

PP14767/09/2012(030761)

Thursday, November 03, 2016

At a Glance

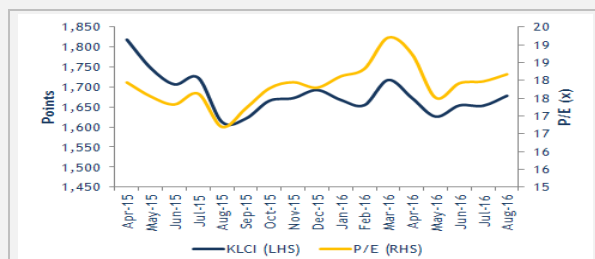
The FBM KLCI fell 11.33 points to 1,659.60 as the market anticipates the US Federal Reserve's (Fed) next move during a policy meeting this week and ahead of the highly anticipated US presidential elections on Nov 8.....(See full report next page)

Corporate Highlights

- **Seacera (CP: RM0.74):** Aborts RM220mil land buy, may renegotiate with vendors
- **WCT (CP: RM1.83):** Desmond Lim becomes executive chairman
- **PetChem (CP: RM7.00):** Q3 net profit at RM891mil

Economic Update

- **German:** Joblessness Falls to Record Low as Economy Ploughs On
- **Saudi Arabia:** Bond Success Hides Its Financial Peril
- **China:** Central Bank Has New Tools to Cool Frothy Money Markets



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
US	31-Oct	8:30 PM	PCE Deflator MoM	0.20%	0.10%
US	31-Oct	8:30 PM	PCE Deflator YoY	1.20%	1.00%
US	31-Oct	8:30 PM	PCE Core MoM	0.10%	0.20%
EC	31-Oct	6:00 PM	CPI Core YoY	0.80%	0.80%
EC	31-Oct	6:00 PM	GDP SA QoQ	0.30%	0.30%
EC	31-Oct	6:00 PM	GDP SA YoY	1.60%	1.60%
JN	31-Oct	7:50 AM	Industrial Production MoM	0.90%	1.30%
JN	31-Oct	7:50 AM	Industrial Production YoY	1.90%	4.50%
JN	31-Oct	7:50 AM	Retail Trade YoY	-1.80%	-2.10%
JN	31-Oct	7:50 AM	Retail Sales MoM	0.20%	-1.10%
JN	31-Oct	1:00 PM	Housing Starts YoY	5.20%	2.50%
JN	31-Oct	1:00 PM	Annualized Housing Starts	0.949m	0.956m
JN	31-Oct	1:00 PM	Construction Orders YoY	--	13.80%
US	1-Nov	9:45 PM	Markit US Manufacturing PMI	--	53.2
US	1-Nov	10:00 PM	Construction Spending MoM	0.50%	-0.70%
US	1-Nov	10:00 PM	ISM Manufacturing	51.5	51.5
US	1-Nov	10:00 PM	ISM New Orders	--	55.1
MA	1-Nov	8:30 AM	Nikkei Malaysia PMI	--	48.6
JN	1-Nov	8:30 AM	Nikkei Japan PMI Mfg	--	51.7
JN	1-Nov	--	BOJ Monetary Policy Statement	--	--
JN	1-Nov	--	BOJ Policy Rate	-0.10%	-0.10%
CH	1-Nov	9:00 AM	Manufacturing PMI	50.3	50.4
CH	1-Nov	9:00 AM	Non-manufacturing PMI	--	53.7
CH	1-Nov	9:45 AM	Caixin China PMI Mfg	50.1	50.1
US	2-Nov	7:00 PM	MBA Mortgage Applications	--	-4.10%
US	2-Nov	8:15 PM	ADP Employment Change	160k	154k
EC	2-Nov	5:00 PM	arkit Eurozone Manufacturing PI	53.3	53.3
US	3-Nov	2:00 AM	JMC Rate Decision (Upper Bound)	0.50%	0.50%
US	3-Nov	2:00 AM	JMC Rate Decision (Lower Bound)	0.25%	0.25%
US	3-Nov	8:30 PM	Nonfarm Productivity	1.50%	-0.60%
US	3-Nov	8:30 PM	Unit Labor Costs	1.50%	4.30%
US	3-Nov	8:30 PM	Initial Jobless Claims	--	258k
US	3-Nov	8:30 PM	Continuing Claims	--	2039k
US	3-Nov	9:45 PM	Markit US Services PMI	--	54.8
US	3-Nov	9:45 PM	Markit US Composite PMI	--	54.9
US	3-Nov	10:00 PM	ISM Non-Manf. Composite	56	57.1
US	3-Nov	10:00 PM	Factory Orders	0.40%	0.20%
US	3-Nov	10:00 PM	Factory Orders Ex Trans	--	0.00%
US	3-Nov	10:00 PM	Durable Goods Orders	--	-0.10%
US	3-Nov	10:00 PM	Durables Ex Transportation	--	0.20%
EC	4-Nov	5:00 PM	Markit Eurozone Services PMI	53.5	53.5
EC	4-Nov	5:00 PM	Markit Eurozone Composite PMI	53.7	53.7
EC	4-Nov	6:00 PM	PPI MoM	0.20%	-0.20%
EC	4-Nov	6:00 PM	PPI YoY	-1.70%	-2.10%
MA	4-Nov	12:00 PM	Exports YoY	-2.00%	1.50%
MA	4-Nov	12:00 PM	Imports YoY	-1.00%	4.90%
MA	4-Nov	12:00 PM	Trade Balance MYR	7.71b	8.51b
MA	4-Nov	3:00 PM	Foreign Reserves	--	\$97.8b
CH	4-Nov	--	BoP Current Account Balance	--	\$64.1b

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,659.60	-11.33	-0.68
FBMEMAS	11,684.11	-81.71	-0.69
FBMEMAS SHA	12,296.51	-76.06	-0.61
FBM100	11,391.75	-76.58	-0.67
Volume (mn)	1,683.74	376.96	28.85
Value (RMmn)	1,975.50	302.91	18.11
FBMKLCI YTD Chg			-1.94

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Institution	67.9	153.7
Retail	14.1	13.2
Foreign	18.0	-166.9

Top Gainers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	59.20	0.20	0.34
PPB GROUP BERH	16.00	0.12	0.76
MERCURY INDUS	1.28	0.10	8.47

Top Losers

	Close	Change+/-	(+/- %)
CYCLE & CARR BIN	3.13	-0.22	-6.57
HONG LEONG IND	9.85	-0.19	-1.89
KOSSAN RUBBER	6.64	-0.18	-2.64

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,959.64	-77.46	-0.43
NASDAQ	5,105.57	-48.01	-0.93
S&P 500	2,097.94	-13.78	-0.65
FTSE 100	6,845.42	-71.72	-1.04
DAX	10,370.93	-155.23	-1.47
Nikkei 225	17,134.68	-307.72	-1.76
HSI	22,810.50	-336.57	-1.45
KOSPI	1,978.94	-28.45	-1.42
STI	2,807.14	-6.55	-0.23
KLCI Futures	1,647.00	(10.00)	(0.01)
USDMYR 3M	9.09	0.03	0.00
USDMYR 6M	9.52	0.02	0.00
USDMYR 12M	9.99	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	46	0.3	0.7%
Brent (USD/bbl)	46.9	-1.3	-2.7%
Gold(USD/ounce)	1,298	1.7	0.1%
Coal (USD/mt)	112.4	-2.4	-2.1%
CPO (RM/mt)	2,758	26.0	1.0%
Rubber	171	-2.6	-1.5%
RM/USD	4.19	0.0082	-0.20%
EUR/USD	0.90	0.0001	0.01%
YEN/USD	103.36	0.06	-0.06%

What To Expect

U.S. Market

- The Dow Jones Industrials Average extended its losing streak by cutting 77.46 points to 17,959.64 along with S&P 500 and Nasdaq ended lower by 13.78 points and 48.01 points to 2,097.94 and 5,105.57, respectively. A tightening U.S. presidential race and falling oil prices have pressured the S&P 500, which has finished lower in every trading session since Oct. 25.
- The Federal Reserve left interest rates unchanged as expected Wednesday, while sending new hints it expects to raise rates in December. Investors were looking ahead to Friday's U.S. jobs report, which could further bolster the case for a December rate increase if it shows continued strength in the labor market. On the other hand, Oil prices tumbled nearly 3 percent on Wednesday after a record weekly build in U.S. crude stocks added to worries of all-time highs in OPEC production that suggested little could be done to rein in a global glut.

- The FBM KLCI fell 11.33 points to 1,659.60 as the market anticipates the US Federal Reserve's (Fed) next move during a policy meeting this week and ahead of the highly anticipated US presidential elections on Nov 8. There were 206 gainers and 658 decliners in total value traded of RM1.97 billion.
- Among the losers on Bursa Malaysia were Cycle & Carriage lost 22 cent to RM3.13, Hong Leong Industries fell 19 cent to RM9.85 and Kossan retreated 18 cent to RM6.64.

Strategy

- Our 2016 year-end FBMKLCI target is 1,790 based on PER of 17.1x. FBMKLCI is NEUTRAL. We have OVERWEIGHT call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.3% in 2016.

CORPORATE HIGHLIGHTS

Seacera (CP: RM0.74): Aborts RM220mil land buy, may renegotiate with vendors

The proposed RM220mil purchase of Duta Nilai Holdings Sdn Bhd, which would have given Seacera Group Bhd slightly more than 250 acres in Selangor to undertake a property development project, has been terminated. The ceramic tiles manufacturer, which began diversifying into property development and construction last year, said it and Duta Nilai's vendors had mutually agreed to cancel the proposed transaction. However, Seacera might enter into future agreement subject to negotiation with the vendors at a later date, it said in a statement to Bursa Malaysia. *(Source: The Star)*

WCT (CP: RM1.83): Desmond Lim becomes executive chairman

Malton Bhd executive chairman Tan Sri Desmond Lim Siew Choon, who acquired 19.67% equity interest in WCT Holdings Bhd on Tuesday, has been appointed

executive chairman of the engineering and construction group. In a filing with Bursa Malaysia on Wednesday, Malton said Lim planned to relinquish his position as executive chairman of Malton and assume the position of non-executive chairman with effect from Jan 2, 2017. His duties and responsibilities as the executive chairman will be reassigned to and assumed by the other executive members of the board," the company said. *(Source: The Star)*

PetChem (CP: RM7.00): Q3 net profit at RM891mil

Petronas Chemicals Group Bhd's (PCG) net profit for the third quarter of financial year 2016 (3Q16) has dipped by 2.7% to RM891mil, compared to the third quarter performance of the previous financial year. Via a filing to the Malaysian bourse, the leading integrated chemicals producer in Malaysia clarified on Wednesday that lower product prices catalysed the slight drop in its net profit. PCG's revenue for the latest quarter also saw a marginal decline of 2% to RM3.56bil, as lower product prices negated the impact of higher volumes. However, when compared to the preceding quarter, PCG's revenue for the quarter increased significantly by 11% due to favourable foreign exchange impact and higher volumes. *(Source: The Star)*

FGV (CP: RM1.82): Eyes sale of seeds and fertilisers in Indonesia

Felda Global Ventures Holdings Bhd (FGV) will explore the possibility of marketing the planting materials of a subsidiary and other agriculture-related products, including fertilisers, in Indonesia. In a filing with Bursa Malaysia on Wednesday, FGV said its unit, Felda Agricultural Services Sdn Bhd, had signed a memorandum of understanding (MoU) with PT Mitra Agro Servindo on collaborating to explore market opportunities. It said the MoU was valid for six months to enable both parties to finalise and agree on a definitive agreement or such an extended period as agreed in writing by them. *(Source: The Star)*

Sime Darby (CP: RM8.11): To develop logistics park in China

Sime Darby Bhd plans to invest RM15mil to develop a 265ha logistics park in China, located next to its port operations in Weifang, Shandong province. Its logistics division managing director, Timothy Lee Chi Tim, said the allocation in the financial year ending June 30, 2017 (FY17) would include laying down some of the park utilities, initial study and consultancy. "It is still in the initial stage and we're also working with different parties to set up a halal-specified area within the park. *(Source: The Star)*

Pesona Metro (CP: RM0.435): To build I-City shopping mall for RM488m

Pesona Metro Holdings Bhd has bagged the construction job to build Central Plaza @ I-City in Shah Alam, Selangor valued at RM488 million. According to its bourse filing, its unit Pesona Metro Sdn Bhd has received a Letter of Award from Central Plaza I-City Real Estate Sdn Bhd for the project today. Central Plaza I-City Real Estate is the owner of the proposed shopping complex. *(Source: The Edge)*

Titijaya (CP: RM1.78): Denies CREC buying stake in the company

Titijaya Land Bhd today denied that China Railway Group Ltd (CREC) was buying shares in the property developer to build a strategic stake in the company. "The company wishes to clarify that after making due and diligent enquiries with the directors and major shareholders and such other relevant persons, there are no

shares [sold] to CREC," it told the stock exchange today. It added that to date, the company has not been informed by CREC in respect of the above-mentioned share sale. *(Source: The Edge)*

CLIQ (Suspended): Shareholders to get 73.3 sen per share by Nov 14

CLIQ Energy Bhd's entitled shareholders will get back their investment of 73.3 sen per share in the special purpose acquisition company (SPAC) by Nov 14. According to its bourse filing today, the liquidators — Onn Kien Hoe and Mok Yuen Lok of Crowe Horwath Advisory Sdn Bhd — said they are set to make the first distribution, representing 98% of the monies held in CLIQ's cash trust account as at Sept 13. The entitled shareholders will be based on the record of depositors at Bursa Malaysia Depository Sdn Bhd as at Oct 7, excluding the management team and persons connected to them as defined in the prospectus, said CLIQ. *(Source: The Edge)*

Trive Property (CP: RM0.09): Cancels EGM on RM19.6m Terengganu land buy

Loss-making Trive Property Group Bhd has cancelled an extraordinary general meeting, scheduled for Nov 16, in relation to the purchase of a RM19.6 million Terengganu land. According to its bourse filing today, Trive Property, formerly known as Eti Tech Corp Bhd, said the meeting was called off pending "clarification on a development that may have a material outcome on the proposed acquisition". "Further updates on this matter will be announced in due course," it said. *(Source: The Edge)*

Favelle Favco (CP: RM2.32) secures RM70m worth of crane supply contracts

Favelle Favco Bhd said it secured crane supply contracts worth RM70.6 million in total, during the past two months. Its subsidiary Kroll Cranes A/S secured two tower crane supply contracts from HHIC-Phil Korea and Energy Solution Management Co Ltd respectively, with both contracts to be delivered by the second quarter of 2017. Meanwhile, Favelle Favco Cranes Pte Ltd and Favelle Favco Cranes (M) Sdn Bhd had both secured contracts for the supply of offshore cranes from Federal Hardware Engineering Co Pte Ltd and MISC Offshore Floating Terminals (L) Ltd. *(Source: The Edge)*

ECONOMIC UPDATES

German: Joblessness Falls to Record Low as Economy Ploughs On

German unemployment fell more than economists forecast in October, pushing the jobless rate to a fresh record low. The number of people out of work declined by a seasonally adjusted 13,000 to 2.662 million in October, data from the Federal Labor Agency in Nuremberg showed on Wednesday. Economists in a Bloomberg survey forecast a drop of 1,000. The jobless rate dropped to 6 percent, the lowest level since the country's reunification. *(Source: Bloomberg)*

Saudi Arabia: Bond Success Hides Its Financial Peril

Saudi Arabia's first-ever foray in international credit markets was undoubtedly a success. There were four times as many buyers as needed for its \$17.5 billion bond issue, which surpassed all other benchmarks of previous emerging-market

bond offerings. The conventional wisdom is that it validated Deputy Crown Prince Mohammad bin Salman's overarching plan to wean the kingdom of oil and move it toward more a balanced, technologically driven economy. In truth, the bond sale was a rare bright spot in a series of economic and geopolitical missteps that have not only plunged Saudi Arabia into budgetary chaos but also weakened its grip on global oil markets. *(Source: Bloomberg)*

China: Central Bank Has New Tools to Cool Frothy Money Markets

While you wait for the next interest-rate increase in the world's largest economy, policy has quietly tightened in the second-biggest: China. The People's Bank of China has allowed a steady increase in money market rates in recent weeks to squeeze leverage in the murky shadow banking realm. A side benefit: higher short-term rates cushion a weakening yuan, which is under pressure as capital flows out and the dollar strengthens on expectations the Federal Reserve will raise interest rates by year-end. China's benchmark one-year lending and deposit rates have been on hold for more than a year, giving the appearance of a neutral footing. But with interest-rate policy midway through a multi-year makeover, the old benchmarks may not be where the action is. *(Source: Bloomberg)*

UK: Construction growth hits seven-month high, but outlook darkens

Growth in Britain's construction industry hit a seven-month high in October as housebuilding rose, but slowing order books and soaring prices for building materials darkened the outlook, a survey showed on Wednesday. The Markit/CIPS UK Construction Purchasing Managers' Index (PMI) rose unexpectedly to 52.6 from 52.3, confounding a Reuters poll forecast for a drop to 51.8. Sterling and government bonds showed little reaction to the figures. While the survey chimed with signs the economy has maintained momentum since June's Brexit vote, weakening growth in new orders and rocketing costs suggested next year will prove more difficult. *(Source: Reuters)*

Tanzania: Sees economy expanding at 7.5 pct in 2017 - Finance Ministry

Tanzania's government has set an economic growth target of 7.5 percent in 2017, compared to an estimate of 7.2 percent this year, and plans to hike spending in the 2017/18 fiscal year by 11.5 percent to 32.9 trillion shillings (\$15.1 billion). The Tanzanian economy grew 7 percent last year, driven by transport, construction, communications and financial sectors. Africa's fourth-largest gold producer has vast deposits of natural gas, coal, diamonds, uranium and gemstones. But 70 percent of the population rely on agriculture for a living and many have not benefitted from Tanzania's rapid economic growth. *(Source: Reuters)*

Irish: unemployment rate falls to 7.7 percent in October

Ireland's unemployment rate fell to an eight-year low of 7.7 percent in October, data showed on Wednesday, suggesting economic growth remains strong despite uncertainty surrounding Britain's vote to leave the European Union. The unemployment rate fell from 7.9 percent in September as the total number of people unemployed fell to 168,800 from 173,200, the state statistics office said. Employment has increased strongly amid a broadening economic recovery since the jobless rate hit a high of 15.1 percent in early 2012. *(Source: Reuters)*

M&A Securities

STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between -10% and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6
The Boulevard, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893
Website:

Head Of Research



Rosnani Rasul
M&A Securities