



Reports Published

Economics – Malaysia economy: Inflationary pressure to stay intense

Corporate News

- SP Setia launches differential sum loan scheme
- Hua Yang emerges as largest shareholder in Magna Prima
- Petronas Dagangan still looking for buyer for its Vietnamese unit
- Malakoff looks at buying 10 power generation assets
- Ekovest may gain up to RM71m in govt incentive payment
- Malaysia Marine tenders for projects worth RM1.7bn

Bursa Malaysia

	Close	Change +/-	Change %
FBMKLCI	1,738.95	-1.65	-0.09
FBMEMAS	12,380.99	-20.25	-0.16
FBM100	12,021.18	-15.41	-0.13
FBMEMAS Shariah	12,802.31	-52.57	-0.41
FBM Hijrah Shariah	14,073.16	-67.72	-0.48
Volume (m)	2,854.51	65.61	2.35
Value (MYR m)	2,186.89	-264.78	-10.80
FBMKLCI YTD performance			5.92

Source: Bloomberg, BIMB Securities Research

Regional Indices

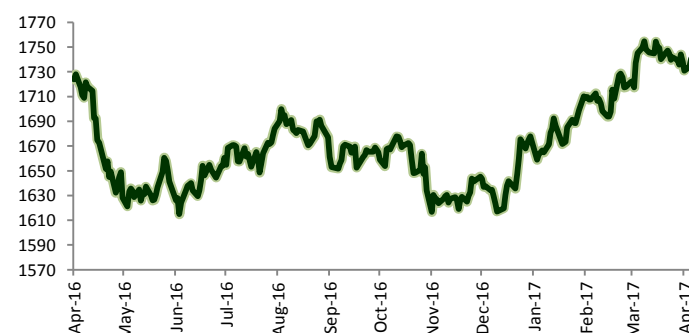
	Close	Change +/-	Change %	YTD Change (%)
DJIA	20,404.49	-118.79	-0.58	3.25
NASDAQ	5,863.03	13.56	0.23	8.92
S&P 500	2,338.17	-4.02	-0.17	4.44
FTSE 100	7,114.36	-33.14	-0.46	-0.40
Nikkei 225	18,432.20	13.61	0.07	-3.57
HSI	23,825.88	-98.66	-0.41	8.30
SHCOMP	3,170.69	-26.03	-0.81	2.16
KOSPI	2,138.40	-10.06	-0.47	5.52
TWSE	9,639.94	-106.62	-1.09	4.18
STI	3,126.28	-11.26	-0.36	8.52
JCI	5,606.52	29.03	0.52	5.85
SET	1,567.19	-7.23	-0.46	1.57
PSEi	7,522.98	-66.00	-0.87	9.97

Source: Bloomberg, BIMB Securities Research

Economic News

- Malaysia's CPI up 5.1% on year in March, hitting 8-year high
- Digital economy could add more than 20% to Malaysia's GDP before 2020
- Malaysian property prices remain steady
- IMF: US tax cuts may lead firms to take too much risk
- Indonesia seen on hold as it keeps tabs on inflation
- Thai CB chief says to act on excessive moves in baht

KLCI Performance



KLCI Year-End Target: 1,755 points

Source: Bloomberg, BIMB Securities Research

Commodities (Last Close)

	Close	Change +/-	Change %
Brent Crude (USD/bbl)	52.93	-1.96	-3.57
WTI Crude (USD/bbl)	50.44	-1.97	-3.76
CPO (RM/MT)	2,465.00	-8.00	-0.32
Gold (USD/ounce)	1,278.92	-1.36	-0.11
Latex (sen/kg)	625.00	-17.50	-2.72
Soybean Oil	31.79	0.41	1.31

Source: Bloomberg, BIMB Securities Research

Forex

(per USD)	BIMB (YE Forecast)	Close	Change +/-	Change %
MYR	4.20	4.40	-0.0039	-0.09
JPY	110.0	108.86	0.4300	0.40
EUR	0.93	0.93	0.0017	0.18
SGD	1.45	1.40	0.0026	0.19

Source: Bloomberg, BIMB Securities Research

Major Rates

	%
KLIBOR 3-mth	3.43
KLIBOR 6-mth	3.54
KLIBOR 12-mth	3.63
5-yr MGS	3.78
10-yr MGS	4.11

Source: Bank Negara Malaysia

Daily Participation

	Participation (%)	Bought (MYR m)	Sold (MYR m)	Net (MYR m)
Local Insti	61.7	1399.6	1,299.4	100.2
Local Retail	18.7	396.8	420.4	-23.6
Foreign	19.6	390.5	467.1	-76.6
Total	100.0	2,186.9	2,186.9	0.0

Source: The Sun, BIMB Securities Research

Performance of BIMB Stock Coverage

Top Gainers

	Close	Change +/-	Change %
MMHE	1.04	0.04	4.0%
Padini	3.16	0.12	3.9%
Eversendai	0.74	0.03	3.5%
Eco World	1.53	0.02	1.3%
IOI Corp	4.50	0.05	1.1%

Source: Bloomberg, BIMB Securities Research

Top Losers

	Close	Change +/-	Change %
MCT	1.06	-0.08	-7.0%
Petronas Gas	18.70	-0.60	-3.1%
Westports	3.99	-0.11	-2.7%
Scomi Energy	0.21	-0.01	-2.4%
FGV	2.03	-0.04	-1.9%

Source: Bloomberg, BIMB Securities Research

Malaysia Economy

Economics

Inflationary pressure to stay intense

- CPI climbed 5.1% yoy but declined 0.1% mom
- Core inflation stable at 2.5% yoy
- Higher inflation unlikely to lead to any changes in monetary policy
- We revised 2017 inflation forecast to 3.6%

Inflation in Malaysia accelerated in March to its highest level in eight years due to the low base last year and higher retail fuel prices compared to March 2016.

The consumer-price index (CPI), the country's main inflation gauge, rose 5.1% yoy in March the highest since November 2008 when it accelerated 5.7%. Inflation in February was 4.5% compared with the same period a year ago. Compared to February 2017, headline inflation rates edged down 0.1% mom while on a seasonally adjusted term, the overall CPI also decreased by 0.1% mom.

CPI for the first three months of 2017 registered an increase of 4.3% as compared to the same period last year. The index for food & non-alcoholic beverages were the main upward contributor to the CPI rise in the period January to March 2017, registered an increase of 4.2%.

Table 1: Malaysia Consumer Price Index (CPI, 2010=100)

% YoY	Jan'17		Feb		Mar	
	CPI	Core Index	CPI	Core Index	CPI	Core Index
Total	3.2	2.3	4.5	2.5	5.1	2.5
Non-Food	2.9	-	4.7	-	5.6	-
Food and Non-Alcoholic Beverages	4.0	3.3	4.3	3.7	4.1	3.7
Alcoholic Beverages & Tobacco	0.2	-	0.2	-	0.2	-
Clothing and Footwear	-0.7	-0.7	-0.2	-0.2	-0.2	-0.2
Housing, Water, Electricity, Gas and Other Fuels	1.9	2.4	2.2	2.7	2.1	2.7
Furnishings, Household Equipment and Routine Household Maintenance	1.5	1.5	1.5	1.5	1.5	1.5
Health	2.5	2.5	2.4	2.4	2.6	2.6
Transport	8.3	3.3	17.9	3.1	23.0	2.9
Communication	-0.2	-0.2	-0.3	-0.3	-0.2	-0.2
Recreation Services and Culture	3.2	3.2	3.1	3.1	3.0	3.0
Education	2.0	2.0	1.7	1.7	1.7	1.7
Restaurants & Hotels	2.1	2.1	2.3	2.3	2.3	2.3
Miscellaneous Goods & Services	1.4	1.4	1.4	1.4	1.3	1.3

Source: Department of Statistics, BIMB Securities

CORPORATE NEWS

SP Setia launches differential sum loan scheme

SP Setia has launched its Setia Express Advance Loan (SEAL), a differential sum loan scheme which offers interest rates as low as 5.5% per annum and up to 30% of the intended property purchase. SEAL enables eligible purchasers of completed SP Setia properties to bridge the financing gap between purchase price and purchaser's end financing loan amount. This provides them with a convenient and hassle-free solution while buyers can confidently secure their desired home. In providing further financial flexibility, SEAL offers a 36-month repayment period and no penalty charge will be imposed on buyers, should they choose to settle their loan amounts earlier. (Source: StarBiz)

Hua Yang emerges as largest shareholder in Magna Prima

Hua Yang is forking out RM123.7m to boost its stake in another property group, Magna Prima Bhd, which will result in it becoming the largest shareholder. Its wholly-owned subsidiary Prisma Pelangi SB signed a conditional share sale agreement to increase its shareholding from 10.84% to 30.06%, just short of the level that would mandate making a general offer. Hua Yang disclosed that the price tag for the additional 20.12% stake, comprising 66.89m shares, was RM1.85/share. About a third of the shares come from Fantastic Realty SB, which will slip a rung to become the second biggest shareholder after the completion of the proposed share sale. The share purchase will turn Magna Prima into an associate of Hua Yang. (Source: StarBiz)

Petronas Dagangan still looking for buyer for its Vietnamese unit

Petronas Dagangan (PetDag) which is 69.86% owned by Petronas, will proceed with its plans to exit the Vietnamese market. The group is still looking for a buyer for its liquefied petroleum gas (LPG) bottling and distribution operations there. This is despite improvements in the LPG market and improvement in the group's earnings in the FY16. PetDag had acquired 2 Vietnam-incorporated firms from Petronas International Corp Ltd in 2012. They were bought together with other Petronas' downstream companies in the Philippines and Thailand. For FY17, the group will continue to look at more areas to improve its cost efficiency and to increase its sales volume in both fuel and non-fuel businesses. (Source: The Edge)

Malakoff looks at buying 10 power generation assets

Malakoff is currently looking at proposals to acquire more than 10 power generation assets in line with a plan to increase its power generation capacity to 10,000 MW by 2020. Malakoff's focus was now more towards the "brown", rather than green field, as the company preferred to see a timely impact on its balance sheet. The group was also looking at expanding its presence in the international market, including the Middle East and Australia, as well as new opportunities in Europe. To date, the group's total power generation capacity stands at 7,537 MW. In terms of revenue, the contribution from Malakoff's power plants stand at 4% to date, while in respect of profit, it was about 25% of the total. Revenue for the FY16 rose 15% to RM6.10bn compared to RM5.30bn in 2015, on the back of the revenue contribution by Tanjung Bin Energy SB pursuant to the start of its commercial operation on March 21 last year. (Source: Bernama)

Ekovest may gain up to RM71m in govt incentive payment

Ekovest stands to reap up to RM71m for delivering cost savings to the Government through the adoption of its enhanced design for the Bunas regional sewage treatment plant in Titiwangsa, Kuala Lumpur. Unit Ekovest KL Bund SB had on Wednesday inked an incentive agreement with the Government for the improved design. No figure was given on how much incentive payment was expected, but based on the agreed payment of up to 75% of the cost savings and Ekovest's estimate of direct cost savings of RM94.67m, the company may receive up to RM71m. The incentive agreement runs up to Jan 30, 2019, and may be extended. The incentive is based on achieving the targeted key performance indicators resulting in more than 20% in cost savings, the difference between the original estimated project cost and the final project cost. Apart from the ceiling of 75% of the cost savings, the incentive payment is capped at RM100m (excluding duties and taxes). (Source: StarBiz)

Malaysia Marine tenders for projects worth RM1.7bn

Malaysia Marine and Heavy Engineering Holdings Bhd (MHB) is currently tendering for several projects worth about RM1.7bn. Recently, MHB secured a RM1bn contract from Petronas Carigali for the engineering, procurement, construction, installation and commissioning works for the central processing platform at the Bokor Phase 3 Re-Development Project in Sarawak. With the new contract, MHB order book now stands at about RM2bn and is now looking for jobs in other segments. Despite the current tough operating environment, the company would continue to leverage on its capabilities and facilities to ensure safe delivery of projects. MHB has started to focus on diversifying its source of income by venturing into related businesses that leverage on its industrial knowledge and expertise. MHB hoped revenue for the 2018 financial year would turnaround as demand for offshore structures were expected to pick-up during the year. (Source: Bernama)

ECONOMIC NEWS**Malaysia's CPI up 5.1% on year in March, hitting 8-year high**

Malaysia's CPI jumped 5.1% in March on year, the highest in 8 years due to the low base last year and higher retail fuel prices compared to March 2016. The latest index, however, was marginally lower than Bloomberg survey of a 5.2% rise. A broad measure of inflation, increased by 5.1%. However, it said core inflation remained stable at 2.5%. Among the major groups which recorded increases were the indices for transport (+23%), food and non-alcoholic beverages (+4.1%), recreation services and culture (+3%), health (+2.6%), restaurants and hotels (+2.3%) and housing, water, electricity, gas and other fuels (+2.1%). The index of transport group showed a significant increase of 23% on a YoY basis in March 2017, after rising 17.9% in February 2017. This increase is due to the base effect of low Transport group index in March 2016 and the increase in fuel prices in March 2017. *(Source: StarBiz)*

Digital economy could add more than 20% to Malaysia's GDP before 2020

The contribution of the digital economy to Malaysia's GDP, at about 17% currently, is expected to exceed the projected target of 20% earlier than 2020. The level could be achieved earlier as Malaysia had started making waves in the digital economy arena this year, 1st with the launch of the Digital Free Trade Zone (DFTZ) on March 22 and now, the Malaysia Digital Hub. Malaysia can also leverage on the Regional Comprehensive Economic Partnership (RCEP), and the DFTZ is an area where our SMEs can benefit from partnerships with big players like Alibaba. Seeing the rate at which Digital Economy Corp Sdn Bhd (MDEC) is bringing in the investments, Malaysia can achieve it (target of 20% to GDP) earlier than 2020. *(Source: Bernama)*

Malaysian property prices remain steady

House prices have remained steady despite a slowdown in property sales and a huge overhang of unsold units. Prices of residential property continued to grow, albeit moderately despite the current market glut. The Malaysian House Price Index (MHPI) continued its moderating trend. As at the 4Q of 2016, the MHPI stood at 243.3 points, up by 5.5% on an annual basis. The responsible lending measures by the CB have shown a positive outcome in ensuring sustainable price growth in years to come. On quarterly movements, it had shown a contraction of 0.7% in the 4Q2016. It added that the slow market absorption of the primary market led to the increase in the residential overhang. There were 14,792 overhang units worth RM8.56bn, up by 43.8% in volume and 70.7% in value, against 2015. *(Source: StarBiz)*

IMF: US tax cuts may lead firms to take too much risk

Tax cuts and financial deregulation proposed by the Trump administration could embolden American companies to boost risk taking to undesirable levels. Trump has proposed cutting the corporate income-tax rate to 15% and taxing offshore earnings at a reduced level when companies repatriate the money. He has also suggested allowing firms to immediately expense capital spending, though they would have to give up their ability to deduct net interest expenses. The plan would prompt US companies to significantly boost capital spending. But the proposals may have the unintended consequence of causing companies to take too much risk. Cash flow from tax reforms may accrue mainly to sectors that have engaged in substantial financial risk taking. *(Source: Bloomberg)*

Indonesia seen on hold as it keeps tabs on inflation

Indonesia's CB is expected to keep its key interest rates unchanged, as authorities stay on guard over rising inflationary pressures and the risk of capital outflows. South-East Asia's largest economy has benefited from stronger global growth and improved commodity prices that have boosted exports and narrowed its current account deficit, but tighter US monetary policy may exert pressure on the rupiah. All 15 analysts in a Reuters poll predicted Bank Indonesia (BI) would keep the benchmark 7-day reverse repurchase rate unchanged at 4.75% for the 6th consecutive policy review. BI was also expected to keep unchanged its 2 other policy rates, which act as the floor and ceiling of the overnight interbank money market, at 4.00% and 5.50%, respectively. *(Source: Reuters)*

Thai CB chief says to act on excessive moves in baht

Thailand's baht should move in line with market forces but the CB is ready to act on any excessive volatility in the currency. The baht is not as volatile as several other regional currencies. The Thai currency is hovering near 21-month highs against the USD and is Southeast Asia's best-performing currency so far this year. A weaker USD has caused Southeast Asian currencies to appreciate. The CB has not conducted any baht policies to gain a competitive advantage in trade although it had acted sometimes to prevent capital movements from affecting Thai financial markets. The CB has several instruments to handle irregular capital movements. They don't like short-term foreign inflows to park at their financial markets. *(Source: Reuters)*

ECONOMIC CALENDAR

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
04/20/2017 06:45	NZ	CPI QoQ	1Q	0.80%	1.00%	0.40%	--
04/20/2017 06:45	NZ	CPI YoY	1Q	2.00%	2.20%	1.30%	--
04/20/2017 07:50	JN	Trade Balance	Mar	¥608.0b	--	¥813.4b	¥813.5b
04/20/2017 07:50	JN	Trade Balance Adjusted	Mar	¥172.0b	--	¥680.3b	--
04/20/2017 07:50	JN	Exports YoY	Mar	6.20%	--	11.30%	--
04/20/2017 07:50	JN	Imports YoY	Mar	10.00%	--	1.20%	--
04/20/2017 07:50	JN	Japan Buying Foreign Bonds	14-Apr	--	--	-¥2176.8b	--
04/20/2017 07:50	JN	Japan Buying Foreign Stocks	14-Apr	--	--	¥82.9b	--
04/20/2017 07:50	JN	Foreign Buying Japan Bonds	14-Apr	--	--	¥586.8b	--
04/20/2017 07:50	JN	Foreign Buying Japan Stocks	14-Apr	--	--	¥441.0b	--
04/20/2017 09:30	AU	RBA FX Transactions Government	Mar	--	--	-A\$333m	--
04/20/2017 09:30	AU	RBA FX Transactions Market	Mar	--	--	A\$282m	--
04/20/2017 09:30	AU	RBA FX Transactions Other	Mar	--	--	A\$60m	--
04/20/2017 09:30	AU	NAB Business Confidence	1Q	--	--	5	--
04/20/2017 10:00	CH	FX Net Settlement - Clients CNY	Mar	--	--	-69.2b	--
04/20/2017 12:30	NE	Unemployment Rate	Mar	--	--	5.30%	--
04/20/2017 12:30	NE	Consumer Confidence Index	Apr	--	--	16	--
04/20/2017 12:30	NE	Consumer Spending YoY	Feb	--	--	2.70%	--
04/20/2017 13:00	ES	PPI MoM	Mar	--	--	0.00%	--
04/20/2017 13:00	ES	PPI YoY	Mar	--	--	3.90%	--
04/20/2017 13:30	JN	Nationwide Dept Sales YoY	Mar	--	--	-1.70%	--
04/20/2017 13:30	JN	Tokyo Dept Store Sales YoY	Mar	--	--	-3.10%	--
04/20/2017 14:00	GE	PPI MoM	Mar	0.20%	--	0.20%	--
04/20/2017 14:00	GE	PPI YoY	Mar	3.20%	--	3.10%	--
04/20/2017 15:00	DE	Consumer Confidence Indicator	Apr	--	--	6.2	--
04/20/2017 15:00	TU	Consumer Confidence Index	Apr	65	--	67.8	--
04/20/2017 15:00	CZ	PPI Industrial MoM	Mar	0.00%	--	0.40%	--
04/20/2017 15:00	CZ	PPI Industrial YoY	Mar	3.10%	--	3.10%	--
04/20/2017 15:00	CZ	Export Price Index YoY	Feb	--	--	1.50%	--
04/20/2017 15:00	CZ	Import Price Index YoY	Feb	--	--	4.20%	--
04/20/2017 15:00	JN	Convenience Store Sales YoY	Mar	--	--	-1.70%	--
04/20/2017 15:00	HU	Average Gross Wages YoY	Feb	9.80%	--	10.00%	--
04/20/2017 16:00	TA	Export Orders YoY	Mar	8.80%	--	22.00%	--
04/20/2017 16:00	BZ	FIPE CPI - Weekly	15-Apr	0.44%	--	0.31%	--
04/20/2017 17:00	EC	Construction Output MoM	Feb	--	--	-2.30%	--
04/20/2017 17:00	EC	Construction Output YoY	Feb	--	--	-6.20%	--
04/20/2017 17:00	BP	Current Account Balance	Feb	--	--	-9.7m	--
04/20/2017 18:00	IS	GDP Annualized	4Q F	--	--	6.50%	--
04/20/2017 19:30	TU	Foreigners Net Bond Invest	14-Apr	--	--	\$487m	--
04/20/2017 19:30	TU	Foreigners Net Stock Invest	14-Apr	--	--	\$116m	--
04/20/2017 20:00	PD	Sold Industrial Output MoM	Mar	13.30%	--	-0.90%	--
04/20/2017 20:00	PD	Sold Industrial Output YoY	Mar	7.40%	--	1.20%	--
04/20/2017 20:00	PD	Construction Output YoY	Mar	1.00%	--	-5.40%	--
04/20/2017 20:00	PD	PPI MoM	Mar	0.00%	--	0.00%	--
04/20/2017 20:00	PD	PPI YoY	Mar	4.60%	--	4.40%	--
04/20/2017 20:00	PD	Retail Sales MoM	Mar	15.40%	--	-2.70%	--
04/20/2017 20:00	PD	Retail Sales YoY	Mar	8.60%	--	7.30%	--
04/20/2017 20:00	PD	Retail Sales Real YoY	Mar	6.60%	--	5.20%	--
04/20/2017 20:00	BZ	IBGE Inflation IPCA-15 MoM	Apr	0.27%	--	0.15%	--

Source: Bloomberg, BIMB Securities Research

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10 in the next 12 months.
TRADING BUY	Share price may exceed 15 over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10 over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15 in the next 3 months.
SELL	Share price may fall by more than 10 over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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