student at the London School of Economics, for proving theoretically in 1936 that an import tariff was equivalent to a tax on exports. The Lerner Symmetry Theorem is considered a key principle of trade economics, like 18th century economist David Ricardo's theory of comparative advantage. The practical link was obvious to protectionists and free traders alike as far back as the 1600s, says Douglas A. Irwin, an economist and trade historian at Dartmouth College. They understood that a country that shuts out imports deprives its trading partners of money to buy exports. (WSJ)

Europe and United Kingdom

Mario Draghi: ECB's Monetary Easing Has Been 'Very Effective'

The Eurozone's top central banker has said policymakers' aggressive monetary easing, including its landmark quantitative easing programme, has been "very effective" and will boost growth and inflation by 1.9 percentage points between 2016 and 2020. Mario Draghi told the European Parliament: "Our measures are playing a decisive role in bringing inflation back on track to reach a level that is below, but close to, 2% over the medium term. However, we need to be patient, persistent and prudent in our policy to ensure that inflation remains on a sustained adjustment path." The bank plans to stop expanding the €2.4tn programme in December, and from September will buy €15bn in bonds each month, half of the €30bn it is buying at the moment. It has held its deposit rate — now minus 0.4%— below zero since the middle of June 2014 and rates are expected to remain on hold until September 2019. While the European Central Bank will stop buying new bonds, it is expected to reinvest the proceeds of securities that it has already bought under QE, a programme that began in March 2015. (Financial Times)

Eurozone Investor Confidence Picks Up — Sentix

The latest Sentix survey of investors suggests that the mood on the Eurozone has brightened somewhat. The index, based on a survey of over 900 investors, rose to 12.3 in July, from 9.3 in the previous month. Spoiling the outcome a little, however, the breakdown for Germany showed a decline to 16.2, the sixth decline in a row and the lowest reading since February 2016. Sentix said the rise in the Eurozone index is "unlikely to herald the start of a new upswing . . . Expectations remain negative, and the majority of other regions of the world are still weak." (Financial Times)

Germany's Exports Recover in May

Germany's exports rebounded in May, while growth in imports slowed from April, figures from Destatis showed. Exports grew by more-than-expected 1.8% on a monthly basis in May, reversing a 0.3% drop in April. Shipments were expected to gain only 0.7%. Meanwhile, imports rose at a slower pace of 0.7% after climbing 2.6% in the previous month. Economists had forecast a 0.5% fall. As a result, the trade surplus rose to a seasonally adjusted EUR 20.3 billion from EUR 19 billion in April. Year-on-year, exports declined 1.3%, in contrast to a 9.3% rise last month. At the same time, the increase in imports came in at 0.8% versus 8.6% in April. The unadjusted trade surplus fell to EUR 19.7 billion from EUR 20.1 billion a month ago. The expected level was EUR 20.2 billion. Data showed that the current account surplus decreased to EUR 12.6 billion from EUR 15.2 billion last year. (RTT)

Share Buy-Back: 09 July 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
ANALABS	22,000	2.14/2.11	2.14/2.11	4,174,100
CHINWEL	6,800	1.52	1.52	5,501,100
CJEN	20,000	0.62	0.625/0.615	100,000
CMSB	150,000	2.39/2.37	2.40/2.36	3,601,500
DAIBOCI	2,000	2.05	2.05	464,200
GKENT	1,157,800	1.012/1.07	1.13/1.05	3,620,900
KENANGA	516,500	0.73/0.725	0.735/0.68	8,539,600
MALAKOF	1,000,000	0.855/0.84	0.855/0.83	83,359,000
MKH	26,200	1.39/1.38	1.40/1.38	2,031,400
SNTORIA	50,000	0.52	0.535/0.515	9,411,900
SUNWAY	400,000	1.51/1.49	1.52/1.48	56,491,662
TROP	157,000	0.88/0.87	0.88/0.865	10,787,742
YILAI	10,300	0.75	0.75	13,589,308
YINSON	76,400	4.50/4.49	4.72/4.49	7,748,000
YTLPOWR	14,605,200	1.09/1.06	1.10/1.05	348,097,112

Source: Bursa Malaysia

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SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
AUTOMOBILE																	
BAUTO	2.22	2.64	18.9%	Buy	2,579	0.54	12.1	17.5	18.4	12.7	4.7	5.5	2.44	-9.0	1.82	22.1	2.1
MBMR	2.39	3.19	33.5%	Buy	934	0.56	31.4	31.9	7.6	7.5	3.3	3.3	2.68	-10.8	2.01	18.9	8.6
PECCA	0.87	1.30	50.3%	Buy	159	1.04	6.4	7.7	13.6	11.2	6.9	6.9	1.70	-49.1	0.78	10.9	-44.2
SIME	2.34	2.97	26.9%	Buy	15,914	1.63	13.2	16.3	17.7	14.3	1.4	1.8	3.06	-23.5	2.03	15.5	5.9
UMW	5.98	5.45	-8.9%	Sell	6,986	0.96	28.4	39.3	21.1	15.2	2.3	3.3	6.98	-14.3	4.70	27.2	15.0
BANKS & FINANCIAL SERVICES																	
ABMB	4.02	4.30	7.0%	Hold	6,223	0.98	31.9	34.9	12.6	11.5	3.8	4.0	4.49	-10.5	3.62	11.0	-1.5
AFFIN	2.56	2.50	-2.3%	Sell	4,974	0.90	25.5	26.8	10.0	9.6	3.1	3.1	2.70	-5.2	2.22	15.2	10.8
AMBANK	3.76	3.80	1.1%	Sell	11,333	1.30	37.6	41.5	10.0	9.1	4.0	4.8	5.12	-26.6	3.40	10.6	-14.7
CIMB	5.30	6.30	18.9%	Buy	49,639	1.59	52.2	55.5	10.2	9.5	4.9	5.2	7.39	-28.3	5.21	1.7	-19.0
HLBANK	18.24	21.80	19.5%	Buy	37,312	0.90	129.2	146.1	14.1	12.5	2.6	2.6	20.02	-8.9	14.90	22.4	7.3
MAYBANK	9.08	9.60	5.7%	Buy	99,251	1.02	71.4	75.7	12.7	12.0	6.1	6.1	11.08	-18.1	8.68	4.6	-7.3
PBBANK	22.54	25.80	14.5%	Buy	87,503	0.81	152.5	165.6	14.8	13.6	2.8	2.9	25.78	-12.6	19.90	13.3	8.5
RHBBANK	5.35	5.30	-0.9%	Sell	21,454	1.37	54.3	59.0	9.8	9.1	2.8	2.8	5.88	-9.0	4.71	13.6	7.0
BURSA	7.60	8.07	6.2%	Buy	6,128	0.91	29.2	30.0	26.0	25.3	3.2	3.2	8.20	-7.3	6.31	20.4	12.6
BUILDING MATERIALS																	
ANNJO	1.65	3.15	90.9%	Buy	885	1.66	42.1	44.9	3.9	3.7	12.2	14.0	3.98	-58.5	1.63	1.2	-57.3
CHINHIN	0.76	1.15	51.3%	Hold	420	1.38	8.3	9.4	9.1	8.0	6.4	6.4	1.42	-46.5	0.73	4.1	-37.2
CMSB	2.39	3.80	59.0%	Buy	2,560	1.38	21.3	22.7	11.2	10.5	3.6	3.8	4.42	-45.9	1.74	37.4	-38.7
CSCSTEL	1.32	1.41	6.8%	Hold	487	0.87	15.8	17.0	8.4	7.7	6.4	6.9	1.84	-28.3	1.27	3.9	-14.3
ENGTEX	1.02	1.29	26.5%	Buy	444	0.93	12.9	15.3	7.9	6.7	1.9	3.0	1.34	-23.9	0.95	7.4	-7.3
CONSTRUCTION																	
GADANG	0.67	1.22	82.1%	Buy	443	1.45	14.0	16.6	4.8	4.0	4.5	4.5	1.33	-49.6	0.64	4.7	-39.6
GAMUDA	3.33	4.70	41.1%	Buy	8,218	0.98	34.3	35.5	9.7	9.4	3.6	3.6	5.45	-38.9	3.00	11.0	-32.9
IJM	1.70	1.85	8.8%	Sell	6,173	1.21	9.6	15.7	17.6	10.8	3.5	3.5	3.52	-51.7	1.60	6.3	-44.3
KAB	0.25	0.37	51.0%	Buy	78	na	3.1	3.7	7.9	6.6	4.1	4.9	0.33	-25.8	0.20	22.5	-18.3
PESONA	0.29	0.29	0.0%	Buy	202	1.33	3.0	3.9	9.5	7.5	5.2	5.2	0.68	-57.0	0.26	13.7	-35.6
SENDAI	0.93	0.70	-24.3%	Sell	722	1.46	9.9	8.7	9.4	10.6	1.1	1.1	1.25	-26.0	0.68	36.0	6.9
SUNCON	1.80	1.85	2.8%	Hold	2,326	0.98	12.7	14.2	14.1	12.7	4.4	5.0	2.64	-31.8	1.72	4.7	-28.3
WCT	0.80	1.14	43.4%	Buy	1,103	0.60	10.5	10.7	7.6	7.4	3.8	3.8	2.12	-62.5	0.70	14.4	-50.9
LITRAK	4.12	5.01	21.6%	Buy	2,175	0.18	43.3	47.1	9.5	8.7	6.1	6.1	6.00	-31.3	3.63	13.5	-25.8
CONSUMER																	
<i>Brewery</i>																	
CARLSBG	19.40	20.65	6.4%	Hold	5,968	0.64	89.4	93.3	21.7	20.8	4.6	4.8	20.88	-7.1	14.48	34.0	27.5
HEIM	22.54	23.11	2.5%	Hold	6,809	0.48	95.2	103.5	23.7	21.8	4.1	4.5	24.02	-6.2	17.30	30.3	19.3
<i>Retail</i>																	
AEON	2.26	2.53	11.9%	Buy	3,173	0.49	7.9	9.2	28.7	24.5	2.0	2.2	2.65	-14.7	1.45	55.9	28.4
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	37.70	30.69	-18.6%	Sell	13,819	0.55	96.0	114.0	39.3	33.1	1.9	2.0	39.98	-5.7	23.40	61.1	39.6
HUPSENG	1.06	1.25	17.9%	Buy	848	0.55	5.8	6.2	18.2	17.2	5.7	5.7	1.23	-13.8	1.02	3.9	-2.8
JOHOTIN	0.95	1.02	7.9%	Buy	293	1.14	8.1	8.5	11.6	11.2	6.3	6.9	1.62	-41.7	0.89	6.2	-21.9
NESTLE	148.00	129.90	-12.2%	Sell	34,706	0.58	322.2	360.2	45.9	41.1	2.0	2.2	163.00	-9.2	82.70	79.0	43.4
PADINI	5.70	5.77	1.2%	Sell	3,750	0.78	25.6	29.1	22.3	19.6	2.2	2.3	6.01	-5.2	3.42	66.6	8.2
POHUAT	1.29	1.83	41.9%	Buy	284	0.53	20.1	23.1	6.4	5.6	4.7	6.2	2.07	-37.6	1.15	12.2	-27.9
QL	5.99	5.42	-9.5%	Sell	9,718	0.77	12.7	14.0	47.1	42.8	0.8	0.8	6.10	-1.8	3.71	61.6	37.7
SIGN	0.54	0.92	70.4%	Buy	122	0.86	6.6	8.7	8.2	6.2	4.6	6.5	0.97	-44.0	0.48	12.5	-23.4
<i>Tobacco</i>																	
BAT	34.30	34.72	1.2%	Sell	9,794	1.29	170.8	168.8	20.1	20.3	4.7	4.7	44.94	-23.7	22.46	52.7	-14.3
GAMING																	
<i>Casino</i>																	
GENTING	8.37	11.65	39.2%	Buy	32,071	0.95	58.9	66.7	14.2	12.5	1.9	1.9	9.90	-15.5	8.30	0.8	-8.3
GENM	4.87	6.77	39.0%	Buy	27,548	1.27	29.7	36.7	16.4	13.3	2.5	2.7	6.09	-20.1	4.59	6.1	-12.1
<i>NFO</i>																	
BJTOTO	2.42	3.34	38.0%	Buy	3,260	0.69	19.6	37.4	12.3	6.5	6.6	10.7	2.62	-7.6	2.06	17.5	8.0
HEALTHCARE																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	1.29	1.52	17.8%	Buy	840	0.50	6.9	7.6	18.6	17.0	3.6	3.8	1.49	-13.4	0.84	52.8	19.0
IHH	5.86	6.60	12.6%	Hold	48,313	0.67	11.9	12.3	49.3	47.8	0.5	0.5	6.42	-8.7	5.42	8.1	0.0
KPJ	1.01	1.14	12.9%	Buy	4,257	0.61	4.0	4.4	25.4	23.0	2.2	2.4	1.15	-12.2	0.84	20.2	4.1
<i>Rubber Gloves</i>																	
HARTA	5.72	4.84	-15.4%	Sell	18,970	0.99	12.6	14.5	45.5	39.5	1.4	1.5	6.64	-13.9	3.19	79.3	7.1
KOSSAN	8.20	9.76	19.0%	Buy	5,244	0.51	31.7	36.1	25.9	22.7	1.5	1.8	8.79	-6.7	6.38	28.5	1.1
SUPERMX	4.29	4.75	10.7%	Buy	2,813	0.63	20.0	22.6	21.5	19.0	1.8	2.1	4.61	-6.9	1.69	153.8	114.5
TOPGLOV	9.13	12.91	41.4%	Buy	11,667	0.48	35.6	41.8	25.6	21.8	1.6	2.0	12.48	-26.8	5.33	71.3	14.3
KAREX	0.84	0.54	-35.7%	Sell	842	0.75	1.3	1.8	62.6	46.7	0.4	0.5	1.69	-50.3	0.50	68.0	-35.4
INDUSTRIAL																	
SCIENTX	7.03	7.00	-0.4%	Sell	3,437	0.70	54.8	57.5	12.8	12.2	2.6	2.7	9.85	-28.6	6.51	8.0	-18.8
SKPRES	1.37	2.20	60.6%	Buy	1,713	0.94	10.2	11.7	13.5	11.7	3.8	4.4	2.35	-41.7	1.27	7.9	-39.9
MEDIA																	
ASTRO	1.64	1.65	0.6%	Hold	8,551	0.99	12.4	13.8	13.2	11.8	7.6	7.6	2.94	-44.2	1.31	25.2	-38.1
MEDIA PRIMA	0.51	0.38	-25.5%	Sell	566	0.75	-6.0	-4.2	na	na	0.0	0.0	0.94	-45.5	0.25	104.0	-32.9
STAR	1.06	1.20	13.2%	Hold	782	0.92	6.3	5.9	16.9	17.9	8.5	8.5	2.22	-52.2	1.00	6.0	-35.8

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	1.47	-0.1	1.1	na	61.8	0.0	0.0	0.98	-32.7	0.63	5.6	-20.0
MISC	5.91	5.73	-3.0%	Sell	26,381	0.88	33.1	40.9	17.8	14.4	5.1	5.1	7.90	-25.2	5.03	17.5	-20.4
PANTECH	0.62	0.77	25.2%	Buy	457	1.11	6.3	6.9	9.7	8.9	4.1	4.4	0.74	-16.9	0.51	20.6	-4.7
PCHEM	8.51	9.05	6.3%	Hold	68,080	0.75	54.3	54.3	15.7	15.7	3.2	3.3	8.88	-4.2	6.80	25.1	10.5
SAPNRG	0.62	0.85	38.2%	Buy	3,685	2.57	-5.0	-1.6	na	na	0.0	0.0	1.75	-64.9	0.40	55.7	-13.4
SERBADK	3.40	4.72	38.8%	Buy	4,993	na	27.5	31.4	12.3	10.8	2.6	2.9	3.68	-7.6	1.86	82.8	4.9
VELESTO	0.29	0.35	20.7%	Buy	2,383	2.17	0.3	1.0	89.2	29.4	0.0	0.0	0.48	-39.6	0.22	34.9	-4.9
UZMA	1.07	1.47	37.4%	Buy	342	1.40	19.8	12.9	5.4	8.3	0.0	0.0	1.67	-35.9	0.93	15.7	-16.4
PLANTATIONS																	
FGV	1.49	1.76	18.1%	Buy	5,436	1.73	1.8	1.5	84.5	99.3	3.4	3.4	2.18	-31.7	1.45	2.8	-11.8
IJMPINT	2.10	1.84	-12.4%	Sell	1,849	0.33	7.9	7.1	26.7	29.4	2.4	2.4	3.12	-32.7	2.08	1.0	-23.4
IOICORP	4.46	5.06	13.5%	Buy	27,235	0.83	19.0	19.6	23.4	22.7	5.9	3.4	4.81	-7.3	4.21	6.0	0.7
KFIMA	1.57	1.65	5.1%	Hold	442	0.63	14.5	12.9	10.8	12.2	5.7	5.7	1.90	-17.4	1.44	9.0	0.0
KLK	24.12	23.75	-1.5%	Sell	25,687	0.61	93.1	100.9	25.9	23.9	2.1	2.0	25.98	-7.2	23.26	3.7	-3.5
SIMEPLT	5.30	5.84	10.2%	Buy	36,044	na	19.6	18.5	27.1	28.6	2.6	2.8	6.00	-11.7	4.58	15.7	-11.7
TSH	1.18	1.09	-7.6%	Sell	1,629	0.38	9.3	9.6	12.7	12.3	2.0	2.1	1.75	-32.6	1.12	5.4	-28.5
UMCCA	6.13	5.43	-11.4%	Sell	1,285	0.42	17.0	19.8	36.2	30.9	2.6	2.9	7.08	-13.4	5.85	4.8	-5.8
PROPERTY																	
GLOMAC	0.46	0.50	9.9%	Hold	361	0.58	1.5	2.5	31.4	18.1	3.3	3.3	0.63	-27.5	0.43	5.8	-18.0
HUAYANG	0.46	0.49	6.5%	Hold	162	0.64	1.3	3.2	36.8	14.5	0.0	0.0	1.04	-55.8	0.44	4.5	-24.6
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	1.65	1.87	13.3%	Buy	9,085	0.81	14.9	14.7	11.1	11.3	3.6	3.6	2.20	-25.0	1.47	12.2	-10.8
MAHSING	1.08	1.22	13.0%	Buy	2,622	0.94	9.4	9.6	11.4	11.3	4.6	4.6	1.61	-32.9	0.98	10.2	-25.5
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	40.4%	Buy	290	0.72	8.3	8.7	6.2	5.9	1.9	1.9	0.79	-33.9	0.50	4.0	-25.2
SPB	4.09	4.11	0.5%	Sell	1,405	0.64	18.7	23.4	21.8	17.5	2.9	2.9	5.50	-25.6	4.05	1.0	-16.5
SPSETIA	2.92	3.23	10.6%	Hold	11,360	1.18	16.1	18.1	18.1	16.1	4.1	4.1	4.00	-27.0	2.77	5.4	-27.0
SUNWAY REIT	1.50	1.65	10.0%	Hold	7,296	0.86	11.8	12.5	12.7	12.0	4.0	4.0	1.96	-23.4	1.44	4.2	-8.0
SUNREIT	1.71	1.87	9.4%	Hold	5,036	0.86	10.0	10.7	17.0	16.0	5.9	6.2	1.90	-10.0	1.48	15.5	-10.0
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	0.86	0.85	-0.6%	Sell	4,205	0.95	5.8	6.7	14.7	12.7	8.2	8.2	1.17	-26.9	0.83	3.6	-12.8
PETDAG	24.92	24.13	-3.2%	Sell	24,757	0.73	114.1	114.9	21.8	21.7	3.4	3.5	28.18	-11.6	20.81	19.7	3.6
PETGAS	17.18	20.23	17.8%	Buy	33,995	0.78	99.3	100.0	17.3	17.2	4.0	4.1	19.50	-11.9	15.82	8.6	-1.7
TENAGA	14.30	18.34	28.3%	Buy	81,198	0.80	139.7	134.6	10.2	10.6	4.9	4.7	16.34	-12.5	13.54	5.6	-6.3
YTLPOWR	1.08	0.78	-27.8%	Hold	8,451	0.61	7.5	7.8	14.4	13.8	4.6	4.6	1.42	-24.0	0.73	47.9	-16.3
TELECOMMUNICATIONS																	
AXIATA	4.07	6.05	48.6%	Buy	36,832	1.77	11.9	15.7	34.1	25.9	2.5	3.3	5.82	-30.1	3.76	8.2	-25.9
DIGI	4.20	5.15	22.6%	Buy	32,655	0.93	19.6	20.2	21.4	20.7	4.7	4.8	5.10	-17.6	3.93	6.9	-17.6
MAXIS	5.27	5.95	12.9%	Hold	41,194	0.97	24.9	24.7	21.2	21.3	3.8	3.8	6.14	-14.2	5.21	1.2	-12.3
TM	3.35	3.30	-1.5%	Sell	12,589	1.37	16.8	14.8	19.9	22.7	5.7	5.7	6.57	-49.0	3.00	11.7	-46.8
TECHNOLOGY																	
<i>Semiconductor & Electronics</i>																	
ELSOFT	2.70	3.30	22.2%	Buy	746	0.71	13.1	14.9	20.7	18.1	3.4	3.9	2.95	-8.5	2.22	21.6	0.0
INARI	2.27	2.45	7.9%	Buy	7,130	0.30	8.2	10.4	27.6	21.9	2.6	3.2	2.55	-10.9	1.44	57.2	0.1
MPI	9.95	11.50	15.6%	Buy	1,979	0.49	69.5	79.8	14.3	12.5	3.2	3.2	14.52	-31.5	7.57	31.4	-21.2
UNISEM	2.54	2.75	8.3%	Buy	1,847	0.86	13.2	18.7	19.3	13.6	4.3	4.3	4.25	-40.2	1.60	58.8	-30.4
TRANSPORTATION																	
<i>Airlines</i>																	
AIRASIA	3.00	3.15	5.0%	Buy	10,026	0.83	28.3	28.6	10.6	10.5	26.7	2.7	4.75	-36.8	2.93	2.4	-10.4
AIRPORT	8.77	8.79	0.2%	Sell	14,551	0.96	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	347	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	0.86	10.0	9.7	9.8	10.1	0.0	4.1	1.79	-45.4	0.93	5.4	-26.9
WPRTS	3.41	3.78	10.9%	Hold	11,628	0.50	15.6	20.0	21.9	17.0	3.4	4.4	3.90	-12.6	3.10	10.0	-7.8

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	25.71	36.10	40.4%	Buy	65,895	1.26	212.3	246.0	12.1	10.5	2.5	2.7	30.8	-16.4	19.68	30.7	5.2
OCBC	11.31	16.60	46.8%	Buy	47,332	1.22	109.5	123.2	10.3	9.2	6.7	7.7	14.0	-19.4	10.68	5.9	-8.7
UOB	26.51	31.70	19.6%	Hold	44,254	1.20	215.7	242.9	12.3	12.3	3.0	3.0	30.4	-12.7	22.79	16.3	0.9
PLANTATIONS																	
WILMAR	3.07	3.27	6.5%	Hold	19,643	0.81	22.5	25.1	13.7	12.2	2.9	3.3	3.5	-11.0	2.97	3.4	-0.6
IFAR	0.23	0.20	-11.1%	Sell	323	1.09	3.0	3.0	7.4	7.5	1.9	1.8	0.5	-55.4	0.22	4.7	-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.