

MARKET NEWS

The FBMKLCI ended 0.6% at 1,692.51 on the last day of 2015 as investors locked in recent gains on the back of regionally weaker sentiments. Meanwhile, Asian stocks were poised for the first back-to-back annual decline since 2002 as decelerating Chinese growth and the rout in commodities sent equities tumbling during the year to underperform benchmark gauges in Europe and the US. The MSCI Asia Pacific Index rose 0.1% to 131.91. The FBMKLCI's top gainers were IOI Corporation (+1.4%), British American Tobacco (+1.2%) and AMMB Holdings (+0.7%) while the top losers were RHB Capital (-1.1%), Sime Darby (-0.9%) and Astro Malaysia Holdings (-0.7%). In the broader market, losers outpaced gainers 419 to 409 with 359 counters unchanged. Turnover was 1.35b shares valued at RM1.32b.

From a technical perspective, the FBMKLCI's recent upward run was interrupted last Thursday as profit-taking pared down earlier gains. But we see the index still maintains an uptrend channel line and is likely to trade sideways in the near term based on the formation of a spinning top pattern on the daily chart. A breakout above 1,700 would see the index retest the upper channel line of 1,728. Our support and resistance levels are revised as follows:

Support: 1,640, 1,621

Resistance: 1,728, 1,744

US stocks ended the final trading day of 2015 with a whimper rather than a bang on Thursday, as the S&P 500 Index and the Dow Jones Industrial Average both snapped multi-year winning streaks. The S&P 500 index dropped 0.9%, to close the year at 2,043.94, while the DJIA retreated 1%, to finish the year at 17,425.03. The Chicago Purchasing Manager's Index plunged to its lowest level since Jul 09 at 42.9 in December from 48.7 in November. Shares of Chimerix Inc. rose 7% after hedge fund billionaire Steven A. Cohen's investment firm on Wednesday reported a 5.3% stake in the biotech group. That move comes days after shares plunged 80% in one day on news of an unsuccessful late-stage drug trial.

WHAT'S IN THE PACK

Strategy

While 1H 16 outlooks continue to be clouded by economic slowdown and external concerns, there continue to be pockets of investment opportunities.

Banking

Loan growth moderates to 8.4% in Nov 15 from 9.1% in Oct 15. We expect loan growth of 7.2% for 2015 with potential downside risk to our already conservative 6.8% forecast for 2016. Maintain MARKET WEIGHT.

Notion Vtec (NVB MK)

Technical BUY with 32.1% potential return

BUY with a target price of RM0.555 and stop-loss at below RM0.38. NVB has just passed a consolidation phase and managed to penetrate the breakout level of RM0.42 last Thursday.

Bintai Kinden Corporation (BKC MK)

Technical BUY with +37.5% potential return

BUY on breakout with a target price of RM0.495 and stop-loss at below RM0.275. BKC's chart shows the upside trend is intact if the stock can penetrate the RM0.36 level.

Ho Hup Construction Company (HO MK)

Technical BUY on breakout with 24.1% potential return

BUY on breakout with a target price of RM1.44 and stop-loss at below RM0.955. Based on the chart, HO has formed a higher high and a higher low and managed to close above the BBI line last Thursday.

FBMKLCI CHART



Source: BursaStation

KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	17,425.03	(1.02)	0.00
S&P 500	2,043.94	(0.94)	0.00
FTSE 100	6,242.32	(0.51)	0.00
CSI 300	3,731.01	(0.91)	0.00
FSSTI	2,882.73	(0.10)	0.00
HSCEI	9,661.03	0.01	0.00
HSI	21,914.40	0.15	0.00
JCI	4,593.01	0.52	0.00
KLCI	1,692.51	(0.04)	0.00
KOSPI	1,961.31	(0.25)	0.00
Nikkei 225	19,033.71	0.27	0.00
SET	1,288.02	0.33	0.00
TWSE	8,338.06	0.70	0.00
BDI	478.00	0.63	0.00
CPO (RM/mt)	2,485.00	(0.40)	0.00
Nymex Crude (US\$/bbl)	38.08	2.81	2.81

TOP VOLUME

Stock	Price (RM)	Chg (%)	Vol ('000)
Kim Teck Cheong	0.42	2.44	61,016
Apft Bhd	0.25	(2.00)	45,906
Tiger Synergy Bhd	0.09	5.88	36,733
Nexgram Holdings	0.10	11.76	36,126
Talam Transform Bhd	0.06	9.09	32,142

TOP GAINERS

Stock	Price (RM)	Chg (%)	Vol ('000)
R&A	0.01	100.	168
Silver Ridge Holdings	0.16	23.0	16
Voir Holdings Bhd	0.73	15.8	503
Skb Shutters Corp	0.60	15.3	4
Ml Global Bhd	0.45	13.9	11

TOP LOSERS

Stock	Price (RM)	Chg (%)	Vol ('000)
Nwp Holdings Bhd	0.10	(28.57)	2.0
Kuantan Flour Mills	0.10	(16.67)	2,069.9
Cybertowers Bhd	0.05	(16.67)	543.9
Mlabs Systems Bhd	0.07	(13.33)	6.0
G Neptune Bhd	0.04	(11.11)	20.2

Source: Bloomberg

TRADERS' CORNER



Notion Vtec (NVB MK)

Technical BUY with 32.1% potential return

Last price : RM0.42

Target price : RM0.495, RM0.555

Support : RM0.385

Stop loss : RM0.38

BUY with a target price of RM0.555 and stop-loss at below RM0.38. NVB has just passed a consolidation phase and managed to penetrate the breakout level of RM0.42 last Thursday. The uptick in the DMI and the increase in trading volumes suggest buying momentum is set to continue in the near term. We expect the stock to continue trending upwards to our targets of RM0.495 and RM0.555 in the current upleg.

Expected Timeframe: 2 weeks to 2 months



Bintai Kinden Corporation (BKC MK)

Technical BUY on breakout with +37.5% potential return

Last price : RM0.32

Target price : RM0.445, RM0.495

Support : RM0.28

Stop loss : RM0.275

BUY on breakout with a target price of RM0.495 and stop-loss at below RM0.275. BKC's chart shows the upside trend is intact if the stock can penetrate the RM0.36 level. Currently, both the MACD and DMI show the positive signal to support the upward momentum. This is also supported by an uptick in the RSI. We expect the stock will continue to move towards our targets of RM0.445 and RM0.495 in the near term.

Expected Timeframe: 2 weeks to 2 months

TRADERS' CORNER



Ho Hup Construction Company (HO MK)

Technical BUY on breakout with 24.1% potential return

Last price : RM1.06

Target price : RM1.31, RM1.44

Support : RM0.96

Stop loss : RM0.955

BUY on breakout with a target price of RM1.44 and stop-loss at below RM0.955. Based on the chart, HO has formed a higher high and a higher low and managed to close above the BBI line last Thursday. Aggressive traders can buy at breakout level at RM1.16 and set the short-term target at RM1.31. Currently, the DMI shows buying momentum has overcome selling momentum. This is supported by an uptick in the RSI and the MACD that shows a bullish crossover.

Expected Timeframe: 2 weeks to 3 months

CORPORATE NEWS

1MDB: Bandar Malaysia deal a major milestone. At RM7.41b, 1Malaysia Development Bhd's (1MDB) planned sale of a 60% stake in Bandar Malaysia Sdn Bhd is among Malaysia's largest property deals in terms of value. The Edge Malaysia business and investment weekly (Edge Weekly) reported in its latest Jan 4 to 10 issue that the transaction translated into RM12.35b or about RM583.37 psf for the 194ha (486 acre) Bandar Malaysia land at Sungai Besi here. (Source: *The Edge*)

CSC Steel: Acquires Seberang Perai industrial land for RM41m. CSC Steel Holdings Bhd is acquiring two pieces of leasehold land, together with factory buildings, at Seberang Perai, Penang, for RM41m from Tatt Giap Group Bhd. Note that CSC Steel also owns a 20% stake in Tatt Giap Steel. CSC Steel said it expects the acquisition to complete by May 2016. (Source: *The Edge*)

Cypark: 4Q net profit up 28% on higher revenue and lower financing costs. Cypark Resources Bhd posted a 27.29% year-on-year growth in net profit for its fourth financial quarter ended Oct 31, 2015 (4QFY15) to RM8.17m or 3.89 sen per share, from RM6.42m or 3.48 sen per share a year ago. The second phase of its environmental engineering project at Ladang Tanah Merah has begun in 4QFY15, hence the higher revenue. This, coupled with lower financing costs, helped Cypark to make a bigger growth in its bottom line. (Source: *The Edge*)

Ewein: Buy 50% stake in construction firm for RM2.88m. Ewein Bhd is acquiring a 50% stake in construction outfit UD Piles Sdn Bhd for RM2.88m cash, as part of the property developer's strategy to diversify its business. Ewein said it has signed a share sale agreement (SSA) with Messrs 555 Capital Sdn Bhd for the proposed acquisition, which will be funded entirely through internal funds. The remaining 50% stake in UD Piles will be held by Tan Heng Hoow. Ewein said it expects the acquisition to be completed within three months from the date of the SSA. (Source: *The Edge*)

MMC: MMC unit sells land in Johor to IPark. Senai Airport City Sdn Bhd (SACSB), a wholly owned unit of MMC Corp Bhd, has sold three parcels of land, totaling 76.38ha in Mukim of Tebrau and Mukim of Senai, Johor, for about RM369.97m to IPark Development Sdn Bhd. (Source: *Malaysia Reserve*)

Pantech: Buy galvanising machines for RM3.7m. Pantech Group Holdings Bhd's 51%-owned subsidiary, Pantech Galvanising Sdn Bhd, has entered into a deal to purchase and install galvanizing machines and furnace for RM3.71m cash. The machines are purchased from Kubato Kasui Malaysia Sdn Bhd. The purchase will be financed by both internally generated funds and bank borrowings. (Source: *Malaysia Reserve*)

Poh Huat: 4Q earnings grow 43% on better furniture demand abroad. Poh Huat Resources Holdings Bhd saw its net profit rise 43.46% to RM15.85m or 7.43 sen per share for the fourth financial quarter ended Oct 31, 2015 (4QFY15), from RM11.05m or 5.18 sen per share a year ago, due to higher demand for furniture in the United States and Canada. The group also recommended a final dividend of two sen per share for shareholders' approval at the forthcoming annual general meeting. (Source: *The Edge*)

SECTOR

Aviation: Emirates mounts A380 superjumbo on KL–Dubai route, starting Jan 1, 2016.

In a statement today, Emirates said the two-class A380 is designed to seat 615 passengers, with 58 Business Class and 557 Economy Class seats. The A380 service to Kuala Lumpur, EK342, departs Dubai at 10:15hrs (local time), and arrives in Kuala Lumpur at 21:25hrs. The return flight, EK343, departs Kuala Lumpur at 01:10hrs, arriving in Dubai at 04:30hrs. (Source: *The Edge*)

Oil & Gas: 'Oil will blow past US\$80 a barrel in 2016'.

The next big move in the price of oil will be up. For now, the Organization of the Petroleum Exporting Countries (Opec) producers are flooding the market with cheap crude. But low-cost OPEC producers will win the hydrocarbon price war because they can fight harder for longer. When they win, the price of oil will rise.

Plantation: Palm oil set for best year since 2010 as El Nino threatens crops.

Palm oil headed for the biggest annual gain in five years, as the strongest El Nino in almost two decades parches crops in Southeast Asia and trims record stockpiles of the commodity used in food and biofuel. Prices are up 9.5% this year, the first annual rise since 2013 and the most since 2010. Futures for March delivery on Bursa Malaysia Derivatives rallied to an 18-month high on Thursday, before declining 0.5% to 2,481 ringgit by 3:47 p.m. in Kuala Lumpur. Prices have surged 5.8% this month and 4.5% this quarter. (Source: *The Edge*)

Shipping: 2016 challenging year for shipping.

Overcapacity coupled with new shipping lines coming on stream in 2016 could spell another challenging year for the shipping industry while ports could benefit from higher tariffs and logistics from lower oil prices.

ECONOMICS

General: Cheaper fuel from midnight, RON95 drops 10

sen. Petrol and diesel prices will see a reduction of between 10 and 30 sen at midnight of Jan 1, *The Star Online* reports. The RON95 petrol drops 10 sen to RM1.85 a litre, while the RON97 will drop 20 sen to RM2.25 a litre. Meanwhile, the new price of diesel is RM1.60 a litre, down from RM1.90. (Source: *The Edge*)

General: Quitting TPPA will make Malaysia bankrupt, says

Dr Mahathir. Tun Dr Mahathir Mohamad today dismissed Putrajaya's assurances that Malaysia could choose to withdraw from the Trans Pacific Partnership Agreement (TPPA), saying such a move would leave Malaysia practically bankrupt. The withdrawing from TPPA after signing the deal would pave the way for loss-making companies to sue Malaysia in courts that Putrajaya cannot "pressure or bribe". (Source: *The Edge*)

POLITICS

General: MACC completes SRC, RM2.6b probes, now with

A-G. The Malaysian Anti-Corruption Commission (MACC) today handed the attorney-general an investigation paper on SRC International and another on the RM2.6b transferred to Prime Minister Datuk Seri Najib Razak's accounts. MACC said it was satisfied with the testimony of more than 100 witnesses, including the individual who allegedly gave RM2.6b to Najib. (Source: *The Edge*)

FROM THE REGIONAL MORNING NOTES...

Pockets Of Opportunities

While 1H 16 outlooks continue to be clouded by economic slowdown and external concerns, there continue to be pockets of investment opportunities accompanying our generally defensive strategy. Particularly compelling investment themes are high-dividend yielders, El Nino beneficiaries, infrastructure plays, while Chinarelated investment plays emerge. Top buys include large-caps Maybank, IJM Corp, Tenaga, and small-mid caps WCT and Scientex.

Banking: Nov 15 BNM Stats – Sharp Moderation In Working Capital Loan Growth

Loan growth moderated as the initial growth traction in business loans begins to taper off. More importantly, annualised deposit growth of 1.6% continues to trail loan growth of 7.5%, and this is likely to keep funding cost elevated. We expect industry loan growth to finish 2015 at 7.2% with potential downside risk to our already conservative 6.8% forecast for 2016.

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