

# Newz Bits

## HIGHLIGHTS

### On Malaysia

- CIMB gets nod to for equity stake in Vietnam's VFC Securities
- Sime is awaiting approval to launch Selangor Vision City
- Public Bank doesn't plan for fresh capital this year
- BNM will raise interest rates in a measured, gradual way

|              | Last     | D-o-D chg % | YTD chg % |
|--------------|----------|-------------|-----------|
| FTSE BM KLCI | 1,288.1  | 0.4         | 1.2       |
| FTSE BM ACE  | 4,277.4  | (1.2)       | (0.5)     |
| Dow Jones    | 10,406.0 | 0.0         | (0.2)     |
| S&P 500      | 1,118.3  | 0.2         | 0.3       |
| Nasdaq       | 2,280.8  | 0.3         | 0.5       |
| FTSE         | 5,484.1  | 1.4         | 1.3       |
| Nikkei       | 10,221.8 | 0.5         | (3.1)     |
| Hang Seng    | 20,906.1 | (0.7)       | (4.4)     |

### On The Global Front

- European inflation slows in February
- Japan's jobless rate and consumer spending improves in Jan
- Australia lifted interest rates to 4%

| Currency  | 2 Mar  | 1 Mar  | % chg  |
|-----------|--------|--------|--------|
| USD/RM    | 3.3865 | 3.3895 | (0.09) |
| Yen100/RM | 3.7906 | 3.8037 | (0.35) |
| EURO/RM   | 4.5806 | 4.6136 | (0.72) |
| SGD/RM    | 2.4081 | 2.4128 | (0.20) |

## REPORTS

- Boustead Holdings - RM75m net gain from BHI sale (Hold; RM3.40; TP: RM3.30)

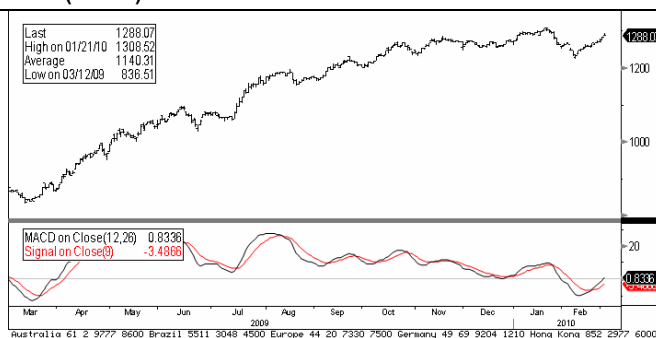
### Market Turnover

|              |         |         |        |
|--------------|---------|---------|--------|
| Vol (m shrs) | 839.4   | 1,052.0 | (20.2) |
| Value (RMm)  | 1,458.0 | 1,667.9 | (12.6) |

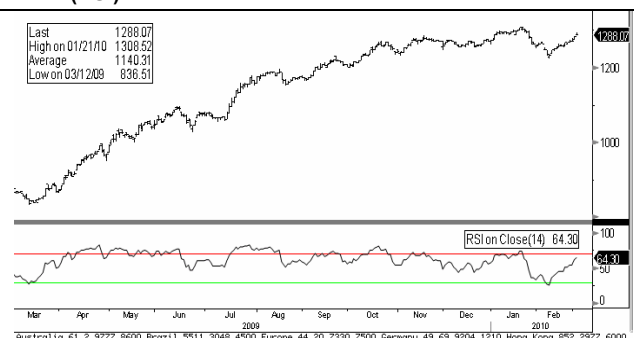
### Futures

|                              |         |         |        |
|------------------------------|---------|---------|--------|
| KLCI (1 <sup>st</sup> month) | 1,289.0 | 1,283.0 | 0.47   |
| CPO (3 <sup>rd</sup> month)  | 2,612.0 | 2,630.0 | (0.68) |
| WTI (1 <sup>st</sup> month)  | 78.70   | 79.66   | (1.21) |

KLCI (MACD)



KLCI (RSI)



Source: Bloomberg

## Malaysia

**CIMB Investment Bank Bhd, a wholly owned unit of CIMB Group Holdings (CIMB MK, Buy, TP: RM15.25) gets nod from the Vietnam Securities Commission** for its subscription of equity interest in Vinashin Shipbuilding Finance Company Securities LLC, (VFC Securities). The approval was obtained on Feb 23, CIMB said in a statement to Bursa Malaysia. VFC Securities will change its name to CIMB Vinashin Securities LLC with immediate effect. VFC is wholly owned by Vietnam Shipbuilding Industry Group (Vinashin), the largest shipbuilder and an industrial conglomerate in Vietnam. (*Financial Daily*)

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**Public Bank Bhd (PBB) (PBK MK, Buy, TP: RM14.50) has no plans to raise fresh capital this year** despite some quarters expressing concern that its capital ratios may decline upon the implementation of enhancements to the Basel III framework, said its chief operating officer, Leong Kwok Nyem. The Basel Committee announced that it had approved the consultation of a package of proposals to strengthen global bank capital and liquidity regulations, dubbed as Basel III. Leong said that the bank was comfortable with its capital levels. Its risk weighted capital ratio rose to 14.2% as at Dec 31, 2009. (*Financial Daily*)

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**Sime Darby Property Bhd, a subsidiary of Sime Darby Bhd, (SIME MK, Hold, TP: RM8.30) is awaiting approval from the state and federal governments for its proposed 10,861 acre Selangor Vision City (SVC) development.** The SVC is located along the Guthrie Corridor Expressway from Lagong to Bukit Jelutong, and 3,450 acres of the total 10,861 acres have been developed. The entire SVC project will have an estimated GDV of RM10bn, and will focus on the Bukit Jelutong City Centre and an environmentally-friendly township named Elmina East, which has an estimated GDV of RM6bn. (*Financial Daily*)

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**Bank Negara Malaysia (BNM) will raise interest rates in a measured, gradual way** in order to keep supporting the economy, governor Tan Sri Zeti Akhtar Aziz said. Zeti said that inflation pressures remained modest and the central bank would not rush to withdraw policy support. "Interest rates will continue to be supportive of growth. Current rates were brought down to these levels because of the extraordinary circumstances to avert a fundamental recession," Zeti said. She also added that a change to banks' reserve requirements was not likely to be part of the normalisation process unless there is fundamental situation of excess liquidity in the system. (*Financial Daily*)

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**The government will emphasize on promoting more domestic private investments through public-private partnership (PPPs) under the 10<sup>th</sup> Malaysia Plan instead of depending on foreign direct investments to ensure future growth.** Minister in the Prime Minister's department Tan Sri Nor Mohamed Yakcop said domestic private companies have upgraded themselves to be at par with international standards and that it's time to provide opportunities for local investors to support sustainable economic growth. He added that the government will continue to place emphasis on infrastructure development to propel the country's economic transformation via private sector participation in PPP policies. (*Malaysian Reserve*)

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**Malaysia's government said exports may grow this year at twice the pace it predicted earlier, citing rising global demand for palm oil and electronics.** Overseas shipment may increase 6% or 7% this year, more than a previous forecast of 3.5%, International Trade and Industry Minister Mustapa Mohamad said. "The recovering global economy would contribute to increased demand for Malaysian exports such as electrical and electronic products, furniture, rubber products as well as commodities," he said. (*Malaysian Reserve*)

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## Global

**Stocks ended with modest gains Tuesday**, giving up a bigger advance, as investors weighed February auto sales, some upbeat company news and signs that Greece won't default on its debt. The Dow Jones industrial average ended just above unchanged (+2 pts, close: 10,405.98). The S&P 500 index added 0.2% (+2 pts, close: 1,118.31) and the Nasdaq composite rose 0.3% (+7 pts, close: 2,280.79). U.S. light crude oil for April delivery rose 98 cents to settle at US\$79.68 a barrel on the New York Mercantile Exchange. *(Bloomberg)*

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**European inflation slowed in February** after rising unemployment and a weakening recovery prompted households to scale back spending. Consumer prices in the 16-nation euro region rose an estimated 0.9% from a year earlier after increasing 1% in January, the European Union statistics office in Luxembourg said. Producer prices fell 1% in January from a year earlier, the smallest decline in a year, the statistics office said in a separate report. *(Bloomberg)*

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**Greek Prime Minister George Papandreou said his government is discovering "new holes" in the budget** on a daily basis as it prepares to announce as much as 4.8bn euros (US\$6.5bn) in extra deficit cuts. Bowing to pressure from the European Union and investors to do more to tame the EU's biggest budget gap, the steps to be unveiled will include higher tobacco, alcohol and sales taxes and steeper reductions in public workers' bonus payments, said a person familiar with the matter, who declined to be identified because the details aren't yet public. Greece is signing up to even greater austerity measures two days before Papandreou meets Germany's Angela Merkel, and the effort may help the chancellor justify aiding Greece to her taxpayers and political allies who say the country shouldn't be bailed out after years of excess. *(Bloomberg)*

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**Japan's jobless rate and consumer spending improved in January**, but analysts and officials remained cautious about the outlook, fearing the positive trends may not last once government stimulus measures expire. The country's finance minister expressed doubts that the momentum would continue, and left open the possibility that further steps may be needed. The jobless rate fell to a 10-month low in January as hiring picked up, official data showed Tuesday. The unemployment rate fell to 4.9% from 5.2% the month before, beating economists' forecast of 5.1%. *(WSJ)*

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**Australia lifted interest rates to 4%** and warned they would continue higher as growth gets back on track and unemployment stabilises after the financial crisis. The Reserve Bank of Australia said rates would need to return to "average" levels after Australia escaped the global downturn without entering recession due to strong stimulus spending and huge Asian demand for its resources. "In Australia, economic conditions in 2009 were stronger than expected, after a mild downturn a year ago," the bank said. *(BT)*

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**Australia's services industry shrank in February at a slower pace amid rising demand among banks and transport companies.** The performance of services index rose 0.9 points to 48.3 from January, Commonwealth Bank of Australia and the Australian Industry Group said in Sydney today. A figure below 50 indicates the industry is shrinking. The index has fallen every month since October, when it hit the highest level in 19 months. *(Bloomberg)*

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**The Bank of Canada kept its benchmark interest rate at a record low**, and said that inflation and economic output have been higher than policy makers expected, signalling rate increases in coming months. The target rate for overnight loans between commercial banks remained at 0.25%, where it's been since April. The bank also repeated a pledge to leave it unchanged through June unless the "current" inflation outlook shifts. The economy grew at a 5% pace in the fourth quarter, Statistics Canada said, faster than the bank's Jan. 21 prediction of 3.3%. *(Bloomberg)*

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## Dates To Note

### Mar 2010

| Monday   | Tuesday  | Wednesday  | Thursday  | Friday   |
|--|--|--|---|--|
| 1<br>MY - Unemployment Rate<br>US - ISM Manufacturing<br>CHINA - PMI Manufacturing | 2  | 3<br>US - ADP Employment<br>US - Total Vehicle Sales<br>US - Challenger Job Cuts<br>CHINA - Trade Balance  | 4<br>MY - BNM Monetary Policy<br>US - Initial Jobless Claims<br>US - Pending Home Sales Index   | 5<br>MY - External Trade<br>MY - BNM Statement of Acc<br>MY - Foreign Reserves<br>US - Unemployment Rate |
| 8<br>JAPAN - Trade Balance   | 9  | 10   | 11<br>MY - Index of Industrial Prod<br>MY - Manufacturing Sales<br>US - Trade Balance<br>US - Initial Jobless Claims<br>CHINA - Price Index<br>CHINA - Industrial Production<br>JAPAN - GDP | 12<br>US - Retail Sales<br>US - Consumer Sentiment<br>JAPAN - Ind Production                             |
| 15<br>US - Industrial Production<br>US - Housing Market Index                      | 16<br>US - Housing Starts<br>US - FOMC Meeting   | 17<br>MY - CPI<br>US - Producer Price Index<br>JAPAN - BOJ Target Rate   | 18<br>US - Consumer Price Index<br>US - Initial Jobless Claims<br>US - Philadelphia Fed Survey<br>US - Leading Indicators   | 19<br>MY - BNM Statement of Acc<br>MY - Foreign Reserves   |
| 22   | 23<br>US - Existing Home Sales   | 24<br>US - Durable Goods Orders<br>US - New Home Sales   | 25<br>US - Initial Jobless Claims   | 26<br>US - GDP<br>US - Consumer Sentiment<br>JAPAN - Tokyo CPI   |
| 29   | 30<br>US - S&P Case/Shiller HPI<br>US - Consumer Confidence<br>JAPAN - Jobless Rate<br>JAPAN - Industrial Production | 31<br>MY - Unemployment Rate<br>MY - BNM Int Reserves<br>MY - BNM Statistical Bulletin<br>MY - M3 Money Supply<br>US - ADP Employment<br>US - Chicago PMI<br>US - Factory Orders |   |  |

### April 2010

| Monday                        | Tuesday  | Wednesday  | Thursday  | Friday  |
|-------------------------------|--|--|---|---|
|                               |  |  | 1<br>US - Initial Jobless Claims<br>US - ISM Manufacturing<br>CHINA - PMI Manufacturing   | 2<br>US - Total Vehicle Sales<br>US - Unemployment Rate   |
| 5<br>US - Pending Home Sales  | 6  | 7<br>MY - Foreign Reserves<br>MY - BNM Statement of Acc<br>JAPAN - BOJ Target Rate | 8<br>MY - Industrial Production<br>US - Initial Jobless Claims<br>JAPAN - Trade Balance   | 9   |
| 12                            | 13<br>US - Trade Balance<br>US - Import Price Index        | 14<br>MY - Consumer Price Index  | 15<br>US - Initial Jobless Claims<br>US - Industrial Production<br>US - Philadelphia Fed<br>CHINA - Price Index<br>JAPAN - Industrial Production  | 16<br>US - Housing Starts   |
| 19<br>MY - Leading Indicators | 20   | 21<br>MY - CPI<br>US - ABC Consumer Confidence                                     | 22<br>MY - Foreign Reserves<br>MY - BNM Statement of Accs<br>US - Producer Price Index<br>US - Initial Jobless Claims<br>US - Existing Home Sales | 23<br>US - Durable Goods Orders<br>US - New Home Sales  |
| 26                            | 27<br>US - S&P/CaseShiller HPI<br>US - Consumer Confidence | 28   | 29<br>US - FOMC Rate Decision<br>US - Initial Jobless Claims  | 30<br>MY - M3 Money Supply<br>MY - BNM Int Reserves<br>MY - Monthly Stat Bulletin<br>US - GDP Price Index<br>US - Chicago PMI<br>JAPAN - Tokyo CPI<br>JAPAN - BOJ Target Rate |

## What's Happening

### VISIT/BRIEFING

| <b>Company</b>                                | <b>Time</b> | <b>Date</b> |
|---|-------------|-------------|
| Bursa Malaysia Palm Oil Conference            | 9.00am      | 8-10 Mar    |
| Hock Heng Stone Industries Bhd (IPO Briefing) | 11.00am     | 9 Mar       |
| TMC Life Sciences (Briefing)                  | 10.00am     | 10 Mar      |
| Tanjong Offshore (visit)                      | 10.30am     | 11 Mar      |

## Reports Published

| Company                           | Title                                | Target Price   | Call       | Date   |
|-----------------------------------|--------------------------------------|----------------|------------|--------|
| KNM Group (RM0.74)                | Bringing Borsig into China           | RM0.735        | Hold       | 2 Feb  |
| Banking                           | Sector Monthly Review                | -              | Overweight | 2 Feb  |
| Oil & Gas                         | Sector Monthly Review                | -              | Overweight | 2 Feb  |
| Property                          | Sector Monthly Review                | -              | Overweight | 2 Feb  |
| Plantation                        | Sector Monthly Review                | -              | Neutral    | 2 Feb  |
| Telecommunication                 | Sector Monthly Review                | -              | Neutral    | 2 Feb  |
| Construction                      | Sector Monthly Review                | -              | Neutral    | 2 Feb  |
| Media Prima (RM1.82)              | Going primetime                      | RM2.17         | Buy        | 3 Feb  |
| DiGi.Com (RM22.10)                | 4QFY09 Results                       | RM20.00        | Hold       | 4 Feb  |
| Star Publications (RM3.20)        | To launch Malay lifestyle weekly     | RM3.36         | Hold       | 4 Feb  |
| KNM Group Bhd (RM0.75)            | Going Private                        | RM0.74         | Hold       | 5 Feb  |
| Banking                           | Sector Weekly Review                 | -              | Overweight | 8 Feb  |
| Oil & Gas                         | Sector Weekly Review                 | -              | Overweight | 8 Feb  |
| Property                          | Sector Weekly Review                 | -              | Overweight | 8 Feb  |
| Plantation                        | Sector Weekly Review                 | -              | Neutral    | 8 Feb  |
| Telecommunication                 | Sector Weekly Review                 | -              | Neutral    | 8 Feb  |
| Construction                      | Sector Weekly Review                 | -              | Neutral    | 8 Feb  |
| Genting (RM6.78)                  | It's show time                       | RM7.50         | Buy        | 8 Feb  |
| JCY International                 | Valuations not compelling            | -              | Non-rated  | 8 Feb  |
| AMMB Holdings (RM4.61)            | 3QFY10 Results                       | RM5.24         | Buy        | 9 Feb  |
| Malayan Banking (RM6.72)          | 2QFY10 Results                       | RM8.30         | Buy        | 10 Feb |
| Plantation                        | January MPOB statistics              | -              | Neutral    | 11 Feb |
| IOI Corporation (RM5.20)          | 2QFY10 Results                       | RM5.21         | Hold       | 11 Feb |
| IJM Corporation (RM4.40)          | Besraya highway extension            | RM4.60         | Hold       | 11 Feb |
| Air Asia (RM1.38)                 | Calling Vietnam its 4th home         | RM1.67         | Buy        | 11 Feb |
| Sunway Holdings (RM1.40)          | Secures housing job                  | RM1.94         | Buy        | 17 Feb |
| Berjaya Sports Toto (RM4.25)      | Still worth a bet                    | RM4.91         | Buy        | 18 Feb |
| Petronas Gas (RM9.78)             | 3QFY10 Results                       | RM10.90        | Buy        | 19 Feb |
| Sime Darby Bhd (RM8.52)           | RM100m provision for O&G segment     | RM8.10         | Hold       | 22 Feb |
| Genting (RM6.36)                  | Slow start to Chinese New Year       | RM6.38         | Hold       | 22 Feb |
| Malayan Banking (RM6.89)          | Bill rights issue                    | RM8.30         | Buy        | 22 Feb |
| Banking                           | Sector Weekly Review                 | -              | Overweight | 22 Feb |
| Oil & Gas                         | Sector Weekly Review                 | -              | Overweight | 22 Feb |
| Property                          | Sector Weekly Review                 | -              | Overweight | 22 Feb |
| Plantation                        | Sector Weekly Review                 | -              | Neutral    | 22 Feb |
| Telecommunication                 | Sector Weekly Review                 | -              | Neutral    | 22 Feb |
| Construction                      | Sector Weekly Review                 | -              | Neutral    | 22 Feb |
| Telekom Malaysia (RM3.35)         | 4QFY09 Results                       | RM3.54         | Hold       | 23 Feb |
| Malaysian Airline System (RM1.90) | 4QFY09 Results                       | RM2.03         | Hold       | 23 Feb |
| CIMB Group Holdings (RM12.66)     | 4QFY09 Results                       | RM15.25        | Buy        | 24 Feb |
| Wah Seong Corporation (RM2.41)    | 4QFY09 Results                       | RM3.40         | Buy        | 24 Feb |
| UMW Holdings (RM6.18)             | 4QFY09 Results                       | RM5.59         | Sell       | 24 Feb |
| YNH Property (RM1.69)             | 4QFY09 Results                       | RM1.43         | Sell       | 24 Feb |
| Banking                           | Feb 10 : Starting where it left off  | -              | Overweight | 25 Feb |
| Axiata (RM3.50)                   | 4QFY09 Results                       | RM4.15         | Buy        | 25 Feb |
| Media Prima (RM1.91)              | 4QFY09 Results                       | RM2.17         | Buy        | 25 Feb |
| Sunway Holdings (RM1.40)          | 6QFY09 Results                       | RM2.00         | Buy        | 25 Feb |
| Hong Leong Bank (RM8.37)          | 2QFY10 Results                       | RM8.71         | Hold       | 25 Feb |
| Kuala Lumpur Kepong (RM16.68)     | 1QFY10 Results                       | RM16.20        | Hold       | 25 Feb |
| Genting Plantations (RM6.18)      | 4QFY09 Results                       | RM6.60         | Hold       | 25 Feb |
| Litrak (RM3.05)                   | 3QFY10 Results                       | RM3.02         | Hold       | 25 Feb |
| Oil & Gas                         | Sector Monthly Review                | -              | Overweight | 1 Mar  |
| Property                          | Sector Monthly Review                | -              | Overweight | 1 Mar  |
| Plantation                        | Sector Monthly Review                | -              | Neutral    | 1 Mar  |
| Telecommunication                 | Sector Monthly Review                | -              | Neutral    | 1 Mar  |
| Construction                      | Sector Monthly Review                | -              | Neutral    | 1 Mar  |
| Macro Views - Feb 2010            | Focus on commodities amid volatility | -              | -          | 1 Mar  |
| Boustead Holdings (RM3.40)        | 4QFY09 Results                       | RM3.30         | Hold       | 1 Mar  |
| Maxis (RM5.52)                    | 4QFY09 Results                       | RM5.90         | Hold       | 1 Mar  |
| KNM Group (RM0.81)                | 4QFY09 Results                       | RM0.90         | Hold       | 1 Mar  |
| Dayang Ent (RM1.80)               | 4QFY09 Results                       | RM2.20         | Buy        | 1 Mar  |
| IJM Plantation (2.45)             | 3QFY10 Results                       | RM2.40         | Hold       | 1 Mar  |
| Petra Perdana (RM1.35)            | 4QFY09 Results                       | RM1.18         | Sell       | 1 Mar  |
| Sime Darby (RM8.45)               | 2QFY10 Results                       | RM8.30         | Hold       | 1 Mar  |
| TSH Res (RM2.02)                  | 4QFY09 Results                       | RM2.00         | Hold       | 1 Mar  |
| YTL Power (RM2.16)                | 2QFY10 Results                       | RM2.50         | Buy        | 1 Mar  |
| Genting Malaysia (RM2.72)         | 4QFY09 Results                       | RM2.88         | Hold       | 1 Mar  |
| Genting (RM6.31)                  | 4QFY09 Results                       | RM6.37         | Hold       | 1 Mar  |
| Lafarge (RM6.30)                  | 4QFY09 Results                       | RM6.27         | Hold       | 1 Mar  |
| Pelikan Int (RM1.24)              | 4QFY09 Results                       | RM1.94         | Buy        | 1 Mar  |
| Puncak Niaga (RM2.68)             | 4QFY09 Results                       | RM2.52         | Hold       | 1 Mar  |
| AirAsia (RM1.44)                  | 4QFY09 Results                       | Buy            | RM1.67     | 1 Mar  |
| IJM Corp (RM4.43)                 | 3QFY10 Results                       | Hold           | RM4.30     | 1 Mar  |
| Muhibbah Eng (RM0.935)            | 4QFY09 Results                       | Cease coverage | -          | 1 Mar  |
| Sunway City (RM3.30)              | 6QFY09 Results                       | Buy            | RM4.33     | 1 Mar  |
| YTL Corp (RM7.22)                 | 2QFY10 Results                       | Buy            | RM8.00     | 1 Mar  |
| YTL Cement (RM4.06)               | 2QFY10 Results                       | Hold           | RM3.98     | 1 Mar  |
| DiGi.Com (RM22.52)                | DiGi to sell iPhone soon             | Hold           | RM23.20    | 2 Mar  |

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**Key to stock recommendations:**

**Buy** = Share price is expected to appreciate by >10% over the next 12 months

**Hold** = Share price is expected to move by less than +/-10% over the next 12 months

**Sell** = Share price is expected to decline by >10% over the next 12 months

**Key to sector recommendations:**

**Overweight** = Industry expected to outperform the market over the next 12 months

**Neutral** = Industry expected to perform in-line with the market over the next 12 months

**Underweight** = Industry expected to underperform the market over the next 12 months

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