ecmlibra INVESTMENT RESEARCH

5 March 2010

Newz Bits

HIGHLIGHTS

On Malaysia

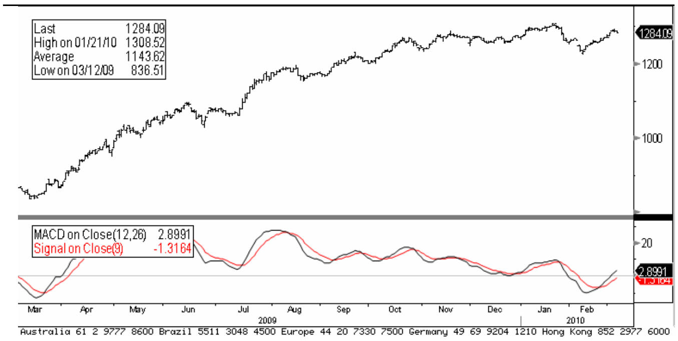
- BNM raises key interest rates by 25 basis points
- Pantai Holdings does not rule out selling concession business
- NSTP enters into agreement to sell freehold industrial land
- Corporate and income tax will gradually be reduced once the GST is in place
- Government scraps plan to restructure fuel subsidies

On The Global Front

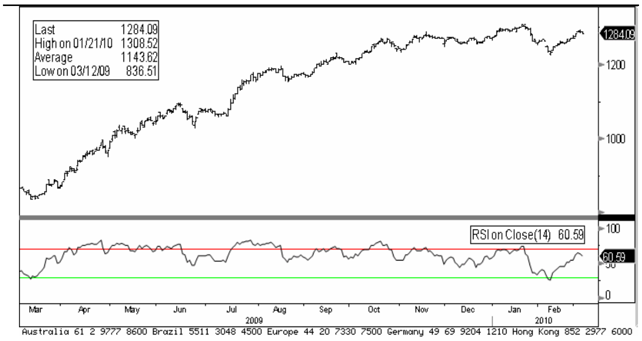
- US jobless claims fell last week from a 3 month high
- US retails sales beat analyst forecasts
- Shanghai's economy exceeds that of Hong Kong after 3 decades
- EU's recovery almost came to a halt in 4Q09

	Last	D-o-D chg %	YTD chg %
FTSE BM KLCI	1,284.1	(0.2)	0.9
FTSE BM ACE	4,263.7	0.6	(0.8)
Dow Jones	10,444.1	0.5	0.2
S&P 500	1,123.0	0.4	0.7
Nasdaq	2,292.3	0.5	1.0
FTSE	5,527.2	(0.1)	2.1
Nikkei	10,145.7	(1.0)	(3.8)
Hang Seng	20,575.8	(1.4)	(5.9)
Currency	**4 Mar**	**3 Mar**	**% chg**
USD/RM	3.3715	3.3740	(0.07)
Yen100/RM	3.8133	3.8036	0.25
EURO/RM	4.6139	4.5999	0.30
SGD/RM	2.4089	2.4078	0.05
Market Turnover			
Vol (m shrs)	726.7	863.8	(15.9)
Value (RMm)	1,155.3	1,402.0	(17.6)
Futures			
KLCI (1st month)	1,285.0	1,283.5	0.12
CPO (3rd month)	2,674.0	2,635.0	1.48
WTI (1st month)	80.87	79.68	1.49

KLCI (MACD)



KLCI (RSI)



Source: Bloomberg

Malaysia

Pantai Holdings Bhd does not rule out selling its concession business "if the price is right," said its chairman Tan Sri Mohamed Khatib Abdul Hamid. When asked what the right price was, he said, "The sky is the limit because we are good" and added that "To date, no price proposal has been submitted for our attention yet". However, he dismissed rumours of a possible merger between Faber Group Bhd healthcare management business, Faber Medi-Serve and Pantai Medivest Sdn Bhd. In addition, he said Pantai is planning to build one more hospital in the Iskandar region within 5 years that include a nursing college, at a development cost of about RM500m. *(Financial Daily)*

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The News Straits Times Press (M) Bhd (NSTP) has entered into an agreement to dispose of a freehold industrial land of about 217,808 sq ft in Damansara, Petaling Jaya to Megah Selesa Development Sdn Bhd for RM15.89m cash. In a filing to Bursa Malaysia, NSTP said that the proceeds from the disposal would be utilised as a working capital. Megah Selesa is involved in housing development and the vacant land was sold on a 'as is where is' basis. NSTP said the land had a net book value of about RM10.12m based on its latest audited statements as at Dec 31, 2009. *(Financial Daily)*

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The revocation of Pharmaniaga Bhd's manufacturing licence by the Ministry of Health (MOH) has not resulted in a recall of pharmaceutical products that it had produced and are out in the market, according to the company's spokesperson on behalf of its MD, Mohamad Abdullah. In an announcement to Bursa, he said the company would be able to address its audit issues within a relatively short time. "Assuming the problem prolongs for a month, it will affect our FY10 sales forecast by RM13.3m and lower operating profit by RM2.1m," he claimed. *(Financial Daily)*

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Singapore-based Raffles Education Corp Ltd (REC) intends to invest RM200m to build a university campus for vocational training in Iskandar Malaysia as part of its five-year education business expansion plan in the country. REC chairman Chew Hua Seng said the company was in the midst of setting up a joint venture with Education@Iskandar Sdn Bhd, a wholly owned subsidiary of Iskandar Investment Bhd, for the expansion plan. Chew anticipates it will take at least two-and-a-half years from obtaining the university permit to construction and moving into the new campus in Johor. *(Financial Daily)*

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Bank Negara Malaysia (BNM) raised the key interest rate by 25 basis points (bps) to 2.25% after keeping at 2% for seven consecutive monetary policy committee (MPC) meetings since April 2009. This makes Malaysia the second Asian country, after Vietnam to raise lending rates. BNM's decision came just hours after Indonesia maintained its already high benchmark lending rate at 6.5%. In a statement, BNM said a significant improvement in the domestic economy and a moderate rise in inflation amid an improving global landscape had prompted the hike in the overnight policy rate (OPR). In line with the rate hike, the floor and ceiling rates of the OPR were correspondingly raised to 2% and 2.5% respectively. The central bank expects Malaysia's inflation to remain moderate this year despite rising global commodities and food prices. *(Financial Daily)*

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Corporate and income tax will be gradually reduced once the proposed Goods and Services Tax (GST) is in place by mid 2011, said Deputy Finance Minister Datuk Chor Chee Heung. He gave an assurance that the cost of living and lifestyle of the people would not increase or be affected, despite the GST implementation. He stated that the implementation would not cause inflation either as the service tax and sales tax would be abolished. The GST bill was tabled for its first reading in Parliament last December. The second reading is during the Parliament session this month. *(Malaysian Reserve)*

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The government has scrapped its plan to restructure the fuel subsidies, after initially postponing its targeted May rollout, following negative feedback received from the public, Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob said. This confirms that the government was expected to abandon the plan. Instead of the planned restructuring, the government has established a "subsidy rationalisation lab" to study the phasing out of all subsidies, including petrol and food. He said the current subsidy system would be maintained, adding, there were no other plans to raise or reduce petrol prices at the pump. *(Financial Daily)*

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Malaysia

The increasing amount of regulation imposed on the banking industry could adversely impact earnings of Asian banks, according to audit firm PricewaterhouseCoopers Malaysia (PwC). In the survey "Banking Banana Skins 2010", too much regulation has been regarded as the biggest concern by respondents in Asia Pacific, while global respondents ranked political interference as the top risk. PwC partner Soo Hoo Khoo Yean highlighted that some regulations may not be friendly to emerging economies as they are designed for OECD countries and that extra rules could lead to higher costs and restrict business and lending. *(Malaysian Reserve)*

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Global

Stocks ended a volatile session higher Thursday as investors welcomed improved retail sales and a report showing that the pace of job losses is slowing, ahead of today's big government employment report. The major indexes rose in the morning, flattened out around midday and managed gains again in the afternoon. The Dow Jones industrial average gained 0.5% (+47.4 pts, close 10,444.1). The Nasdaq gained 0.5% (+11.6 pts, close 2,292.3) and the S&P 500 gained 0.4% (+4.2 pts, close 1,123.0). U.S. light crude oil for April delivery fell 66 cents to settle at US$80.21 a barrel on the New York Mercantile Exchange. *(CNNmoney)*

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Claims for U.S. jobless benefits dropped last week from a three-month high, pointing to an improvement in the labour market that is slow to develop. Initial jobless applications fell by 29,000 to 469,000 in the week ended Feb. 27, in line with the median forecast of economists surveyed by Bloomberg News, Labour Department figures showed. The number of people receiving unemployment insurance decreased to the lowest level in a year, while those receiving extended benefits climbed. Economists forecast weekly claims would fall to 470,000, from a previously estimated 496,000 for the week ended Feb. 20, according to the median of 42 projections in a Bloomberg News survey. Estimates ranged from 440,000 to 515,000. *(Bloomberg)*

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Retail sales beat analysts' estimates in February as holiday sales and spring collections tempted consumers to go shopping in a month of record snowfalls. Abercrombie & Fitch Co. said yesterday that sales at stores open at least a year climbed 5%. Analysts had projected a 6.7% decline, the average of estimates compiled by Retail Metrics Inc. So-called comparable-store sales at Macy's, the second-biggest U.S. department-store company, rose 3.7%, more than an average projection of a 2% gain. Sales were helped by better-than-expected store traffic on the weekend of Valentine's Day and President's Day and an increase in retailers selling spring collections at full price, said Ken Perkins, president of Swampscott, Massachusetts-based Retail Metrics. *(Bloomberg)*

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Fewer Americans than expected signed contracts to purchase previously owned homes in January, indicating the extension of a tax credit is doing little to lure buyers. The index of purchase agreements, or pending home sales, dropped 7.6% after a revised 0.8% increase in December, the National Association of Realtors announced in Washington. The drop in contract signings adds to evidence the housing market at the centre of the worst recession since the 1930s is struggling to rebound after reports last week showed unexpected declines in purchases of new and existing homes. The market may get another blow this month when the Federal Reserve ends planned purchases of mortgage-backed securities. Other reports today showed factory orders increased. Factory orders rose 1.7% in January, boosted by a surge in commercial aircraft bookings, according to Commerce Department data that also showed less demand for computers and machinery. *(Bloomberg)*

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Europe's recovery almost came to a halt in 4Q09 as companies continued to cut investment while consumers held back spending, countering a gain in exports. Corporate investment dropped 0.8% from 3Q09, when it fell 0.9%, while household spending was flat, the European Union's statistics office in Luxembourg said yesterday. Exports gained 1.7% and imports rose 0.9%. Gross domestic product rose 0.1% from 3Q09, when it increased 0.4%. European governments are struggling to contain the fallout from Greece's budget crisis as they phase out the stimulus measures used to pull the economy out of a recession. Economic confidence in the region fell last month and unemployment held at an 11-year high in January. Still, the EU forecasts growth will accelerate in 1Q10. *(Bloomberg)*

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European Central Bank President Jean-Claude Trichet pressed Greece to halt its flirtation with International Monetary Fund aid and work with European allies to tame its record budget deficit. As protesters besieged the Greek Finance Ministry to denounce 4.8bn euros (US$6.5bn) of tax increases and spending cuts, the Athens government said the absence of European support might force it into the hands of the IMF. Trichet yesterday spoke out against appealing to the Washington-based lender "as a supplier of help," keeping the pressure on Greece to cut the highest deficit in the euro's 11- year history - and on European governments to step in if Greece can't go it alone. *(Bloomberg)*

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Global

Shanghai's economy exceeded the size of Hong Kong's for the first time in at least three decades after stimulus spending helped China skirt the global crisis and lead the world out of recession. Shanghai's gross domestic product grew 8.2% to the equivalent of US$218.3bn in 2009 compared with a 2.7% contraction to US$210.7bn for Hong Kong, according to data compiled by Bloomberg. The preliminary reading on Shanghai was published in January and Hong Kong's release came last week. The figures highlight 30 years of free-market policies that have spurred China to become the world's third-largest economy and its No. 1 exporter. Shanghai's rise may fan concern in Hong Kong that the mainland city will regain its position as China's dominant financial centre, after surpassing the former British colony as the nation's biggest port and stock-market operator. *(Bloomberg)*

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Dates To Note

Mar 2010

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

April 2010

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

Source: Bloomberg, BNM, DOS & ECM Libra Capital

What's Happening

VISIT/BRIEFING

Company	Time	Date
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

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Reports Published

Company	Title	Target Price	Call	Date
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)	BII 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
Boustead Holdings (RM3.40)	RM75m net gain from BHI sale	Hold	RM3.30	3 Mar
Star Publications (RM3.44)	Proposes JV to develop Section 13 land	Hold	RM3.36	4 Mar

ecmlibra INVESTMENT RESEARCH

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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