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## At a Glance

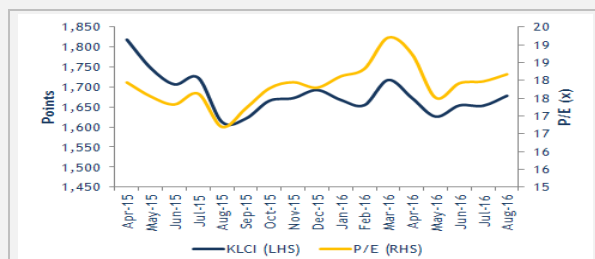
The FBM KLCI climbed 2.35 points to 1,650.59 after the US Federal Bureau of Investigation (FBI) said Democratic candidate Hillary Clinton's private email server usage for government work did not warrant any criminal charges.....(See full report next page)

## Corporate Highlights

- **Axiata (CP: RM4.81):** Boosts stake in Myanmar telecom tower operator for RM147.6mil
- **AirAsia(CP: RM2.81):** Group moves into new corporate office
- **NWP (CP: RM0.205):** Ventures into construction with a RM22mil contract

## Economic Update

- **Malaysia:** Bank Negara reserves unchanged at Oct 31
- **China:** Oct forex reserves fall most in nine months, lowest since early 2011
- **Hong Kong:** Home prices set to plunge on policy change



## KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
MA	7-Nov	3:00 PM	Foreign Reserves	--	\$97.8b
EC	7-Nov	5:10 PM	Markit Eurozone Retail PMI	--	49.6
EC	7-Nov	6:00 PM	Retail Sales MoM	-0.50%	-0.10%
EC	7-Nov	6:00 PM	Retail Sales YoY	1.20%	0.60%
CH	7-Nov		Foreign Reserves	\$3132.5b	\$3166.4b
US	8-Nov	4:00 AM	Consumer Credit	\$17.500b	\$25.873b
JN	8-Nov	1:00 PM	Leading Index CI	100.4	100.9
JN	8-Nov	1:00 PM	Coincident Index	112.1	112
CH	8-Nov		Trade Balance	\$51.80b	\$41.99b
CH	8-Nov		Exports YoY	-6.00%	-10.00%
CH	8-Nov		Imports YoY	-1.20%	-1.90%
CH	8-Nov		Trade Balance CNY	365.40b	278.35b
CH	8-Nov		Exports YoY CNY	-0.80%	-5.60%
CH	8-Nov		Imports YoY CNY	5.00%	2.20%
CH	8-Nov		Foreign Direct Investment YoY CN	2.50%	1.20%
US	9-Nov	8:00 PM	MBA Mortgage Applications	--	-1.20%
CH	9-Nov	9:30 AM	CPI YoY	2.10%	1.90%
CH	9-Nov	9:30 AM	PPI YoY	0.90%	0.10%
US	10-Nov	9:30 PM	Initial Jobless Claims	--	265k
US	10-Nov	9:30 PM	Continuing Claims	--	2026k
US	11-Nov	11:00 PM	U. of Mich. Sentiment	87.3	87.2
MA	11-Nov	12:00 PM	GDP SA QoQ	--	0.70%
MA	11-Nov	12:00 PM	GDP YoY	4.10%	4.00%
MA	11-Nov	12:00 PM	BoP Current Account Balance MYR	2.1b	1.9b
MA	11-Nov	12:00 PM	Industrial Production YoY	4.20%	4.90%
MA	11-Nov	12:00 PM	Manufacturing Sales Value YoY	--	-0.60%
JN	11-Nov	7:50 AM	PPI MoM	0.00%	0.00%
JN	11-Nov	7:50 AM	PPI YoY	-2.60%	-3.20%

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## Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,650.59	2.35	0.14
FBMEMAS	11,617.11	9.39	0.08
FBMEMAS SHA	12,221.84	-10.12	-0.08
FBM100	11,324.50	8.70	0.08
Volume (mn)	1,483.34	162.42	12.30
Value (RMmn)	1,729.50	118.79	7.38
FBMKLCI YTD Chg			-2.48

## Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Institution	60.3	-34.9
Retail	13.8	4.7
Foreign	25.9	30.2

## Top Gainers

	Close	Change+/-	(+/- %)
LPI CAPITAL BHD	16.90	0.40	2.42
TAHPS GROUP	7.10	0.30	4.41
GENTING BHD	7.99	0.19	2.44

## Top Losers

	Close	Change+/-	(+/- %)
BRIT AMER	46.96	-0.94	-1.96
TOBACC			
KESM INDUS BHD	9.00	-0.33	-3.54
FAR EAST HLDGS	7.66	-0.30	-3.77

## World Indices

	Close	Change+/-	(+/- %)
DJIA	18,259.60	371.32	2.08
NASDAQ	5,166.17	119.80	2.37
S&P 500	2,131.52	46.34	2.22
FTSE 100	6,806.90	113.64	1.70
DAX	10,456.95	197.82	1.93
Nikkei 225	17,177.21	271.85	1.61
HSI	22,801.40	158.78	0.70
KOSPI	1,997.58	15.56	0.79
STI	2,800.95	12.15	0.44
KLCI Futures	1,637.50	3.00	0.00
USDMYR 3M	8.97	(0.04)	(0.00)
USDMYR 6M	9.54	-	-
USDMYR 12M	9.97	(0.01)	(0.00)

## Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	45	0.0	0.0%
Brent (USD/bbl)	46.2	0.6	1.3%
Gold(USD/ounce)	1,283	1.1	0.1%
Coal (USD/mt)	112.0	3.3	3.0%
CPO (RM/mt)	2,789	53.0	1.9%
Rubber	176	2.2	1.3%
RM/USD	4.21	0.0134	-0.32%
EUR/USD	0.91	-0.0006	-0.07%
YEN/USD	104.55	0.09	-0.09%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average surged 371.32 points to 18,259.60 along with S&P 500 and Nasdaq ended up by 46.34 points and 119.80 points to 2,131.52 and 5,166.17, respectively. Stocks are surging on Wall Street, breaking a nine-day losing streak, after the FBI said newly discovered emails didn't warrant any action against presidential candidate Hillary Clinton.
- U.S. benchmark crude oil was up 25 cents, or 0.6 percent, at \$44.32 a barrel in New York. The price of oil is coming off a six-day losing streak. Brent crude, which is used to price international oils, was up 6 cents at \$45.64 a barrel in London.

- The FBM KLCI climbed 2.35 points to 1,650.59 after the US Federal Bureau of Investigation (FBI) said Democratic candidate Hillary Clinton's private email server usage for government work did not warrant any criminal charges. There were 366 gainers and 388 decliners in total value traded of RM1.73 billion.
- Among the gainers on Bursa Malaysia were LPI Capital which rose 40 cent to RM16.90, TAHPS increased 30 cent to RM7.10 and Genting gained 19 cent to RM7.99.

### 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

### **Axiata (CP: RM4.81): Boosts stake in Myanmar telecom tower operator for RM147.6mil**

Axiata Group Bhd's unit edotco Group Sdn Bhd, which in December last year bought 75% equity interest in edotco Investments Singapore Pte Ltd (edotco SG) to expand its footprint into Myanmar, is increasing its stake further to 87.5%. Axiata's telecommunications infrastructure services subsidiary bought the additional 12.5% stake in edotco SG, which owns edotco Myanmar Ltd, for US\$35mil (RM147.6mil) cash. Edotco Myanmar, according to its website, owns and operates 1,250 tower sites in the republic, which Axiata sees as a largely untapped telecom infrastructure market and one of South-East Asia's largest. (Source: The Star)

**AirAsia(CP: RM2.81): Group moves into new corporate office**

AirAsia and AirAsia X staff officially moved into its new corporate base called RedQ, which is located beside klia2, this morning (Monday). RedQ, which is short for RedQuarters, covers an area of 18,000 sq m and will house up to 2,000 AirAsia Allstars (staff). Construction for RedQ began in December 2014.

AirAsia said in a statement that the design of this new corporate office reflected the airline group's determination in becoming the number one airline in Malaysia and across the region, while incorporating elements showcasing its professional, fun and friendly attitude. *(Source: The Star)*

**NWP (CP: RM0.205): Ventures into construction with a RM22mil contract**

NWP Holdings Bhd's wholly-owned subsidiary NWP Builder Sdn Bhd has been appointed as the main contractor of Listari Marina (MM2H) Sdn Bhd's (LMH) proposed development of serviced suites in Malacca for RM22mil. The loss-making timber product manufacturer, which has been exploring additional business opportunities to strengthen its financial position, said the agreement was for the construction of a nine-storey tower block with 160 units of serviced suites in Pekan Klebang. In the same filing with Bursa Malaysia, the company also said NWP Builder had been given a G7 licence last Thursday following its application to the Construction Industry Development Board Malaysia to be a registered contractor. *(Source: The Star)*

**SLP (CP: RM2.39): May invest RM24mil to expand plant**

SLP Resources Bhd is expected to spend RM15mil on capital expenditure (capex) this year and another RM9mil in 2017 to expand its plant. The plastic packaging manufacturer, which has spent RM12mil on capex to-date, is expected to invest in downstream machinery for the new facility, which will be completed in the fourth quarter of this year, while the monies allocated for next year will be for new machinery for capacity expansion in 2018. According to Kenanga Investment Bank Research, SLP would unlikely see any capacity expansion in 2016, as the planned capex was mainly for acquisition of downstream machinery and building cost. *(Source: The Star)*

**Reach Energy (CP: RM0.725): Shareholders get extra time to consider acquisition**

Reach Energy Bhd shareholders will have until Nov 16 - slightly later than earlier announced - to decide whether the company should acquire 60% equity interest in Palaeontol BV and 60% of the shareholder loans from MIE Holdings Corp (MIEH) for US\$154.89mil (RM652.67mil). The special purpose acquisition company told Bursa Malaysia that this followed an agreement entered into with MIEH and Palaeontol COOP on Monday to extend the longstop date to Nov 17. *(Source: The Star)*

**Sunway (CP: RM3.02): Proposes JV to tap digital media industry**

Sunway Bhd is proposing a joint venture to tap into the growing digital media industry. The real estate conglomerate said in a Bursa Malaysia announcement that wholly owned subsidiary, Sunway Holdings Sdn Bhd (SHSB), yesterday had entered into a subscription and shareholders agreement with Alan Ow Wui Kiat and Erman Akinci, as well as the JV company Monumental Productions Sdn Bhd, with the intention of establishing a joint venture via the JVCo to collaborate as

partners for the purpose of investing in digital media business content and assets. *(Source: The Star)*

#### **BHS Industries (CP: RM0.425): Gains 1.15% on diversification plan**

BHS Industries Bhd shares gained 1.15% in early trade today after the company said it plans to diversify its business to include the construction, development and management of Green Technology Park Pekan and other construction and property development activities. At 9.13am, BHS added half a sen to 44 sen with 60,500 shares traded. In the filing with Bursa Malaysia today, BHS said the proposed diversification will reduce its risk of dependency on its existing printing business, noting its printing business has been facing a slide in profitability, due to the lower print orders received. *(Source: The Edge)*

### **ECONOMIC UPDATES**

#### **Malaysia: Bank Negara reserves unchanged at Oct 31**

Bank Negara Malaysia's (BNM) international reserves were unchanged in US dollar terms at US\$97.8bil as at Oct 31 from Oct 14. The central bank said on Monday the reserves, in ringgit terms, dipped to RM405.50bil at Oct 31 from RM405.60bil as the ringgit firmed up slightly against the greenback during the two-week period. It said the reserves position at Oct 31 were sufficient to finance 8.4 months of retained imports and was 1.2 times the short-term external debt. The Kuala Lumpur US\$/Ringgit reference rate issued by BNM showed the ringgit was at 4.2084 to the US\$ on Oct 14 and strengthened to 4.2055 on Oct 31. *(Source: The Star)*

#### **China: Oct forex reserves fall most in nine months, lowest since early 2011**

China's foreign exchange reserves fell the most in nine months in October and by far more than expected to the lowest since March 2011, indicating further capital outflows despite recent signs the world's second-largest economy is stabilising. Reserves fell US\$45.7 billion last month to US\$3.121 trillion, the biggest monthly decline since January, compared with a near US\$19 billion fall in September, central bank data showed on Monday. The October drop was the fourth in a row, and exceeded the previous three months combined, though analysts said a surging US dollar may have accounted for much of the move. *(Source: The Edge)*

#### **Hong Kong: Home prices set to plunge on policy change**

Hong Kong leaders' surprise move to cool the world's least affordable home market is set to spur an immediate plunge in prices and transactions as buyers and sellers hit the pause button. Louis Chan, chief executive of the residential unit of Centaline Property Agency Ltd., sees transaction volumes plunging by 60% to 70% in the next three months, and now expects a 5% to 8% drop in prices, after previously projecting an increase in that range. Ricacorp Properties Ltd's Willy Liu said transactions will drop 30% to 40% in the next two months and prices will fall 5%. *(Source: The Edge)*

**Indonesia: 3Q GDP growth slows, govt spending slump dampens outlook**

Indonesia's economic growth weakened in the third quarter, hurt by a slowdown in major trading partners and a slump in government spending, suggesting the economy could struggle to mount a solid rebound over the next year. Southeast Asia's largest economy grew 5.02% on an annual basis in July-September, the statistics bureau said on Monday, broadly in line with expectations in a Reuters poll, but slower than the 5.19% in the second quarter. The third quarter result puts Indonesia further away from President Joko Widodo's ambitious 7% growth pledge, a goal he announced when campaigning for the presidency in 2014 only to see it pushed into the distance by slow reforms, red tape and weak global demand. *(Source: The Edge)*

**UK: Domestic M&A deals slump to 30 year low after Brexit vote**

The value of merger and acquisition deals between UK companies has plunged 62% to a 30 year-low since the country's vote to leave the European Union, according to Thomson Reuters data, in a sign of the uncertainty gripping businesses. Domestic deals since the June 23 referendum have totalled US\$1 billion, the data show. Foreign purchases of British firms have also slumped 69%, according to the figures, despite a sharply weaker pound. Softbank's US\$30.7 billion deal to buy UK-based chip designer ARM Holdings in July had sparked hopes among bankers that the fall in sterling might boost dealmaking. *(Source: The Edge)*

**UK: House prices fall again in October after Brexit - Knight Frank**

The price of central London's most expensive homes fell again in October, continuing a decline which began earlier this year due to increased property taxes and the Brexit vote, a consultancy said on Monday. In the latest sign that the property market is cooling since Britons voted to leave the European Union, Knight Frank said prices fell by an annual 2.3% last month in London's most desirable postcodes, the biggest drop in seven years. A decline of 1.8% in August and 2.1% in September had been the biggest falls since October 2009, when prices fell 3.2% as Britain began recovering from the effects of the financial crisis. *(Source: The Edge)*



# 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.

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