



## Reports Published

### Economics – Exports continue double digit growth in October

### Corporate News

- Sapura Resources 3Q net profit falls 99.6% on absence of disposal gain
- Scientex 1Q net profit up 39.1% to RM72.4m, declares 10 sen dividend
- GD Express to see mid-teen growth in FY18 revenue, says MD
- Astro 3Q earnings down 2.86% on lower EBITDA, declares 3 sen dividend
- Nexgram, Seychelles firm abort plan to jointly develop Cyberjaya project

### Bursa Malaysia

	Close	Chg +/-	Chg %	YTD Chg (%)
FBMKLCI	1,718.33	-6.51	-0.38	4.67
FBMEMAS	12,346.73	-48.66	-0.39	7.68
FBM100	12,020.18	-50.12	-0.42	7.43
FBMEMAS Shariah	12,811.90	-24.02	-0.19	6.64
FBM Hijrah Shariah	13,987.67	-9.75	-0.07	4.17
Volume (m)	1,580.43	-254.77	-13.88	
Value (MYR m)	2,257.22	22.63	1.01	

Source: Bloomberg, BIMB Securities Research

### Regional Indices

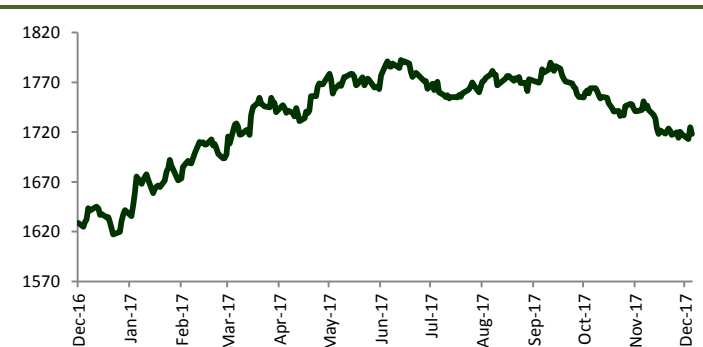
	Close	Chg +/-	Chg %	YTD Chg (%)
DJIA	24,140.91	-39.73	-0.16	22.15
NASDAQ	6,776.38	14.16	0.21	25.88
S&P 500	2,629.27	-0.30	-0.01	17.44
FTSE 100	7,348.03	20.53	0.28	2.87
Nikkei 225	22,177.04	-445.34	-1.97	16.02
HSI	28,224.80	-618.00	-2.14	28.29
SHCOMP	3,293.97	-9.71	-0.29	6.13
KOSPI	2,474.37	-35.75	-1.42	22.10
TWSE	10,393.92	-172.93	-1.64	12.32
STI	3,397.21	-40.85	-1.19	17.93
JCI	6,035.51	35.03	0.58	13.95
SET	1,694.39	-3.22	-0.19	9.82
PSEi	8,129.62	-15.38	-0.19	18.84

Source: Bloomberg, BIMB Securities Research

### Economic News

- Malaysia's Oct exports continue double-digit growth at 18.9% yoy
- US unit labor costs decline for two straight quarters
- S&P says US fiscal loosening could spell ratings action
- General Electric to cut 4,500 jobs in Europe
- UAE must do more on transparency to get off tax blacklist
- India's c.bank holds rates, eyes inflation and rebounding growth

### KLCI Performance



KLCI Year-End Target: 1,790 points

Source: Bloomberg, BIMB Securities Research

### Commodities (Last Close)

	Close	Chg +/-	Chg %
Brent Crude (USD/bbl)	61.22	-1.64	-2.61
WTI Crude (USD/bbl)	55.96	-1.66	-2.88
CPO (RM/MT)	2,535.00	-28.00	-1.09
Gold (USD/ounce)	1,264.24	0.89	0.07
Latex (sen/kg)	512.50	-8.50	-1.63
Soybean Oil	33.17	-0.33	-0.99

Source: Bloomberg, BIMB Securities Research

### Forex

(per USD)	BIMB (YE Forecast)	Close	Chg +/-	Chg %
MYR	4.20	4.076	0.0133	0.33
JPY	110.0	112.29	-0.3100	-0.28
EUR	0.93	0.85	0.0022	0.26
SGD	1.45	1.35	0.0019	0.14

Source: Bloomberg, BIMB Securities Research

**Major Rates**

	%
KLIBOR 3-mth	3.43
KLIBOR 6-mth	3.56
KLIBOR 12-mth	3.63
5-yr MGS	3.60
10-yr MGS	3.94

Source: Bank Negara Malaysia

**Daily Participation**

	Participation (%)	Bought (MYR m)	Sold (MYR m)	Net (MYR m)
Local Insti	47.9	1,053.6	1,108.0	-54.4
Local Retail	16.8	391.2	368.2	23.0
Foreign	35.3	812.5	781.1	31.4
<b>Total</b>	<b>100.0</b>	<b>2,257.3</b>	<b>2,257.3</b>	<b>0.0</b>

Source: The Sun, BIMB Securities Research

**Performance of BIMB Stock Coverage****Top Gainers**

	Close	Chg +/-	Chg %
Hibiscus Petroleum	0.76	0.04	5.6%
Kawan Food	3.15	0.06	1.9%
SP Setia	3.40	0.06	1.8%
Amway Malaysia	7.17	0.10	1.4%
Digi.Com	4.71	0.06	1.3%

Source: Bloomberg, BIMB Securities Research

**Top Losers**

	Close	Chg +/-	Chg %
GHL Systems	1.37	-0.08	-5.5%
Ikhmas Jaya	0.56	-0.02	-4.3%
UEM Sunrise	1.02	-0.03	-2.9%
KPJ Healthcare	0.91	-0.02	-1.6%
Westports	3.39	-0.05	-1.5%

Source: Bloomberg, BIMB Securities Research

## Malaysia Economy

# Economics

## Exports continue double digit growth in October

- Exports growth rebounded to 18.9% yoy in October
- Imports accelerated in October
- Imports surpassed exports for three consecutive month
- October's trade surplus the highest since April 2016
- Positive export growth in all major sectors
- Imports growth driven by consumption and intermediate goods
- Exports to moderate in the final quarter

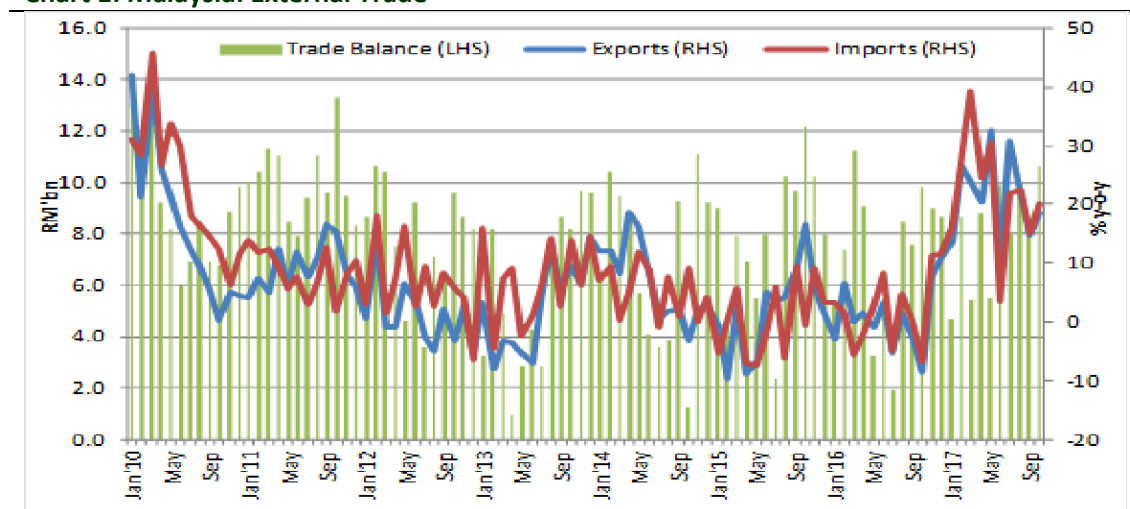
Malaysia's export posted a strong growth of 18.9% yoy to RM82.4bn in October after moderating 14.8% yoy in September. Exports exceeded RM80bn mark for the third time in 2017. Imports rose by 20.9% to RM71.9bn. The rebound in exports and imports growths is expected due to low base effect. Trade surplus widened to RM10.6bn, the highest value since April 2016, making it the 240th consecutive month of trade surplus since November 1997.

On monthly basis, exports and imports expanded by 5.3% and 3.2%, respectively. In seasonally adjusted terms, export increased 5.0% but imports decreased 1.7%.

Total trade in October 2017 surged by 19.8% yoy to RM154.3bn and compared to previous month it posted an expansion of RM6.4b or 4.3%.

Total trade for the first ten months of 2017 amounted to RM1.5tn, grew by 21.5% compared with the same period of 2016. Exports totaled RM772.7bn, an increase of 21.1% while imports stood at RM692.5bn, rose by 21.9%. Trade surplus of RM80.2bn was recorded, higher by 14.4% yoy..

**Chart 1: Malaysia: External Trade**



Source: Department of Statistics, BIMB Securities

**Sapura Resources 3Q net profit falls 99.6% on absence of disposal gain**

Sapura Resources's net profit plunged 99.6% to RM412,000 in its 3QFY18 from RM98.32m a year ago, in the absence of a one-off gain on disposal of a 49% stake in APIIT Education Group in August last year. The decline was offset by lower finance costs. EPS fell to 0.3 sen in 3QFY18 from 70.43 sen in 3QFY17. Quarterly revenue, however, grew 9.1% to RM12.94m from RM11.86m in 3QFY17, mainly due to higher revenue registered in the aviation segment. 9MFY18, the group slipped into a net loss of RM1.44m compared with a net profit of RM102.71m. On prospects, they are driven by 2 core businesses, property and aviation. Although the property market is softening, the group takes a long term view on its property investments. While aviation revenue continues to grow as we expand our hangarage business and related aviation services. The board believes that these businesses will generate value as they mature. *(Source: The Edge)*

**Scientex 1Q net profit up 39.1% to RM72.4m, declares 10 sen dividend**

Scientex net profit for the 1QFY18 rose 39.1% to RM72.40m, from RM52.06m a year earlier, lifted by better sales from both its manufacturing and property development segments. Revenue for the quarter rose 23.2% to RM658.68m, from RM534.68m previously. Scientex declared a final dividend of 10 sen to be paid on Jan 26 next year. On its prospects in the manufacturing segment, it will continue to remain vigilant to external forces and risks such as resin price fluctuations, raw material supply constraints, developments of geo-political nature, as well as fluctuations its foreign currency rates. The group will constantly monitor external developments to ensure that the volatility is managed in a prudent and effective manner. On its property division, its focus on affordable housing shall continue to dominate and lead the way to contribute to its sales revenue for the coming financial year. The Melaka Durian Tunggal land consisting of 197.4 acres is slated to feature affordable homes and is expected to be launched in the current financial year. *(Source: The Edge)*

**GD Express to see mid-teen growth in FY18 revenue, says MD**

GD Express Carrier is expecting to see revenue grow at least in the mid-teens for its FY18. However, margins may continue to face compression as the group plans to invest in doubling its handling capacity to about 200,000 parcels a day, within the next 2 to 3 years. The group's local and regional growth ambitions have led to additional expenses to grow its management team, as well as to invest in more trucks and employees, all while it has kept from adding costs to its customers. Although hopeful the group could keep its net profit margin in double digits, any decline in margin would be compensated by scale. In its 1QFY18, GD Express saw net profit margin fall to 11.4%, from 14% a year earlier. They see themselves in the growth phase for the next 5 to 10 years and are going to be more aggressive in their growth strategy. *(Source: The Edge)*

**Astro 3Q earnings down 2.86% on lower EBITDA, declares 3 sen dividend**

Astro 3Q net profit dipped 2.86% to RM146.68m, from RM151m a year earlier, due to lower margin on EBITDA. The EBITDA margin fell by 3% during the 3QFY18, mainly due to higher license, copyright and loyalty fees, higher selling and distribution expenses and higher telecommunication cost, as a percentage of revenue. The decrease in EBITDA was offset with impairment of investment in associate of RM15.1m in 3QFY17 and lower net finance costs. Lower net finance cost was due to favourable unrealised forex gain arising from unhedged non-current balance sheet liabilities, comprising finance lease liabilities and vendor financing. Quarterly revenue slipped 1.92% to RM1.39bn, from RM1.42bn last year, because of a slowdown in subscription, advertising and licensing revenue, offset by higher production revenue. *(Source: The Edge)*

**Nexgram, Seychelles firm abort plan to jointly develop Cyberjaya project**

Nexgram has aborted its plan to jointly develop the Angkasa Icon City mixed commercial project in Cyberjaya, Selangor with Seychelles company China Asian Capital Holding Ltd (CACH). Its wholly-owned subsidiary Nexgram Land SB and CACH had agreed to discontinue the JDA signed on May 19 after a few subsequent discussions. The JDA duly lapsed on Aug 18. Hence Nexgram Land decided to discontinue the JDA. The Bursa will be updated on any new development in due course. In May, Nexgram had appointed the little-known CACH as the joint developer and turnkey contractor for the development of Angkasa Icon City. Nexgram said the project was to be built on land owned by another wholly-owned subsidiary, Nextnation Datacity SB. The proposed project was to comprise a hotel, a block of small office/virtual office and a block of service suite apartments. *(Source: The Edge)*

### Malaysia's Oct exports continue double-digit growth at 18.9% y-o-y

Malaysia's October exports sustained double-digit growth momentum to rise 18.9% yoy to RM82.4bn, as a result of higher exports to China, Hong Kong, Singapore, Thailand, and Japan. Bulk of the exports came from electrical and electronics products, which accounted for 37.7% of total exports, and has increased by 16.9% in October. Besides that, crude petroleum, palm oil and palm oil-based products, refined petroleum products, liquefied natural gas (LNG), and timber and timber-based products also recorded increase in exports, compared to the previous year. Natural rubber, however, declined 5.8% to RM323.9m, due to the 20.6% decrease in export volume of the product, despite average unit value increased 18.6% from a year earlier. October's imports grew 20.9% yoy, compared to a 15.2% growth posted in September, attributed to higher imports of intermediate goods, consumption goods and capital goods. (Source: *The Edge*)

### US unit labor costs decline for two straight quarters

US unit labor costs were much weaker than initially thought, declining both in the 2Q and 3Q of this year, pointing to very benign inflation pressures in the near term even as the labor market is close to full employment. Other data on Wednesday showed private-sector employment increasing at a solid clip in November, with the manufacturing sector adding the most jobs in at least 15 years. The signs of soft wage growth and tightening labor market conditions could further intensify inflation debate at the Federal Reserve's policy meeting next week. Economists, however, believe that wage growth is being understated. The weakness in unit labor costs will undoubtedly be cited by many as evidence that worries about the economy overheating due to a tightening labor market are misplaced. (Source: *Reuters*)

### S&P says US fiscal loosening could spell ratings action

Proposed US tax cuts would increase the federal deficit and looser fiscal policy could prompt negative action on US credit ratings unless Washington addresses long-term budgetary issues. While Congress has yet to agree upon a final version of the tax package, Moritz Kraemer, S&P's sovereign global chief rating officer, told that the cuts appeared more likely to stoke inflation rather than significantly boost growth in a US economy already running at full capacity. That in turn could lead the US Federal Reserve to raise interest rates more quickly than expected, drawing capital from emerging markets and leaving some countries with large external funding requirements, such as Turkey. (Source: *Reuters*)

### General Electric to cut 4,500 jobs in Europe

General Electric Co plans to cut 4,500 jobs in Europe, the first numbers to emerge on layoffs from the US industrial conglomerate since it outlined plans to restructure and shed units last month. The cuts, which are linked to businesses GE bought from France's Alstom in 2015, will affect employees in Switzerland, Germany and Britain, said French newspaper *Les Echos*, which first reported the news on Tuesday. A labour union source confirmed the layoff numbers to Reuters on Wednesday and said an official announcement was expected as early as Thursday. GE did not confirm the numbers but said it was "reviewing its operations to ensure the business is best positioned to respond to our market realities and for long-term success." The company had presented a proposal to the European body representing legacy Alstom employees. (Source: *The Edge*)

### UAE must do more on transparency to get off tax blacklist

The United Arab Emirates will have to do more to address the European Union's concerns about tax transparency if it is to be removed from a tax-haven blacklist, the EU's ambassador to the UAE said on Wednesday. He was speaking a day after EU finance ministers adopted a blacklist of 17 jurisdictions deemed to be tax havens, including the UAE and Bahrain, in an unprecedented step to counter worldwide tax avoidance. The EU has been in touch over the last months with the UAE authorities and the UAE made a certain number of commitments. But the UAE does not apply the BEPS (base erosion and profit sharing) minimum standards and did not commit to addressing these issues by Dec 31, 2018. (Source: *The Edge*)

### India's c.bank holds rates, eyes inflation and rebounding growth

The Reserve Bank of India (RBI) kept its policy rate steady on Wednesday, as widely expected, after inflation accelerated to a seven-month high and stronger economic growth reduced the need for monetary stimulus. All but 2 of 54 analysts had predicted the repo rate would be left unchanged for a second straight meeting at 6.00%, its lowest since November 2010. The RBI also kept the reverse repo rate unchanged at 5.75%. The decision to stand pat was widely expected after the annual rate of consumer inflation increased in October to 3.58%, driven by higher food and crude oil prices. That's still low by Indian standards, but not far from the central bank's 4% target. (Source: *The Edge*)

## ECONOMIC CALENDAR

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
12/07/2017 07:50	JN	Official Reserve Assets	Nov	--	\$1261.2b	\$1260.9b	--
12/07/2017 15:00	DE	Industrial Production MoM	Oct	--	--	-4.20%	--
12/07/2017 15:00	GE	Industrial Production SA MoM	Oct	0.90%	--	-1.60%	--
12/07/2017 15:00	GE	Industrial Production WDA YoY	Oct	4.30%	--	3.60%	--
12/07/2017 15:45	FR	Trade Balance	Oct	-4675m	--	-4669m	--
12/07/2017 15:45	FR	Current Account Balance	Oct	--	--	-3.1b	--
12/07/2017 16:00	CZ	Construction Output YoY	Oct	--	--	-1.10%	--
12/07/2017 16:00	CZ	Industrial Output YoY	Oct	10.30%	--	4.40%	--
12/07/2017 16:00	CZ	Trade Balance National Concept	Oct	15.3b	--	20.2b	--
12/07/2017 16:00	LN	International Reserves	Nov	--	--	2699.8m	--
12/07/2017 21:00	PD	Official Reserves	Nov	--	--	110639	--
12/07/2017	CH	Foreign Reserves	Nov	\$3123.5b	--	\$3109.2b	--
12/08/2017 07:50	JN	BoP Current Account Balance	Oct	¥1721.0b	--	¥2271.2b	--
12/08/2017 07:50	JN	BoP Current Account Adjusted	Oct	¥1932.7b	--	¥1835.1b	--
12/08/2017 07:50	JN	Trade Balance BoP Basis	Oct	¥418.1b	--	¥852.2b	--
12/08/2017 07:50	JN	GDP SA QoQ	3Q F	0.40%	--	0.30%	--
12/08/2017 07:50	JN	GDP Annualized SA QoQ	3Q F	1.50%	--	1.40%	--
12/08/2017 07:50	JN	GDP Nominal SA QoQ	3Q F	0.70%	--	0.60%	--
12/08/2017 07:50	JN	GDP Deflator YoY	3Q F	0.10%	--	0.10%	--
12/08/2017 07:50	JN	GDP Private Consumption QoQ	3Q F	-0.50%	--	-0.50%	--
12/08/2017 07:50	JN	GDP Business Spending QoQ	3Q F	0.40%	--	0.20%	--
12/08/2017 13:30	NE	Manufacturing Production MoM	Oct	--	--	1.40%	--
12/08/2017 13:30	NE	Manufacturing Production YoY	Oct	--	--	5.20%	--
12/08/2017 13:30	NE	Industrial Sales YoY	Oct	--	--	6.00%	--
12/08/2017 15:00	FI	Trade Balance	Oct P	--	--	-213m	--
12/08/2017 15:00	FI	Industrial Production MoM	Oct	--	--	0.50%	--
12/08/2017 15:00	GE	Trade Balance	Oct	21.9b	--	24.1b	--
12/08/2017 15:00	FI	Industrial Production WDA YoY	Oct	--	--	4.70%	--
12/08/2017 15:00	GE	Current Account Balance	Oct	20.0b	--	25.4b	--
12/08/2017 15:00	GE	Exports SA MoM	Oct	1.00%	--	-0.40%	--
12/08/2017 15:00	GE	Imports SA MoM	Oct	1.00%	--	-1.00%	-1.10%
12/08/2017 15:45	FR	Industrial Production MoM	Oct	-0.10%	--	0.60%	--
12/08/2017 15:45	FR	Industrial Production YoY	Oct	2.90%	--	3.20%	--
12/08/2017 15:45	FR	Manufacturing Production MoM	Oct	--	--	0.40%	--
12/08/2017 15:45	FR	Manufacturing Production YoY	Oct	--	--	3.10%	--
12/08/2017 16:00	SO	Trade Balance	Oct	455.4m	--	450.0m	--
12/08/2017 16:00	HU	Trade Balance	Oct P	740m	--	937m	--
12/08/2017 17:00	LN	Trade Balance	Oct	--	--	-0.11b	--
12/08/2017 17:30	UK	Industrial Production MoM	Oct	0.00%	--	0.70%	--
12/08/2017 17:30	UK	Industrial Production YoY	Oct	3.50%	--	2.50%	--
12/08/2017 17:30	UK	Manufacturing Production MoM	Oct	0.00%	--	0.70%	--
12/08/2017 17:30	UK	Manufacturing Production YoY	Oct	3.80%	--	2.70%	--
12/08/2017 17:30	UK	Visible Trade Balance GBP/Mn	Oct	-£11500	--	-£11253	--
12/08/2017 17:30	UK	Trade Balance	Oct	-£3000	--	-£2754	--
12/08/2017 17:30	SV	Industrial Production MoM	Oct	--	--	1.30%	--
12/08/2017 17:30	SV	Industrial Production YoY	Oct	--	--	8.60%	--
12/08/2017	CH	Trade Balance	Nov	\$35.00b	--	\$38.17b	\$38.19b
12/08/2017	CH	Exports YoY CNY	Nov	2.00%	--	6.10%	--
12/08/2017	CH	Imports YoY CNY	Nov	13.10%	--	15.90%	--
12/08/2017	CH	Trade Balance CNY	Nov	233.00b	--	254.47b	--
12/08/2017	CH	Exports YoY	Nov	5.30%	--	6.90%	--

Source: Bloomberg, BIMB Securities Research

**DEFINITION OF RATINGS**

BIMB Securities uses the following rating system:

**STOCK RECOMMENDATION**

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

**SECTOR RECOMMENDATION**

<b>OVERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
<b>NEUTRAL</b>	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
<b>UNDERWEIGHT</b>	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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