

# Newz Bits

## HIGHLIGHTS

### On Malaysia

- Petra Energy:** Eyes O&G fabrication site in Sabah
- TM:** Khazanah's TM share sale part of government stake cut plan
- Mudajaya:** To see new shareholder?
- Kulim:** Sells 91.38% of NatOleo for RM450m cash
- Cocoaland:** Seeks strategic investor
- Malaysian Mosaics:** Agrees to buyout
- Economy:** Inflation climbs 1.7% in Jun

### On The Global Front

- US:** Bernanke says Fed is prepared to act as needed
- UK:** BOE considered expanding stimulus in 7-1 vote against Sentence
- Japan:** Says economy is picking up steadily, keeps assessment
- Japan:** Yamaguchi says volatility rising in Japan growth risk

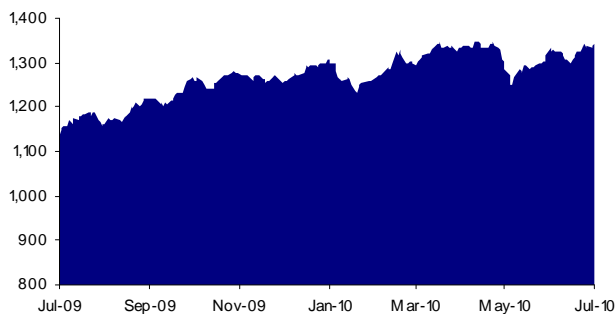
	Last	D-o-D chg %	YTD chg %
FTSE BM KLCI	1,341.0	0.3	5.4
FTSE BM ACE	3,803.5	0.7	(11.5)
Dow Jones	10,120.5	(1.1)	(2.9)
S&P 500	1,069.6	(1.3)	(4.1)
Nasdaq	2,187.3	(1.6)	(3.6)
FTSE	5,214.6	1.5	(3.7)
Nikkei	9,278.8	(0.2)	(12.0)
Hang Seng	20,487.2	1.1	(6.3)

Currency	21 July	20 July	% chg
USD/RM	3.2150	3.2185	(0.11)
Yen100/RM	3.6903	3.6965	(0.17)
EURO/RM	4.1416	4.1720	(0.73)
SGD/RM	2.3426	2.3438	(0.05)

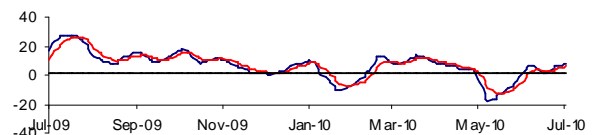
Market Turnover	21 July	20 July	% chg
Vol (m shrs)	874.0	1,126.0	(22.4)
Value (RMm)	1,189.8	1,254.4	(5.1)

Futures	21 July	20 July	% chg
KLCI (1 <sup>st</sup> month)	1,344.5	1,337.0	0.56
CPO (3 <sup>rd</sup> month)	2,457.0	2,424.0	1.36
WTI (1 <sup>st</sup> month)	76.56	77.44	(1.14)

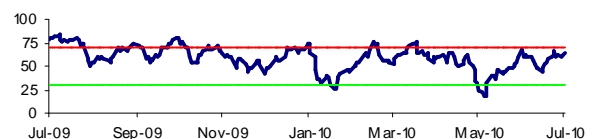
**FBMKLCI**



**MACD**



**RSI**



## Malaysia

### **Petra Energy: Eyes O&G fabrication site in Sabah**

Petra Energy Bhd, unit of Petra Perdana Bhd (*PETR MK, Hold, TP:RM1.20*), is identifying a suitable site for its new onshore fabrication and logistics facility at Sabah's oil and gas hub in Kimanis-Sipitang. "The fabrication facility, backed by our framework for strategic expansion in marine assets, is primarily to take advantage of the growing opportunities in Sabah's oil & gas market," said CEO Kamarul Baharin Albakri. With reports indicating that Petroliam Nasional Bhd's new focus is to increase domestic output from existing fields, coupled with new deepwater finds in offshore Sabah, the company was bullish that the state would transform itself into a major oil producing hub. (*Malaysian Reserve*)

### **TM: Khazanah's TM share sale part of govt stake cut plan**

Khazanah Nasional Bhd sold a RM581.3m stake in Telekom Malaysia Bhd (*T MK, Hold, TP: RM3.54*) as part of the Government's plans to reduce its local business holdings. Khazanah sold 178.9m shares, or 5% of the fixed-line phone and Internet service provider at a fixed price of RM3.25 apiece. That price is a 2.7% discount to the stock's RM3.34 closing price yesterday. A statement by joint placement agents Maybank Investment Bank Bhd and Nomura Singapore Ltd said "There was strong demand from both domestic and foreign institutional investors for the placement." (*StarBiz*)

### **Mudajaya: To see new shareholder?**

Market speculation of a potential change in a substantial shareholding of Mudajaya Group Bhd has sent shares of the construction-cum-independent power (IPP) player surging. The sharp rise in its share price was fuelled by unconfirmed market speculation of a potential change in substantial shareholding. Due to its own fledgling power interests in India, unconfirmed market speculation is that IPPs Tanjong plc (*TJN MK, Hold, TP: RM17.66*) and MMC Corporation Bhd's unit Malakoff Corp Bhd may be among the parties planning to purchase a significant stake in the company. (*Financial Daily*)

### **Kulim: Sells 91.38% of NatOleo for RM450m cash**

Kulim (Malaysia) Bhd is selling its entire 91.38% interest in Natural Oleochemicals Sdb Bhd (NatOleo), a stake it has held since 1994, to Wilmar International for RM450m cash. In a Bursa filing, Kulim said the stake comprised 186.56m share of RM1 each, which it was selling to PGEO Group Sdn Bhd, a subsidiary of Wilmar. In a separate statement, Singapore-listed Wilmar said the acquisition would consolidate its position in the global fatty acids market. "NatOleo's well established customers network in Europe, US and China are complementary to Wilmar's, and its sizeable product portfolio and strength in high value-add downstream products enhances the company's growth in oleochemicals," it said. (*Financial Daily*)

### **Cocoaland: Seeks strategic investor**

Cocoaland Holdings Bhd announced that it is exploring a strategic partnership that may require a placement of shares at a discount. In a statement to Bursa Malaysia Securities, Cocoaland said it was "currently in discussions and negotiations with potential partners to broaden Cocoaland's growth which may lead to new placement of shares at discount". However, it said to-date, no final decision had been taken, and its board would make the necessary announcement at the relevant time. (*Financial Daily*)

### **QSR: Buys 1.94m KPJ REIT units**

QSR Brands Bhd has acquired 1.947m units in KPJ REIT from the open market on 20 Jul for about RM2.01m. QSR said that the acquisition was based on better return on investment of about 7.3% (based on current dividend yield) as against the current fixed deposit rate of about 2.5% to 3.0%. KPJ REIT is managed and administered by Johor Corp Bhd subsidiary, Damansara Assets Sdn Bhd. Johor Corp also owns 50.35% stake in Kulim (M) Bhd, which in turn has a 61% stake in QSR. (*StarBiz*)

### **MPI: ITC declares did not infringe Amkor's patent**

After almost seven years, the Washington-based International Trade Commission (ITC) has determined that Malaysia Pacific Industries Bhd's (MPI) units had neither violated the Tariff Act nor infringed on Amkor Technology Inc's patents. In a filing to Bursa Malaysia, MPI said the ITC in its final determination had found that Amkor's patents were invalid and were not infringed upon. MPI's units involved are Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd (now known as Recams Sdn Bhd) and Carsem Inc. "Carsem has not violated that Tariff Act by importing their Micro Leadframe Package (MLP) products," MPI said, citing the ITC's decision. (*Financial Daily*)

## Malaysia

### **Malaysian Mosaics: Agrees to buyout**

Malaysian Mosaics Bhd (MMB) has agreed to the privatisation proposal by its holding company and substantial shareholder Gek Poh (Holdings) Sdn Bhd. Its directors had deliberated on Gek Poh's letter and agreed to table the proposal for privatisation, which would be via a selective capital repayment exercise (SCR). To facilitate the proposed SCR, Gek Poh would make an advance of RM49m to MMB and undertake a bonus issue of 13 new MMB shares for every 10 existing shares held at an entitlement date to be determined later. Up to 27.4m new MMB shares will be issued to the entitled shareholders. (*StarBiz*)

### **SC: Approves RM12.6bn IPOs, bond issues in 2Q**

The Securities Commission (SC) had in the second quarter (2Q) this year approved a total of 18 initial public offerings (IPO) and bond issues that were aimed at raising a combined RM12.6bn. The SC had given its consent for 15 bond issuance comprising 12 ringgit-denominated private debt securities scheme (PDS) and 3 U.S. Dollar PDS exercises by foreign firms. These exercises are expected to raise a combined RM12.43bn. At the same time, the SC had approved 3 IPOs which were expected to raise about RM170m. (*Financial Daily*)

### **Economy: Inflation climbs 1.7% in June**

Malaysia's inflation rate climbed in June to the highest level in more than a year, an increase that may be augmented as the government cuts fuel and food subsidies. Consumer prices climbed 1.7% from a year earlier after gaining 1.6% in May. Food prices, which account for about 31% of Malaysia's inflation index, rose 2.7% in June. The cost of housing, utilities and fuels gained 0.8%. Transport increased 1.3%. Prices are expected to rise at a "gradual pace" in the coming months as the Malaysian economy improves and the government adjusts prices of subsidized goods, Bank Negara said. (*Malaysian Reserve*)

## Global

### **US: Stocks slump on Bernanke comments**

Stocks tumbled Wednesday after Federal Reserve Chairman Ben Bernanke told Congress that the outlook for the economy is "unusually uncertain," adding to worries about the pace of the recovery. The Dow Jones industrial average lost 1.1% (-109.4 pts, close 10,120.5). The Nasdaq lost 1.6% (-35.2 pts, close 2,187.3) and the S&P 500 lost 1.3% (-13.9 pts, close 1,069.6). U.S. light crude oil for Sep delivery fell US\$1.16 to US\$76.56 a barrel on the New York Mercantile Exchange. (*CNNmoney*)

### **US: Bernanke says Fed is prepared to act as needed**

Federal Reserve Chairman Ben S. Bernanke said central bankers "remain prepared" to act as needed to aid growth even as they get ready to eventually raise interest rates from almost zero and shrink a record balance sheet. While Fed officials plan for the exit, "we also recognize that the economic outlook remains unusually uncertain," Bernanke said in testimony to the Senate Banking Committee. "We will continue to carefully assess ongoing financial and economic developments, and we remain prepared to take further policy actions as needed to foster a return to full utilization of our nation's productive potential in a context of price stability." Bernanke, responding to questions, outlined options for further steps, including giving more information on the Fed's commitment to low interest rates, and he said officials haven't decided which tools they might use. Economic data over the past month that were weaker than analysts projected have prompted investor speculation that the Fed may increase monetary stimulus in a bid to keep the economy growing. (*Bloomberg*)

### **UK: BOE considered expanding stimulus in 7-1 vote against Sentance**

Bank of England policy makers considered expanding stimulus this month after the economic outlook "deteriorated a little," overruling Andrew Sentance's repeated call for an interest-rate increase. The Monetary Policy Committee, led by Governor Mervyn King, voted 7-1 to keep the benchmark rate at 0.5%, according to minutes of the July 8 decision released in London. Sentance favoured an increase to 0.75%, arguing that inflation had "shifted sufficiently to justify beginning to raise interest rates gradually." "On balance, most members thought that it was appropriate to leave the stance of monetary policy unchanged," the minutes said. "The committee considered arguments in favour of a modest easing in the stance of monetary policy. The softening in the medium-term outlook for GDP growth over recent months would put further downwards pressure on inflation, once the impact of temporary factors had waned." The policy makers voted unanimously to keep the size of their bond holdings at 200bn pounds (US\$306bn), the minutes also show. (*Bloomberg*)

### **Japan: Says economy is picking up steadily, keeps assessment**

The Japanese government said the economy is "picking up steadily" amid signs that the nation's recovery is becoming sustainable, keeping its assessment unchanged. "The economy has been picking up steadily and the foundation for a self-sustaining recovery is being laid," the Cabinet Office said in a monthly report in Tokyo. Even so, the economy remains in a "difficult situation" because of factors including high unemployment, it said. Japan's recovery from recession has been driven by exports, which could be vulnerable to any slowdown in the global economy. The Cabinet Office maintained its overall economic assessment this month after raising it in Jun. It cited the U.S. economy as a downside risk to Japan's outlook, after reports showed that consumer confidence in the world's largest economy tumbled to the lowest level in a year in Jul and manufacturing expanded less than economists forecast in Jun. (*Bloomberg*)

### **Japan: Yamaguchi says volatility rising in Japan growth risk**

A Bank of Japan deputy governor said financial-market volatility is rising, and the central bank reported that demand for business loans matched a five-year low, posing risks to the nation's economic recovery. "There are still many uncertainties, such as developments in the U.S. and European economies and volatile developments in international financial markets," Deputy Governor Hirohide Yamaguchi said in a speech. The quarterly loan-demand index slid to minus 17 in Jul from minus 10, matching the lowest level since Jul 2004 reached in January, the BOJ said. Yamaguchi said it's too early to judge how the currency's gain might affect corporate sentiment, while Trade Minister Masayuki Naoshima said its appreciation poses a significant risk to the economy. (*Bloomberg*)

## Dates to note

### July 2010

Monday	Tuesday	Wednesday	Thursday	Friday
			1 US - Jobless Claims US - ISM Manufacturing US - Pending Home Sales Index	2 MY - Exports & Imports MY - Trade Balance US - Employment Situation US - Factory Orders
5	6 ISM Non-Mfg Index	7 MY - Foreign Reserves MY - BNM Statement of Acc	8 MY - Ind Production MY - Mfg Sales Value MY - Monetary Policy US - Jobless Claims	9
12	13 US - Int Trade US - Treasury Budget JAPAN - Ind Production	14 MY - Import Price Index US - Retail Sales US - Bank Reserve Settlm US - Import and Export	15 US - PPI US - Jobless Claims US - Ind Production US - Philadelphia Fed Survey US - Money Supply CHINA - Producer Price Index CHINA - CPI CHINA - Ind Production	16 US - CPI US - Consumer Sentiment US - Treasury Int Capital
19 US - Housing Market Index	20 US - Housing Starts JAPAN - Leading Index CI	21 MY - CPI	22 MY - Foreign Reserves MY - BNM Statement of Acc US - Leading Indicators US - Jobless Claims US - Existing Home Sales	23
26 US - New Home Sales	27 US - S&P Case-Shiller HPI US - Consumer Confidence	28 US - Bank Reserve Settlm US - Durable Goods Orders	29 US - Jobless Claims	30 MY - M3 Money Supply MY - Int Reserves MY - PPI US - GDP US - Consumer Sentiment JAPAN - Tokyo CPI JAPAN - Jobless Rate JAPAN - Ind production JAPAN - Housing Starts

### August 2010

Monday	Tuesday	Wednesday	Thursday	Friday
2 US - ISM Mfg Index	3 MY - Imports & Exports MY - Trade Balance MY - External Trade* US - Factory Orders US - Pending Home Sales Index US - Motor Vehicle Sales JAPAN - Monetary Base	4 US - ADP Employment Report US - ISM Non-Mfg Index	5 US - Jobless Claims	6 MY - Foreign Reserves MY - Unemployment Rate MY - Statement of Acc US - Employment Situation US - Consumer Credit
9 JAPAN - Trade Balance	10 MY - Manufac Sales Value MY - Ind Production US - FOMC Meeting Ann US - Productivity and Costs US - Wholesale Trade JAPAN - BOJ Target Rate	11 US - Bank Reserve Settlm US - International Trade US - Treasury Budget CHINA - Ind Production CHINA - CPI CHINA - PPI	12 US - Jobless Claims US - Import and Export JAPAN - Ind Production	13 US - CPI US - Retail Sales US - Consumer Sentiment
16 US - Housing Market Index JAPAN - GDP Annualized	17 US - Housing Starts US - PPI US - Industrial Production	18 MY - CPI MY - GDP	19 US - Jobless Claims US - Leading Indicators US - Philadelphia Fed Survey	20 MY - Foreign Reserves MY - BNM Statement of Acc MY - GDP
23	24 US - Existing Home Sales	25 US - Bank Reserve Settlm US - Durable Goods Orders US - New Home Sales	26 US - Jobless Claims	27 MY - M3 Money Supply MY - Monthly Statistic US - GDP US - Consumer Sentiment JAPAN - Tokyo CPI JAPAN - Jobless Rate

Source: Bloomberg, BNM, DOS & ECM Libra Capital

## What's happening

### VISIT/BRIEFING

Company	Time	Date
K-Star Sports (Briefing)	2.00pm	27 July

### RESULTS

Company	Quarter	Date
BAT	2QFY10	22 July
MAS	2QFY10	16 August
Maybank	4QFY10	20 August
Maxis	2QFY10	30 August

### NEW LISTING

Companies	Prospectus Date	Listing Date
Tatt Giap Group	28 June	22 July
Focus Point Holdings	30 June	27 July
Ivory Properties Group Bhd	12 July	28 July
SCC Holdings	30 June	3 August
Berjaya Retail Bhd	30 June	16 August

## Reports published

Company	Title	Target Price	Call	Date
Banking	April banking statistics	-	Overweight	1 June
Market Strategy	Short term pain for long term gain	-	-	1 June
Maxis	1QFY10 Results	RM5.90	Buy	1 June
Wah Seong Corporation	1QFY10 Results	RM3.40	Buy	1 June
AirAsia	1QFY10 Results	RM1.67	Buy	1 June
Boustead Holdings	1QFY10 Results	RM3.56	Hold	1 June
Lingkar Trans Kota Holdings	4QFY10 Results	RM3.02	Hold	1 June
Sunway Holdings	Construction order book boost	RM2.00	Buy	1 June
Strategy	1QCY10 results round up	-	-	2 June
Berjaya Sports Toto	A tale of 2 World Cups	RM4.91	Buy	3 June
Shin Yang	On solid footing	-	Non-rated	7 June
Oil & Gas	Sector Weekly Review	-	Overweight	7 June
Plantation	Sector Weekly Review	-	Neutral	7 June
Property	Sector Weekly Review	-	Overweight	7 June
Tenaga	Second look at subsidy rationalisation programme	RM9.90	Buy	9 June
Boustead Holdings	Pockets of potential	RM4.14	Buy	10 June
Strategy	Jigsaw not yet completed	-	-	11 June
Plantation	May MPOB statistics – Ho Hum...	-	Neutral	11 June
Telecommunication	Active sharing to benefit Axiata and DiGi	-	Neutral	11 June
Boustead Holdings	What's cooking?	RM4.14	Buy	11 June
Boustead Holdings	Seventh Heaven	RM4.48	Buy	14 June
Oil & Gas	Sector Weekly Review	-	Overweight	14 June
Plantation	Sector Weekly Review	-	Neutral	14 June
Telco	Sector Weekly Review	-	Neutral	14 June
Boustead Holdings	Secures RM130.7m job from Government	RM4.48	Buy	15 June
IJM Corporation	Second job for the year in the bag	RM4.77	Hold	16 June
SP Setia	2QFY10 Results	RM4.46	Buy	18 June
Sunway Holdings	Sri Lankan venture	RM2.00	Buy	18 June
Notion VTEC	Bursting with growth	RM3.63	Buy	21 June
REIT	Quantum leap from new listings	-	-	21 June
Berjaya Sports Toto	Delightful dividends	RM4.91	Buy	21 June
Oil & Gas	Sector Weekly Review	-	Overweight	21 June
Property	Sector Weekly Review	-	Overweight	21 June
Plantation	Sector Weekly Review	-	Neutral	21 June
Telecommunication	Sector Weekly Review	-	Neutral	21 June
Plus Expressways	Second Link toll reduction	RM3.98	Buy	23 June
YTL Power	Charging up for growth	RM2.36	Buy	24 June
SapuraCrest Petroleum	1QFY11 Results	RM2.64	Buy	25 June
Gamuda	3QFY10 Results	RM3.50	Hold	25 June
Oil & Gas	Sector Weekly Review	-	Overweight	28 June
Property	Sector Weekly Review	-	Overweight	28 June
Plantation	Sector Weekly Review	-	Neutral	28 June
Telecommunication	Sector Weekly Review	-	Neutral	28 June
Sunway Holdings	Another local contract	RM2.00	Buy	29 June
Glomac	4QFY10 Results	RM1.87	Buy	30 June
Banking	May banking statistics	-	Overweight	1 July
Tanjong	Safe harbour in this bay	RM18.66	Buy	1 July
Gaming	Another step backwards	-	Underweight	2 July
Genting	Not just from left hand to right hand	RM5.90	Sell	2 July
Genting Malaysia	Once bitten, twice shy? No	RM2.48	Sell	2 July
Oil & Gas	Sector Monthly Review	-	Overweight	5 July
Property	Sector Monthly Review	-	Overweight	5 July
Plantation	Sector Monthly Review	-	Neutral	5 July
Telecommunication	Sector Monthly Review	-	Neutral	5 July
Gaming	4D first prize payout to be reduced by RM200?	-	Underweight	6 July
Plus	Fourth lane widening works	RM3.98	Buy	7 July
Genting Malaysia	Aqueduct bid – not bolting out the gates yet	RM2.48	Hold	8 July
KNM Group	Secures RM289m of jobs	RM0.55	Hold	9 July
Oil & Gas	Sector Weekly Review	-	Overweight	12 July
Property	Sector Weekly Review	-	Overweight	12 July
Telecommunication	Sector Weekly Review	-	Neutral	12 July
Plantation	June MPOB statistics	-	Neutral	13 July
Strategy	Heading no where	-	-	14 July
Tenaga	3QFY10 Results	RM9.90	Buy	15 July
Oil & Gas	Sector Weekly Review	-	Overweight	19 July
Property	Sector Weekly Review	-	Overweight	19 July
Telecommunication	Sector Weekly Review	-	Neutral	19 July
Plantation	Sector Weekly Review	-	Neutral	19 July
Construction	Sector Weekly Review	-	Neutral	19 July
Gamuda	Expanding Malaysian landbank	RM3.50	Hold	19 July
Dayang Enterprises	More jobs from Petronas Carigali	RM2.50	Buy	19 July
Media	Subsidy rationalisation – Easy does it	-	Overweight	20 July
Axiata	Divests Multinet to focus on core business	RM4.52	Buy	20 July
DiGi.Com	2QFY10 Results	RM23.20	Hold	21 July
Public Bank	2QFY10 Results	RM13.30	Buy	21 July

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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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Published & printed by:

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