



Daily Brief

Market View, News In Brief: Corporate, Economy, and Share Buybacks

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*

TA Research Team Coverage

Tel : +603-2072-1277

e-mail: taresearch@ta.com.my

www.taonline.com.my

Market View *Trading to Remain Range Bound Today*

The local stock market extended gains Tuesday with retail interest on penny stocks dominating trade while blue chips consolidated amid the weaker regional tone, dampened by concern stronger-than-expected growth would increase inflation and interest rates. The KLCI added 3.95 points to close at 1,539.55, off a high of 1,544.35 and low of 1,538.76, as gainers beat losers 506 to 379 on active trade totaling 3.18bn shares worth RM2.73bn.

Stocks should stay range bound on mild profit-taking interest given the softer regional tone, while rotational plays on lower liners and penny stocks continues to dominate. The index should see resistance from 1,552, the 1.236FP, then 1,565 (1.382FP) followed by the recent record high of 1,576, matching the 1.5FP. Immediate Fibonacci Retracement (FR) supports are retained at 1,525 and 1,513, the respective 50%FR and 61.8%FR of the rise from 1,474 low of 29 November 2010 to the recent all-time record high of 1,576.95 (6 January 2011).

BUY TM & DRB-Hicom

Following yesterday's breakout, TM shares must overcome near-term resistance from RM3.86, RM3.92 and RM4.00 before targeting RM4.12 (2.0FP) and RM4.24 (2.236FP) ahead, with support coming from RM3.72 (1.236FP) and RM3.60 (100%FR). Fresh daily stochastic and DMI buy signals support further upside for DRB-Hicom towards RM2.30, RM2.40 & RM2.49, with higher upside targets at RM2.61 (1.764FP) and RM2.80 (2.0FP). Immediate support at RM1.99 (100%FR) is reinforced by the lower Bollinger band and 50-day ma (RM1.85).

Asian Shares Closed Mixed

Asian shares closed mixed yesterday with shares in Seoul held back by concern about a possible rate increase this week, while gains in Australia brought the Sydney market to a 10-month high. The Bank of Korea is likely to raise rates by at least 0.25 points this month or next month to tame inflation. Australia's headline index briefly touched a 10-month high of 4891.2 lifted by the financial and resources sectors. Strong gains in US financials on Monday bolstered their Sydney peers, which were also helped by bullish trading update from National Australia Bank. NAB's first quarter cash profit rose 18% to 1.3 billion Australian dollars. Hong Kong stocks fell, putting the Hang Seng Index on course for a second consecutive decline on continued concern China may act further to cool inflation. The Hong Kong's Hang Seng Index fell 69.29 points, or 0.29% to 23,484.30, while the Singapore's Straits Times Index lost 6.82 points, or 0.21% to 3,185.36.

Consumer Shares Lift Wall Street

US stocks posted gains on Tuesday as retail sales rebounded and as McDonald's Corp. rallied after reporting higher-than estimated monthly result. Retailers advanced 1.5%, collectively, for the third-biggest gain among 24 S&P 500 groups. Retail sales increased 2.2% in the week ended Feb 5. after four straight declines, the International Council of Shopping Centers said today. McDonald's jumped 2.6%, the most in the Dow average, after the biggest restaurant chain reported a 5.3% rise in comparable-store sales that topped analyst's estimate. J.C. Penney Co., the third-largest US department-store company, advanced 4.9% and Macy's Inc., the second biggest, added 3.2%. Weakness in energy shares limited gains in the S&P 500 and Nasdaq after China, the world's second-biggest energy consumer, raised interest rate for the second time in six weeks.

The Dow Jones Industrial Average rose 71.52 points, or 0.59% to 12,233.15., while the Standard & Poor's 500 Index gained 5.52 points, or 0.42% to 1,324.57. The technology-heavy Nasdaq Composite Index climbed 13.06 points, or 0.47% to 2,797.05, while the financial index gained 1.51 points, or 0.67% to 228.44.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

News In Brief

Corporate

Financial Daily reported that **Multi Purpose Holdings Bhd**, which was suspended yesterday, may soon accounted a corporate exercise involving its numbers forecast operator Magnum Corp Bhd. (Financial Daily)

PJI Holdings Bhd has secured an RM55.89mn sub-contract from IJM Construction Sdn Bhd for a college in Kedah. (Bursa Malaysia)

Five of six board members of **Seloga Holdings Bhd** have resigned from their positions yesterday in the midst of a boardroom tussle in the company. (Financial Daily)

Proton Holdings Bhd has unveiled for sale a limited number of Proton R3 Satria Neo. The R3 Satria Neo is priced at RM79,797 (MT Metallic) and is available for immediate booking at all Proton Edar showrooms in peninsular Malaysia. (Bernama)

Oriental Interest Bhd (OIB) swung into the red with losses of RM833,000 in the second quarter ended Dec 31, 2010 due to the weaker performance of its manufacturing division, when compared to net profit of RM832,000 a year ago. OIB said that revenue rose nearly 5% to RM19.91mn compared with RM19.02mn a year ago. Loss per share was 0.98 sen compared with earnings per share of 0.92 sen. (Bursa Malaysia)

PJ Development Holdings Bhd aims to ride on the positive economic data by launching four projects worth about RM1.7bn by third quarter of this year. Chief operating officer Lim Lian Seng said the projects are located in Sri Hartamas and Cheras in Kuala Lumpur, Butterworth in Penang, and Kuantan in Pahang. (Business Times)

Celcom Axiata Bhd has launched a secure messaging solution for its wireless subscribers and enterprise customers. Celcom yesterday deployed Celltrust Corp's patents-pending, carrier grade CellTrust SecureSMS Consumer and CellTrust SecureSMS Enterprise technology. (Business Times)

Permodalan Nasional Bhd has emerged a substantial shareholder in **Naim Holdings Bhd** after MD Datuk Hasmi Hasnan sold 5% of his stake to PNB for RM3.40 a share on 28 January 2011. (The Star)

News In Brief

Malaysia

Economy

RON97 prices change monthly

The price of RON97 petrol changes on a monthly basis based on fluctuations in crude oil prices, said Domestic Trade, Consumerism and Cooperatives Minister Datuk Seri Ismail Sabri Yaakob. The system monitors global crude oil prices between the first and 27th of each month and a new RON97 price will be introduced on the first of each month. The price of RON97 increased by 10 sen to RM2.50 per litre earlier this month. It also rose by 10 sen per litre to RM2.40 on January 4. (Business Times)

U.S.

Job Openings in U.S. Decrease to Three-Month Low

Job openings in the U.S. decreased in December to the lowest level in three months, signalling a sustained labour-market recovery will take time to develop. The number of positions waiting to be filled fell by 139,000 to 3.06mn, the fewest since September, the Labor Department said. The number of people hired also dropped, as did the number of workers fired. (Bloomberg)

Europe

U.K. Economy

Retail Sales Advance at Fastest Pace in 10 Months, BRC Says

U.K. retail sales rose at the fastest pace in 10 months in January as consumer spending rebounded after the coldest December in a century, the British Retail Consortium said. Sales at stores open at least 12 months, measured by value, rose 2.3% YoY, compared with a 0.8% decline in December, the London-based BRC said. Pent-up demand after December's snow and New Year discounts contributed to the gain, it said. (Bloomberg)

Housing Gauge Increases as Property-Supply Shortage Supports Prices

A U.K. house-price gauge rose to a six-month high in January as fewer homeowners put their properties on the market, squeezing supply, the Royal Institution of Chartered Surveyors said. The number of real-estate agents and surveyors saying prices fell exceeded those seeing gains by 31pp, the highest reading since July, the London-based group said. That compares with minus 39 in December. Economists forecast an increase to minus 38, according to the median of 16 predictions in a Bloomberg News survey. (Bloomberg)

German Industrial Output Unexpectedly Falls as Weather Hits Construction

Industrial production in Germany, Europe's largest economy, unexpectedly fell for a second month in December as cold temperatures sparked a construction slump. Output dropped 1.5% MoM, following a contraction of 0.6% in November, the Economy Ministry in Berlin said. Economists had forecast a 0.2% gain, the median of 38 estimates in a Bloomberg News survey showed. In the year, production rose 10% when adjusted for work days. (Bloomberg)

French Business Confidence Rose in January to Highest Since October 2007

French manufacturing confidence rose to the highest in more than three years in January as an accelerating global economy buoyed export orders. The Bank of France's Business Sentiment Indicator for manufacturers advanced to 110 from a revised 107 in December, the central bank in Paris said. That was the highest since October 2007 and more than the 108 reading economists predicted, according to the median of three forecasts in a Bloomberg News survey. (Bloomberg)

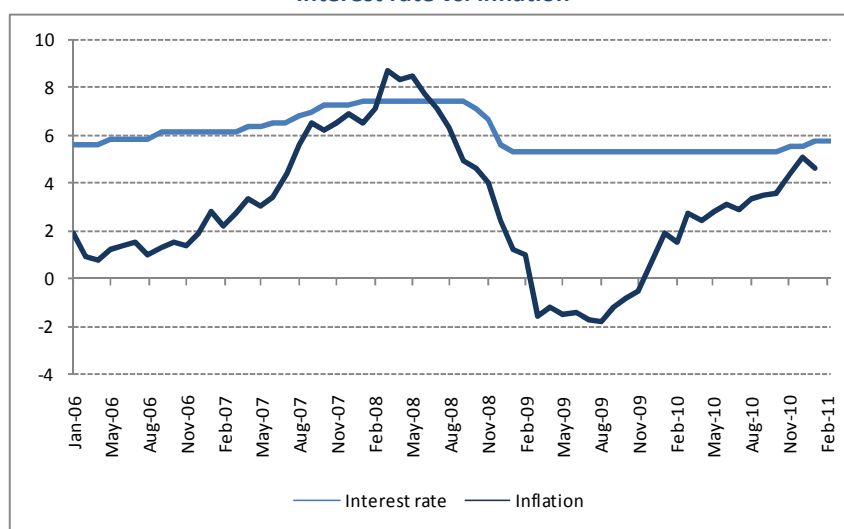
Asia Japan's Current-Account Surplus Widens as Export Grow

Japan's current account surplus widened in December as the global recovery boosted demand, underpinning the wealth that supports the nation's debt burden. The gap expanded 30.5% YoY to JPY1.195tn (USD14.5bn), the Finance Ministry said. The median estimate of 25 economists surveyed by Bloomberg News was for a surplus of JPY1.13tn. (Bloomberg)

China Raises Rates to Counter Accelerating Inflation

China raised interest rates for the third time since mid-October ahead of a report forecast to show inflation accelerated to the fastest pace in 30 months. The benchmark one-year lending rate will increase to 6.06% from 5.81%, effective tomorrow, the People's Bank of China said. The one-year deposit rate will rise to 3% from 2.75%. Note that inflation was 4.6% YoY in December and full year 2010 inflation came in at 3.3% (2009: -0.7%).(Bloomberg)

Figure 1
Interest rate vs. inflation



Sources: Bloomberg, TA Securities

Share Buy-Back : 08-Feb-2011

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
AMPROP	13,800	0.44/0.435	0.445/0.435	1,176,000
GFB	5,000	1.50	1.51/1.50	2,599,000
GRANFLO	30,000	0.345/0.34	0.345/0.34	930,000
MFCB	9,800	1.72	1.75/1.71	14,001,300
SUNCRN	3,000	1.85	1.850	2,308,500

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

for TA SECURITIES HOLDINGS BERHAD (14948-M)

MENARA TA ONE, 22 JALAN P. RAMLEE, 50250 KUALA LUMPUR, MALAYSIA TEL: +603-20721277 / FAX: +603-20325048

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Kaladher Govindan – Head of Research

For Internal Circulation Only

SNAPSHOT OF STOCKS UNDER COVERAGE

Company	Share Price (RM)	Target Price (RM)	% upside	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
				FY11	FY12	FY11	FY12	FY11	FY12	High Price	% Chg	Low Price	% Chg	
PROPERTY	08-Feb-11													
MAHSING	2.63	3.27	24.3%	21.4	27.2	12.3	9.7	2.9	3.4	2.66	-1.1	1.47	78.9	42.9
ENCORP	1.00	1.46	46.0%	21.6	25.2	4.6	4.0	5.0	5.0	1.24	-19.4	0.86	17.0	5.3
GLOMAC	1.85	2.46	33.0%	19.7	21.0	9.4	8.8	4.9	4.9	1.98	-6.6	1.19	55.5	12.1
KSL	1.90	2.80	47.4%	23.3	33.4	8.1	5.7	2.6	2.6	2.12	-10.4	1.20	58.3	4.4
SPSETIA	6.35	6.95	9.4%	26.3	46.3	24.1	13.7	2.1	2.4	6.93	-8.4	3.62	75.4	6.7
<i>Note: SPSETIA Ex-Target Price RM4.63. For more detail please refer to 18.01.2011 SPSETIA report.</i>														
POWER & UTILITIES														
PUNCAK	2.52	3.00	19.0%	37.7	79.9	6.7	3.2	4.8	5.2	3.06	-17.6	2.03	24.1	9.6
TENAGA	6.17	6.81	10.4%	45.7	53.0	13.5	11.6	3.1	3.2	7.43	-17.0	6.08	1.5	-7.9
YTLPOWR	2.39	2.85	19.2%	17.7	17.7	13.5	11.7	5.4	6.3	2.76	-13.4	2.12	12.7	-2.0
TELECOMMUNICATIONS														
DIGI	25.50	28.37	11.3%	163.5	177.3	15.6	14.4	6.4	6.9	26.00	-1.9	21.00	21.4	3.7
MAXIS	5.39	5.80	7.6%	30.6	31.8	17.6	16.9	4.8	4.4	5.54	-2.7	5.10	5.7	1.7
AXIATA	5.03	5.90	17.3%	37.2	41.4	13.5	12.2	2.0	2.0	5.11	-1.6	3.24	55.2	5.9
TM	3.85	3.95	2.6%	15.1	17.2	25.6	22.4	5.2	5.2	3.85	0.0	3.08	25.0	9.7
TECHNOLOGY														
Semiconductor & Electronics														
MPI	5.60	4.70	-16.1%	48.4	56.3	11.6	9.9	5.4	5.4	7.33	-23.6	5.35	4.7	-1.6
UCHITEC	1.31	1.60	22.1%	13.3	13.9	9.8	9.4	9.2	9.2	1.51	-13.2	1.17	12.0	0.8
UNISEM	2.16	2.46	13.9%	27.3	27.8	7.9	7.8	2.8	2.8	2.72	-20.5	1.43	51.0	-6.1
Others														
FRONTKN	0.21	0.17	-19.0%	1.9	2.5	11.1	8.5	0.5	0.5	0.22	-4.5	0.12	82.6	23.5
TRANSPORTATION														
Airlines														
AIRASIA	2.79	3.40	21.9%	31.1	30.8	9.0	9.1	0.0	0.0	3.04	-8.2	1.07	160.7	10.3
MAS	2.06	2.80	35.9%	8.5	13.9	24.1	14.8	0.0	0.0	2.42	-14.9	1.80	14.4	-1.4
AIRPORT	6.10	6.60	8.2%	39.6	41.9	15.4	14.5	2.5	2.5	6.35	-3.9	4.60	32.6	-2.9
Freight & Tankers														
MAYBULK	2.83	3.30	16.6%	25.8	28.8	11.0	9.8	7.1	7.1	3.26	-13.2	2.70	4.8	0.4
MISC	8.35	9.30	11.4%	40.3	48.6	20.7	17.2	4.2	4.2	9.13	-8.5	7.78	7.3	-0.1

SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE

Company	Share Price (S\$)	Target Price (S\$)	% upside	EPS (cent)		PER (X)		Div Yield (%)		52week		52week		% Chg YTD
				FY11	FY12	FY11	FY12	FY11	FY12	High Price	% Chg	Low Price	% Chg	
BANKS & FINANCIAL SERVICES														
DBS	15.12	16.80	11.1%	123.4	135.4	12.3	11.2	4.0	4.2	15.74	-3.9	13.24	14.2	5.6
OCBC	9.75	11.00	12.8%	80.0	88.3	12.2	11.0	3.6	3.6	10.36	-5.9	8.10	20.4	-1.3
UOB	19.58	22.50	14.9%	173.7	188.7	11.3	10.4	3.6	3.8	21.08	-7.1	17.80	10.0	7.6
PLANTATIONS														
WILMAR	5.48	7.27	32.7%	30.3	41.4	12.5	9.2	2.4	3.3	7.07	-22.5	5.25	4.4	-2.7
IFAR	2.62	3.60	37.4%	24.4	24.9	10.7	10.5	0.0	0.0	2.99	-12.4	1.88	39.4	-6.4

BUY : Total return within the next 12 months exceeds required rate of return by 5%-point.

HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

SELL : Total return is lower than the required rate of return.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months.

Required Rate of Return of 10% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.