

BURSA

	21-Jul	1-day chg	% chg
KLCI:	1,134.70	(4.55)	-0.40%
FTMS Emas:	7,643.43	(34.54)	-0.45%
2nd Board:	4,874.22	(23.51)	-0.48%
Mesdaq:	4,003.04	(79.43)	-1.95%
KLSE Market Cap (RMbn):	806.54	(4.28)	-0.53%

INDICES

	21-Jul	20-Jul	% chg
Dow:	8,915.94	67.79	0.77%
Nasdaq:	1,916.20	6.91	0.36%
FTSE-100:	4,481.17	37.55	0.85%
Nikkei 225:	9,652.02	256.70	2.73%
SHCOMP:	3,213.21	(53.71)	-1.64%
HSI:	19,501.73	(0.64)	0.00%
STI:	2,454.33	(1.82)	-0.07%
KOSPI:	1,488.99	10.48	0.71%
TWSE:	6,953.34	14.48	0.21%
JCI:	2,146.55	40.20	1.91%
SET:	609.83	(3.84)	-0.63%

FOREX (US\$)

	21-Jul	20-Jul	% chg
MYR (RM):	3.5420	3.5397	0.06%
EURO (€):	1.4226	1.4231	-0.04%
GBP (£):	1.6459	1.6547	-0.53%
YEN (¥):	93.74	94.19	-0.48%
SGD (S\$):	1.4410	1.4401	0.06%
HKD (HK\$)	7.7501	7.7501	0.00%

KEY STATS

KLCI Spot			
Vol (m shares):	912.65	1,008.54	-9.51%
Value (RMm):	1,490.52	1,591.25	-6.33%
KLCI Futures			
Jul 09:	1,135.00	1,142.50	-0.66%
Aug 09:	1,131.00	1,140.50	-0.83%
CPO spot price (RM/tonne)			
	2,143.00	2,160.00	-0.79%
Soybean (US\$/bsl)			
	1,014.50	1,033.00	-1.79%
SoyOil (US\$/b)			
	34.93	35.51	-1.63%
Gold (US\$/troy oz)			
	946.90	948.80	-0.20%
Nymex crude oil (US\$/bbl)			
	64.72	63.98	1.16%

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Research Highlights

Company Update

- **Axis REIT (BUY; RM1.69;TP:RM2.41)- Greener Outlook**
- **Kawan Food (HOLD;RM0.70;TP: RM0.85)- Belt-tightening consumers head to the freezer**
- **Gamuda (HOLD; RM3.20; TP:RM2.50) – Sell SPLASH but maintain O&M contract**

Sector Update

- **Water Sector - Splash accepts SSG's offer with conditions (Puncak: BUY TP: RM 3.86; Gamuda : HOLD; TP: RM 2.50)**

News Highlights

- **HeidelbergCement to sell Malaysian assets for US\$400m - US\$500m**
- **Penang group secures RM2bil in building material contracts**
- **Sime Darby's "Safe City Initiative" in Ara Damansara**
- **Dialog, Royal Vopak in Pengarang storage terminal study**
- **EPF transacts in 7m Telekom shares over 2 days**
- **AMDB trading to be suspended from July 28**

Economic News

- **CPI may drop between 1.2% and 1.6% in June**

Foreign News

- **NYMEX-Crude, products slip after API supply data**
- **BlackBerry maker RIM prevented from submitting US\$1.1b bid for Nortel assets**
- **Temasek: Goodyear not taking CEO post**
- **Volvo braces for 'difficult' third quarter after loss**
- **Apec to push for 2010 Doha Round wrap-up**
- **China builder to raise US\$7b from share sale**
- **Wynn Resorts files for Hong Kong IPO of Macau unit**

Top Volume*				Top Gainer*				Top Loser*			
Stock	Price (RM)	% Chg (+/-)	Vol (m)	Stock	Price (RM)	% Chg (+/-)	Vol (m)	Stock	Price (RM)	% Chg (+/-)	Vol (m)
1 AXIATA	2.870	-3.0	27.60	Maybank	6.400	3.2	14.10	Astro	3.280	-4.1	14.70
2 IOI Corp	4.840	0.8	16.50	PPB Group	13.000	3.2	1.51	MMC Corp	2.220	-3.9	0.35
3 Astro	3.280	-4.1	14.70	KL Kepong	12.300	1.7	4.41	Msjan Airline	3.040	-3.8	0.13
4 Maybank	6.400	3.2	14.10	IOI Corp	4.840	0.8	16.50	AXIATA	2.870	-3.0	27.60
5 Telekom Msia	2.980	0.0	11.00	YTL Corp	7.000	0.7	0.74	Genting Malaysia	2.770	-2.5	9.81
6 YTL Power	2.190	0.5	9.83	Tanjong Plc	14.300	0.7	0.47	Public Bank	10.100	-1.9	3.04
7 Genting Malaysia	2.770	-2.5	9.81	BAT	45.250	0.6	0.23	Parkson	5.250	-1.9	1.62
8 Genting	5.900	-1.7	8.70	YTL Power	2.190	0.5	9.83	Genting	5.900	-1.7	8.70
9 Bumiputra	9.950	-1.5	7.15	MISC	8.650	0.0	0.48	UMW Hldg	6.050	-1.6	0.77
10 AMMB Hldg	3.780	-0.5	6.89	PLUS	3.280	0.0	3.83	Bumiputra	9.950	-1.5	7.15

Note: * Bursa Malaysia Composite Index ("BMCI") component stocks only

Corporate News

■ 4-5% tariff increase next month? (TNB; HOLD; TP: RM7.00, pending review)

It was reported that power tariff discussions could take place today. If approved, effects could take place next month, according to Energy, Green Technology and Water Minister Datuk Peter Chin Fah Ku. It is also rumored that rate hikes could be between 4 -5%. Previously the minister also said that tariffs will be increased in tandem with raising subsidized gas prices of RM10.70/mmBtu to market prices RM12.90/mmBtu. (Starbiz)

Comments: Every RM1/mmBtu increase in gas prices will require average tariff rates to increase by 2.3% to 32.0sen/kWh from our estimated 31.31sen/kWh. If Tenaga Nasional (TNB)'s paid gas prices are market to market, we can expect average tariffs to increase by 1.56sen or 5% to 32.87sen/kWh in order for TNB to achieve a Neutral impact.

We do expect an overall Neutral impact to TNB in the event of a tariff and gas price hike. It is unlikely that the government will compensate TNB for its high coal cost. TNB's FY09 coal cost of USD90-92/mT is not too far off from the official compensated price of USD85/mT. Coal prices are seen to be stabilizing as well and we anticipate coal prices to be USD85/mT in FY10.

However, the adjustment in tariffs, although delayed, demonstrates the government's intention to gradually remove subsidies. The frequent adjustment in tariffs over the last 3 years paves the way for a fuel-pass-through (FPT) formula; this will be a re-rating catalyst for TNB as it provides greater transparency in tariff movements and hence, better earnings visibility.

We are looking to upgrade our call on TNB to a Trading BUY from our current HOLD recommendation on the back of 1) improving industrial demand 2) heavier weighting in the FBM KLCI 3) improved probability of a FPT formula implementation 4) coal prices stabilizing at compensated coal prices 5) broad sector recovery. Fair value (currently RM7.00) will be revised upwards pending today's results release.

■ HeidelbergCement to sell Malaysian assets for US\$400m- US\$500m

HeidelbergCement AG is looking to sell its Malaysian assets for US\$400mil to US\$500mil, according to banking sources.

An information memorandum recently went out and bids were said to have come in from private equity sponsors and strategic investors, the sources told *Reuters*.

Financial adviser Standard Chartered Bank is providing a staple financing for the debt portion of the deal. The German cement maker is loaded with debt from its 2007 takeover of British rival Hanson, and is looking to sell assets worldwide.

Last month, HeidelbergCement completed an €8.7bil loan restructuring, extending its debt to December 2011, giving it time to overhaul its strained finances. Commerzbank, Deutsche Bank, Nordea Bank and Royal Bank of Scotland (RBS) arranged the refinancing. (*The Star*)

■ Penang group secures RM2bil in building material contracts

Over RM2bil worth of contracts to supply building materials have been secured by about half of the Penang Master Builders and Building Materials Dealers Association's (PMBBMDA) 117 members so far this year.

President Finn Choong said the materials included essential building blocks such as steel, cement and other aggregates for residential projects in Penang. These contracts do not include materials for interior decoration. They only involve PMBBMDA members.

Works on the second Penang bridge did not require raw materials from its members at the moment. He added that the bridge will require supplies from our members when the piling and concrete works begin.

Meanwhile, PMBBMDA secretary Ong Soo Yong said the forthcoming commercial and residential projects, such as the First Avenue Shopping Mall, Cititel Express and IJM's The Light Linear, should generate demand for interior finishing products from local building material suppliers. (The Star)

■ **Sime Darby's "Safe City Initiative" in Ara Damansara**

Sime Darby Property will launch its latest residential project in Ara Damansara township in October.

Sime Darby Property managing director Tunku Datuk Putra Badlishah said on July 21 the Seri Pilmoor project is a gated and guarded development community.

The project would comprise of semi-detached and bungalow houses, he told reporters at the launch of its "Safe City" programme at Ara Damansara.

Home Affairs Minister, Datuk Seri Hishammudin Hussein and Deputy Inspector General of Police Tan Sri Ismail Omar officiated at the ceremony. (The Edge Financial Daily)

■ **Dialog, Royal Vopak in Pengerang storage terminal study**

Dialog Group Bhd and Vopak Asia Pte. Ltd are teaming up to study the feasibility to develop an independent storage terminal for oil products in Pengerang, Johor.

Dialog said on July 21 that it had signed a memorandum of understanding (MoU) with Vopak Asia, which is part of the Royal Vopak group yesterday.

"The MOU enables Vopak to become a strategic business partner in the equity ownership and development of this independent deepwater storage terminal," it said in a statement to Bursa Malaysia.

The Pengerang region is at the southern tip of Johor, close to international shipping routes and Singapore's international petroleum hub.

The proposed terminal in Pengerang will have an initial storage capacity of 1.4 million cubic metres.

The terminal will be a tank facility for storing, blending and distributing crude oil and petroleum products with port facilities capable of handling very large crude carriers. Ultimately, there is an area of 200 hectares available for the development of a world class deepwater storage terminal for oil products. (The Edge Financial Daily)

■ **EPF transacts in 7m Telekom shares over 2 days**

The Employees Provident Fund transacted in 7.11 million shares of Telekom Malaysia Bhd over two days from July 13 to 14.

A filing with Bursa Malaysia on July 21 showed that the EPF acquired 4.65 million shares – of which 3.03 million shares were purchased on July 13 and another 1.62 million the next day.

It disposed of 1.37 million shares on July 13 and 1.09 million shares the next day

After the recent transactions, its total shareholding was 529.35 million

Telekom shares or 14.79%. (*The Edge Financial Daily*)

■ **AMDB trading to be suspended from July 28**

Trading of AMDB Bhd's shares will be suspended from 9am on July 28, 2009 to facilitate the company's proposed share capital reduction and consolidation exercise.

In a filing to Bursa Malaysia Securities on July 21, AMDB said the trading suspension would continue until the completion of the exercise.

The exercise involves the cancellation of 33 sen from the par value of the existing 954.68 million ordinary shares of 50 sen each in AMDB or about RM318.23 million of its paid up capital, and reduction of its share premium account by RM38.32 million.

It also includes the consolidation of three AMDB shares of 17 sen each after the capital reduction into one AMDB share of 50 sen each.

AMDB's restructuring exercise includes the capital reduction exercise and the acquisition of four property development firms from its controlling shareholder AmcorpGroup Bhd. (*The Edge Financial Daily*)

Economic News

■ **CPI may drop between 1.2% and 1.6% in June**

A spike in electricity as well as transportation costs is likely to put the brakes on Malaysia's economic recovery.

According to RAM Holdings Bhd chief economist Dr Yeah Kim Leng, a rise in these costs ahead of an economic recovery, which is expected by year-end, could have a dampening effect on the already weak domestic demand.

"It also depends on the quantum of increase allowed by the Government. If it's a small rise, it could be absorbed by consumers without derailing the recovery process.

"However, sharp price hikes are worrisome as they could exert undue upward pressure on prices of consumer goods as observed last year when fuel prices spiked," he told *StarBiz*.

An electricity tariff review scheduled for July 1 was postponed in light of the current economic situation. Meanwhile, a 30% hike in bus and taxi fares due in August will likely offset deflationary pressures on Malaysia's consumer price index (CPI). Economists polled by *StarBiz* forecast the country's CPI for June, which is scheduled for release today, to contract 1.2% to 1.6% year-on-year. (*The Star*)

Foreign News

■ **NYMEX-Crude, products slip after API supply data**

New front-month September U.S. crude oil futures fell in Globex electronic trading after an industry group's inventory data showed crude supplies rose unexpectedly last week.

Before the report, both expiring NYMEX August crude futures and September crude had settled higher after seesawing amid hopes for economic recovery and caution about the pace.

The American Petroleum Institute report was bearish relative to expectations, with stock builds in each of the major categories," said Tim Evans, analyst at Citi Futures Perspective in New York.

Late on Tuesday, the American Petroleum Institute released its inventory report showing crude oil stocks rose 3.1 million barrels.

Gasoline supplies rose 1.3 million barrels and distillate stocks rose 147,000 barrels, the API said. Refinery capacity utilization fell 2 percentage points to 84 percent, according to the API report. *(Reuters)*

■ **BlackBerrymaker RIM prevented from submitting US\$1.1b bid for Nortel assets**

BlackBerry manufacturer Research In Motion Ltd (RIM) was effectively prevented from submitting an offer for the Nortel Networks Wireless Business that is the subject of a bankruptcy auction scheduled for July 24, 2009.

The Canadian company said in a statement posted on its website on July 20 that assets being sold are Nortel's CDMA and Long Term Evolution Access businesses.

RIM said under Nortel's CDMA and Long Term Evolution Access businesses, Nortel develops current and next generation technology for wireless infrastructure and mobile devices.

RIM added that it had sought to be qualified as a qualified bidder in Nortel's auction bidding process for the Wireless Business, but RIM was told it could be qualified only if it promised not to submit offers for other Nortel assets for a period of one year. *(The Edge Financial Daily)*

■ **Temasek: Goodyear not taking CEO post**

Singapore's Temasek said Charles (Chip) Goodyear has decided not to become the chief executive of the state investment firm due to differences over strategy, less than six months after accepting the post.

Ho Ching, the wife of Singapore's prime minister and the current CEO, will continue to remain executive director and chief executive, Temasek said in a statement yesterday.

"In Singapore, all these successions at this level are planned quite carefully and for this to happen now is quite unusual," said Song Seng Wun, senior regional economist at CIMB.

Sources familiar with Temasek said the announcement came out of the blue, with senior managers called into a meeting about half an hour before the news was made public.

Goodyear, the former CEO of BHP Billiton, was ready to take over from Ho on October 1 as the sovereign wealth fund's first foreign CEO.

With 40 per cent of its holdings in financials, the market meltdown last year saw Temasek's portfolio lose nearly a third in the eight months to November, sparking unprecedented criticism in Singapore about its strategy.

As of November 30, 2008, the Temasek portfolio was valued at US\$84 billion (US\$1 = RM3.54), down from US\$134 billion on March 31 that year. *(Bloomberg)*

■ **Volvo braces for 'difficult' third quarter after loss**

Volvo AB, the world's second-largest truckmaker, said it's confronting a "difficult" third quarter as a decline in sales and late customer payments caused a wider loss than analysts predicted in the three months through June.

The second-quarter net loss was 5.57 billion kronor (100 kronor = RM47.97), or 2.75 kronor a share, Gothenburg, Sweden-based Volvo said yesterday in a statement. Analysts had estimated a loss of 3.9 billion kronor, according to a survey.

Volvo reiterated forecasts that its main truck markets will shrink by at least 30 per cent and said provisions for bad loans caused a loss at its financial-services unit. The manufacturer said it's "working actively" with buyers that are having difficulty with repayments. Volvo is building fewer trucks this quarter than in the three months through June, chief executive officer Leif Johansson said. *(Bloomberg)*

■ **Apec to push for 2010 Doha Round wrap-up**

Asia-Pacific trade ministers meeting in Singapore agreed yesterday to step up efforts to conclude a new global trade pact in 2010 after leaders of key economies agreed on the deadline

Discussion on ways to conclude the often-stalled Doha round of world trade talks dominated the opening day of the Asia-Pacific Economic Cooperation (Apec) meeting, Singapore's Trade Minister Lim Hng Kiang said.

"We have this last bit of the summit to scale and we have to make our best efforts to reach the summit," Lim told a news conference. *(AP)*

■ **China builder to raise US\$7b from share sale**

The Chinese company that built the "Water Cube" swimming centre for the Beijing Olympics said yesterday it hopes to raise up to US\$7.3 billion (US\$1 = RM3.54) in the world's biggest initial public offering (IPO) since March 2008.

The decision to let China State Construction Engineering Corp proceed with such a huge IPO indicates regulators believe China's markets have regained their strength after a plunge last year that prompted a ban on new offerings.

China's main market index is up more than 75 per cent this year and was the world's best performer for the first half of 2009. *(AP)*

■ **Wynn Resorts files for Hong Kong IPO of Macau unit**

Las Vegas casino company Wynn Resorts has submitted an application to list its Macau unit on the Hong Kong stock exchange, sources said today, hoping to raise between US\$500 million and US\$1 billion (RM1.77 billion to RM3.54 billion).

Enthusiasm about the plan to list the shares through an initial public offering (IPO) has awakened casino stock bulls in the past few sessions and shares were mostly moving higher in US trading, led by Wynn, which was up as much as 5% before paring gains.

The move comes as Wynn rival Las Vegas Sands also seeks to tap the Hong Kong IPO market, which has experienced a recent revival in activity after being moribund since late last year. Both gaming groups, saddled with debt after expansions coincided with the financial crisis, are hoping to boost valuations at home through a spinoff abroad.

Reuters reported last month that Wynn was reviving its Macau IPO plans, a process that began last year but was shelved when the markets plunged late in the fall. *(The Edge Financial Daily)*

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