

# JF Apex Securities Berhad Newsletter

## Daily Highlights

30 January 2015

### Malaysia News & Highlights

- Overhaul of Air Asia X team? Shares to be suspended today
- Alam Maritim wins RM10 mil contract
- Bursa net profit rises 58%
- AmBank's MD to step down
- PLB confident on development projects worth RM350m this year
- House prices seen 3% higher after GST - property consultant
- No change to TNB's offer for Integrex
- Pasdec's unit signs development deal for Kuantan land
- UMW Toyota to pass GST savings to consumers

### Foreign News

- U.S. Index Futures Climb as McDonald's Advances After Naming CEO
- Yellen Tells Senators No Rate Rise Soon Amid Concerns Abroad
- Dollar Holds Surge on Fed Outlook; Gold Near Two-Week Low
- German Inflation Rate Is Negative for First Time Since 2009
- Japan Inflation Slows More Than Forecast in Challenge to BOJ

### FBM KLCI Daily Chart



Closing: 1782.18 | Support: 1765 | Resistance: 1830

Index	Change	Closed	
↓ FBM KLCI	-13.70	-0.76%	1,782.18
↑ FBM ACE	2.38	0.04%	6,463.01
↓ FBMT100	-80.68	-0.67%	11,981.57
↓ FBM70	-46.00	-0.34%	13,363.40
↓ FBM SCAP	-175.81	-1.10%	15,836.02

#### KLCI Top Movers

Leading	Change	Closed	
↑ YTL	0.05	2.92%	1.76
↑ GENTING	0.11	1.25%	8.94
↑ AXIATA	0.08	1.12%	7.22
↑ PETDAG	0.12	0.68%	17.72
↑ RHBCAP	0.04	0.51%	7.85

Lagging	Change	Closed	
↓ AMMB	-0.27	-4.11%	6.30
↓ HLFM	-0.66	-3.85%	16.50
↓ PETCHEM	-0.19	-3.57%	5.13
↓ GENM	-0.14	-3.41%	3.96
↓ FGV	-0.07	-2.79%	2.44

#### KLCI Top Volume

Stocks	Change	Closed	
↑ GLOTEC	0.01	15.38%	0.08
↔ HUBLINE	0.00	0.00%	0.04
↑ TMS	0.01	8.33%	0.07
↓ SANICHI	-0.01	-5.26%	0.09
↓ TAKASO	-0.06	-8.33%	0.61
↑ IRIS	0.02	6.25%	0.34
↓ JOBST	-0.01	-2.17%	0.45
↑ KTB	0.04	10.14%	0.38
↔ ASIABIO	0.00	0.00%	0.22
↓ SUMATEC	-0.01	-2.33%	0.21

#### U.S. Markets

Index	Change	Closed	
↑ DJIA	225.48	1.31%	17,416.85
↑ S&P 500	19.09	0.95%	2,021.25
↑ NASDAQ	45.41	0.98%	4,683.41

#### Foreign Markets

Index	Change	Closed	
↓ FTSE100	-15.34	-0.22%	6,810.60
↓ NIKKEI 225	-189.51	-1.06%	17,606.22
↓ FSSTI	-0.10	0.00%	3,419.05
↓ HSI	-265.96	-1.07%	24,595.85
↑ AS200	16.70	0.30%	5,569.49
↓ SET	-6.41	-0.40%	1,586.40
↓ JCI	-6.13	-0.12%	5,262.72
↓ Kospi	-10.56	-0.54%	1,951.02
↓ Shanghai	-43.43	-1.31%	3,262.31

#### Foreign Exchange

Currency	Change	Closed	
↑ RM-USD	0.0128	0.35%	3.6326
↓ RM-EUR	-0.0062	-0.15%	4.1072
↑ RM-YEN	0.0041	0.13%	3.0781

#### Commodity Futures (RM)

Comm.	Change	Closed	
↑ Crude Oil(brl)	0.94	0.58%	162.14
↓ CPO(ton)	-74.00	-3.33%	2,147.00
↑ Soybean(bu)	0.07	0.20%	35.26
↓ Gold(oz)	-95.20	-2.04%	4,568.25

## Market Thoughts

U.S. stocks gained overnight, bouncing back from a two-day rout, after the price of U.S. crude reversed higher, easing concerns for investors looking for oil prices to steady, and Federal Reserve Chair Janet Yellen's reported comments offset rate worries. Earlier, European equities closed mixed with a sharp decline in Shell shares hitting the U.K.'s FTSE 100 index.

On the local market, the FBM KLCI dropped 13.70 points to 1782.18 points. Asian equity markets are headed higher on the final trading day of the week, as Wall Street claimed a positive finish and the sell-off in energy markets came to a halt. We expect the KLCI to rebound with our resistance at 1830 points whilst support at 1765 level.

Stocks in focus are: Reach Energy, the group is optimistic of completing its qualifying acquisition (QA) this year, and has shortlisted 10 potential targets in the oil and gas (O&G) sector; Alam Maritim, the group has won a RM10 million contract to provide air/saturation diving services for inshore repair and maintenance project in Kedah.

## Malaysia News & Highlights

### **Overhaul of Air Asia X team? Shares to be suspended today**

Shares of loss-making, medium-haul low-cost carrier AirAsia X Bhd (AAX) will be suspended from trading today amid speculation that there will be a cash call and an overhaul of its management. AAX said in a filing with Bursa Malaysia that the shares would be suspended pending a material announcement. Yesterday, the board of AAX met to discuss various issues, including the direction of the company. While several of the board members attended the meeting, those in the know claimed that Tan Sri Tony Fernandes was not in town and communicated via a video conference. There has been speculation that current chief executive officer (CEO) Azran Osman-Rani is on his way out, although he was in office up till yesterday. (Source: The Star)

### **Alam Maritim wins RM10 mil contract**

Alam Maritim Resources Bhd (Alam Maritim) has won a RM10 million contract to provide air/saturation diving services for inshore repair and maintenance project in Kedah. In a filing to Bursa Malaysia, the company did not reveal the party awarding the contract but stated that it is "a reputable local main contractor". The contract has been secured by Alam's wholly owned subsidiary, Alam Maritim (M) Sdn Bhd. The contract period is from Feb 15, 2015 to Mar 31, 2015. Alam, which provides marine transportation support services, said that the contract value is expected to contribute positively to its earnings and net tangible for the financial year ending Dec 31, 2015. (Source: The Edge)

### **Bursa net profit rises 58%**

Bursa Malaysia Bhd recorded a 57.92% increase in net profit to RM53.14mil on a 12.77% rise in revenue to RM128.48mil for its fourth quarter ended Dec 31. This was on the back of higher-than-expected trading activity as a result of the volatility caused by lower oil prices and the weakening ringgit. Earnings per share (EPS) increased to 10 sen from 6.4 sen previously. For the full 2014 financial year, net profit was up 14.53% to RM198.23mil, while revenue rose 6.06% to RM503.76mil. The full-year net profit was the highest recorded by the stock exchange since FY08. EPS increased to 37.2 sen from 32.5 sen previously. The company declared a final dividend of 18 sen per share, bringing the full-year dividend to 54 sen. For FY13, Bursa gave out 52 sen in dividends. (Source: The Star)

### **AmBank's MD to step down**

AMMB Holdings Bhd (AmBank Group), which has been reported to be going through a change at the helm of its management, said that group managing director (MD) Ashok Ramamurthy (pic) would be stepping down as part of a planned transition at the banking group. AmBank Group, in a filing with Bursa Malaysia yesterday, said that it had also started the process of identifying a replacement for the top position. The bank said that Ashok, an Australian national, would be stepping down in due course to rejoin his family in Melbourne. "This is part of a planned transition that will see him resume his career in a senior executive role at Australia and New Zealand Banking Group Ltd (ANZ)," AmBank Group said. (Source: The Star)

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**PLB confident on development projects worth RM350m this year**

Amid economic uncertainties, Penang-based property developer and builder PLB Engineering Bhd remains confident on its four residential and mixed development projects in the state, which has a combined gross development value (GDV) of RM350 million. The projects comprise the final phase of Prestige III (mixed development) in Balik Pulau with a GDV of RM140 million, 98 Nibong Residence (high-end condominium) in Sungai Nibong (RM50 million GDV), 220 units of high-end condominium units in Zoo Road, Air Itam (RM150 million GDV) and a landed development in Pokok Sena (mainland) with a RM10 million GDV. "The weakening ringgit and implementation of the goods and services tax (GST) will have an impact on the economy. But we believe our development projects will do well. The units are reasonably priced from RM500,000," said executive chairman Datuk Seri Ong Choo Hoon after chairing the group's annual general meeting on Thursday. (Source: The Edge)

**House prices seen 3% higher after GST - property consultant**

House prices in Malaysia are expected to rise about 3% after the goods and services tax (GST) is implemented starting this April. Property consulting firm Rahim & Co executive chairman Tan Sri Abdul Rahim Abdul Rahman said although transactions on residential properties were GST exempted, building materials would be taxed under the GST. "In my opinion, there will be slight increase in residential housing price, but not higher than 3%. "There will be a wait and see attitude by house buyers, but I think eventually, the market will absorb it," Abdul Rahim said today, at a press conference on the Malaysian property market outlook. Abdul Rahim said the property market was expected to be stable, with signs of a slowdown. But steady growth is still seen this year, according to him. (Source: The Edge)

**No change to TNB's offer for Integrax**

Tenaga Nasional Bhd (TNB) will not revise its offer price of RM2.75 per share for the remaining stake it does not own in port operator Integrax Bhd, said sources with direct knowledge of the matter. It is understood that the offer letter will be dispatched to Integrax and announced to Bursa Malaysia today. Integrax shareholders and minority shareholders have been waiting for the offer letter to see whether TNB's RM2.75 per share offer price still remains, after several attempts by the former co-founder and deputy chairman Amin Halim Rasip to rally support from minorities to press TNB for a higher price. (Source: The Edge)

**Pasdec's unit signs development deal for Kuantan land**

Pasdec Holdings Bhd's wholly-owned unit Pasdec Putra Sdn Bhd has signed a development agreement with Sejati Bumijaya Sdn Bhd, for the latter to develop Pasdex Putra's freehold land at Bandar Putra in Kuantan, Pahang, into residential and commercial properties. The freehold land measures a total of 154.12 acres (62.37 ha). (Source: The Edge)

**UMW Toyota to pass GST savings to consumers**

UMW Toyota Motor Sdn Bhd will pass on whatever savings it gains from the government's implementation of the goods and services tax (GST) to consumers, pledged the company's president Datuk Ismet Suki. For now, however, it is uncertain how the GST will impact prices of its vehicles, given the weakened ringgit against the dollar. Hence, it remains to be seen if any savings will be realized from the imposition of the consumption tax. (Source: The Edge)

**Foreign News****U.S. Index Futures Climb as McDonald's Advances After Naming CEO**

U.S. stocks advanced, following the Dow Jones Industrial Average's biggest two-day slide in nearly a year, as earnings boosted consumer and materials shares. The S&P 500 climbed 1 percent to 2,021.25 at 4 p.m. in New York, reversing an earlier drop of 0.7 percent. The gauge is down 1.8 percent for January, headed for the biggest monthly decline in a year. The Dow average rose 225.48 points, or 1.3 percent, to 17,416.85. It plunged 2.8 percent in the prior two days.

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### Yellen Tells Senators No Rate Rise Soon Amid Concerns Abroad

Federal Reserve Chair Janet Yellen told Senate Democrats she's encouraged by the national economy even as she expressed some concern about the pace of hiring in the U.S. and the weakening global outlook. "Her message is that the economy's getting better but there's still a ways to go in terms of job creation," New York Senator Charles Schumer said today in an interview on Capitol Hill. "That worry seems, in her mind, to be paramount and that's why she is not going to raise rates immediately."

### Dollar Holds Surge on Fed Outlook; Gold Near Two-Week Low

The dollar held gains after rising to its strongest level in more than a decade versus major peers as U.S. jobs data fueled speculation over the Federal Reserve's timeline for raising interest rates. Japanese index futures climbed with U.S. stocks while gold was near a two-week low. The greenback was little changed at 118.35 yen by 7:54 a.m. in Tokyo, after the Bloomberg Dollar Spot Index, a gauge of the U.S. currency versus 10 counterparts, climbed 0.5 percent to its highest close since data going back to 2004. The Australian and New Zealand dollars were near multi-year lows. Nikkei 225 Stock Average futures added 1.7 percent in Chicago as the Standard & Poor's 500 Index rallied 1 percent following a two-day decline.

### German Inflation Rate Is Negative for First Time Since 2009

Germany's inflation rate turned negative in January for the first time in more than five years, aggravating a slump in consumer prices in the euro area. Prices in Europe's largest economy fell 0.5 percent from a year earlier, the Federal Statistics Office in Wiesbaden said today. That's the lowest rate since September 2009. Economists predicted a drop of 0.2 percent. The European Central Bank committed last week to spend at least 1.1 trillion euros (\$1.2 trillion) on government bonds and other assets to avert deflation in the euro area. Prices in the 19-nation bloc probably dropped this month at the second-fastest rate since the introduction of the single currency.

### Japan Inflation Slows More Than Forecast in Challenge to BOJ

Japan's inflation rate slowed more than forecast in December, adding to central bank chief Haruhiko Kuroda's challenges in reflating the world's third-biggest economy. Consumer prices excluding fresh food rose 2.5 percent from a year earlier, the statistics bureau said Friday in Tokyo. That was less than the median projection of 2.6 percent in a Bloomberg News survey of economists. Stripped of the effect of sales-tax increase last April, core inflation -- the Bank of Japan's key measure -- was 0.5 percent.

(Source: Bloomberg)

### Futures Kuala Lumpur Composite Index

	FKLI MAY	FKLI JUN	FKLI JUL	FKLI OCT
<b>CHANGE</b>	-20.5	-20.5	-22.0	-17.0
<b>OPEN</b>	1,789.0	1,785.5	1,782.5	1,771.0
<b>High</b>	1,790.5	1,788.0	1,784.0	1,771.0
<b>Low</b>	1,770.5	1,766.5	1,767.0	1,764.5
<b>Settle</b>	1,772.5	1,768.5	1,767.0	1,764.5
<b>Volume</b>	7,398.0	8,555.0	119.0	7.0
<b>O.I.</b>	6,830.0	29,446.0	874.0	62.0

### Futures Crude Palm Oil

	FCPO FEB	FCPO MAR	FCPO APR	FCPO MAY
<b>CHANGE</b>	-74.0	-74.0	-76.0	-76.0
<b>OPEN</b>	2,165.0	2,184.0	2,180.0	2,166.0
<b>High</b>	2,180.0	2,188.0	2,182.0	2,166.0
<b>Low</b>	2,152.0	2,140.0	2,128.0	2,112.0
<b>Settle</b>	2,147.0	2,143.0	2,134.0	2,117.0
<b>Volume</b>	248.0	1,439.0	33,396.0	10,401.0
<b>O.I.</b>	1,625.0	18,520.0	41,572.0	22,163.0

\*As at 8.00am 30 January 2015

### Technical Review:

#### FBM KLCI Index



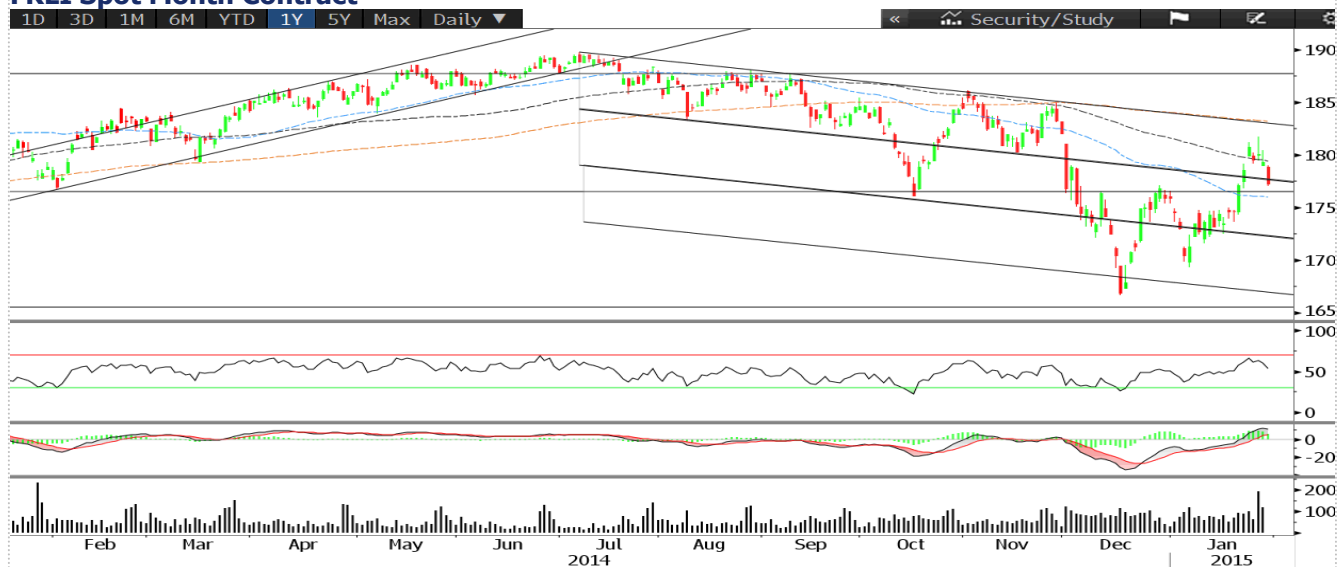
Closing: 1782.18

Support: (S1) 1765 / (S2) 1670

Resistance: (R1) 1830 / (R2) 1845

*Comments: The FBM KLCI lost 13.70 points to 1782.18 points. Technical indicators are mixed with the RSI falling below the overbought zone while the MACD hovered above its signal line. Last year, the KLCI pulled back after hitting a record high of 1892.65 points in July. The index broke the 200-day moving average to reach a 2-year low of 1673.94 points last month and subsequently staged a recovery. The KLCI's rebound rally was capped by the resistance level of 1830 points and we expect the index to test its support of 1765 points.*

#### FKLI Spot Month Contract

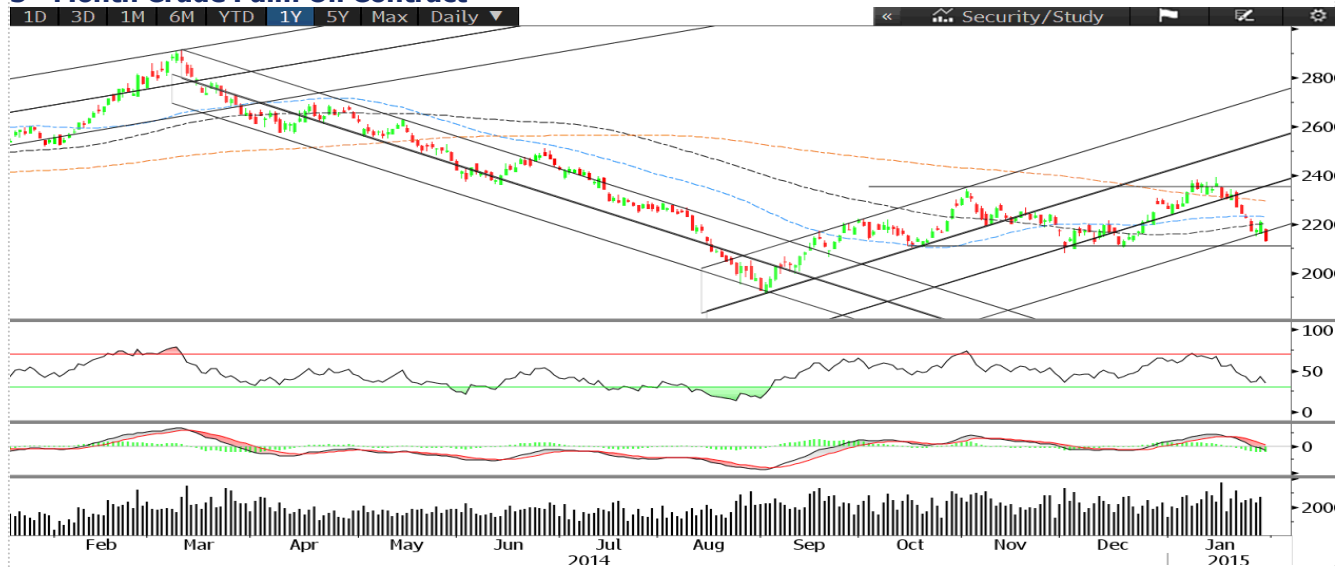


FKLI Closing: 1772.50

Support: (S1) 1760 / (S2) 1665

Resistance: (R1) 1830 / (R2) 1875

*Comments: The spot-month FKLI futures contract plunged 20.50 points to 1772.50 points. The contract was 9.68 points discount to the cash market compared to 2.88 points discount in the previous trading day. Technical indicators are mixed with the RSI falling below the overbought zone while the MACD hovered above its signal line. The contract's rebound was halted by the resistance of 1830 points and we expect the correction to test its support at 1760 points.*

**3<sup>rd</sup> Month Crude Palm Oil Contract**

CPO Closing: RM2134

Support: (S1) 2110 / (S2) 2080

Resistance: (R1) 2395 / (R2) 2510

*Comments: The 3<sup>rd</sup> month CPO futures contract tumbled RM76 to RM2134. Technical indicators are mixed with the MACD declined below its signal line while the RSI is hovering above the oversold zone. The contract was on a downtrend from its 18-month high of RM2900 in March. It broke the 200-day moving average and the critical support of RM2505, falling to a 5-year low of RM1914. The contract failed to break the 200-day moving average and is now undergoing correction with critical support at RM2110.*

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