

**BURSA**

	22-Jul	1-day chg	% chg
KLCI:	1,148.70	14.00	1.23%
FTMS Emas:	7,706.40	62.97	0.82%
2nd Board:	4,901.82	27.60	0.57%
Mesdaq:	4,028.78	25.74	0.64%
KLSE Market Cap (RMbn):	819.04	12.50	1.55%

**INDICES**

Dow:	8,881.26	(34.68)	-0.39%
Nasdaq:	1,926.38	10.18	0.53%
FTSE-100:	4,493.73	12.56	0.28%
Nikkei 225:	9,723.16	71.14	0.74%
SHCOMP:	3,296.62	83.41	2.60%
HSI:	19,248.17	(253.56)	-1.30%
STI:	2,450.83	(3.50)	-0.14%
KOSPI:	1,494.04	5.05	0.34%
TWSE:	6,985.32	31.98	0.46%
JCI:	2,125.62	(20.94)	-0.98%
SET:	598.22	(11.61)	-1.90%

**FOREX (US\$)**

	22-Jul	21-Jul	% chg
MYR (RM):	3.5530	3.5420	0.31%
EURO (€):	1.4220	1.4226	-0.04%
GBP (£):	1.6493	1.6459	0.21%
YEN (¥):	93.68	93.74	-0.06%
SGD (S\$):	1.4418	1.4410	0.06%
HKD (HK\$):	7.7500	7.7501	0.00%

**KEY STATS**

KLCI Spot			
Vol (m shares):	1,110.58	912.65	21.69%
Value (RMm):	1,842.33	1,490.52	23.60%
KLCI Futures			
Jul 09:	1,145.00	1,135.00	0.88%
Aug 09:	1,141.50	1,131.00	0.93%
CPO spot price (RM/tonne)			
	2,083.00	2,143.00	-2.80%
Soybean (US\$/bsl)			
	1,018.50	1,014.50	0.39%
SoyOil (US\$/lb)			
	34.69	34.93	-0.69%
Gold (US\$/troy oz)			
	953.30	946.90	0.68%
Nymex crude oil (US\$/bbl)			
	65.40	64.72	1.05%

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## Research Highlights

**RESULT NOTE**

- **DiGi(HOLD; RM22.20; TP:RM22.30)- Slightly disappointing**
- **Tenaga (Trading BUY; RM8.40; TP:RM9.00)- 9M09 above market expectations**

**ECONOMIC UPDATE**

- **CPI: Fell 1.4% in June, lowest in 22 Years (Report to follow)**

**CORPORATE NEWS**

- **Malaysia govt rejects energy price hikes**
- **Najib wants Maxis to be relisted in KL Bourse**
- **Malaysia Urges APEC To Develop SMEs**
- **Tabung Haji said to be buyer of Naza building**
- **AirAsia X CEO backs merger with AirAsia Bhd**
- **Lynas awaits Aussie approval to restart work on RM1.2bil plant**

**FOREIGN NEWS**

- **Bernanke resists plan for consumer-products agency**
- **GM, Germany Remain at Odds Over Opel Bids**
- **NYMEX-Crude ends down but EIA data lifts from low**
- **BHP's Timing Right for Rio Iron Ore Venture, Perennial Says**
- **Hong Kong Banks to Buy Back Lehman Minibonds**
- **Smoke-Choked China's \$585 Billion Stimulus Lifts ABB, Siemens**
- **IMF Says China Has Room for More Stimulus Into 2010**

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 IOI	4.940	2.1	21.60	MMMC Corp	2.380	7.2	12.40	B Toto	4.300	-1.4	4.10
2 Axiata	2.890	0.7	20.00	Parkson	5.500	4.8	0.73	BAT	44.750	-1.1	0.35
3 Sime	7.800	3.3	19.00	Sime	7.800	3.3	19.00	YTL Power	2.180	-0.5	11.10
4 Gent. Malaysia	2.790	0.7	14.30	Astro	3.380	3.1	6.80	Telekom Msia	2.970	-0.3	13.80
5 Telekom Msia	2.970	-0.3	13.80	Genting	6.050	2.5	7.69	Msian Airline	3.040	0.0	0.06
6 MMMC Corp	2.380	7.2	12.40	IOI Corp	4.940	2.1	21.60	Maybank	6.400	0.0	10.10
7 AMMB Hldg	3.800	0.5	12.40	Public Bank	10.300	2.0	9.95	MISC	8.650	0.0	0.55
8 Tenaga	8.400	0.0	11.70	KL Kepong	12.500	1.6	3.93	P Dagangan	8.250	0.0	0.63
9 YTL Power	2.180	-0.5	11.10	PPB Group	13.200	1.5	1.77	RHB Capital	4.600	0.0	1.47
10 Maybank	6.400	0.0	10.10	Commerce	10.100	1.5	7.64	Tenaga	8.400	0.0	11.70

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

## Corporate News

### ■ Malaysia govt rejects energy price hikes

Malaysia's government on Wednesday vetoed price hikes for electricity and natural gas, fearing a repeat of anti-government protests that saw its popularity slump in 2008.

Under proposals discussed by the cabinet on Wednesday, the country's influential Economic Planning Unit had suggested a 24.6% rise in the price of natural gas and a 4.9% hike in electricity prices from Aug. 1 to reflect the rising cost of energy. *(Reuters)*

### ■ Najib wants Maxis to be relisted in KL Bourse

PUTRAJAYA: Prime Minister Datuk Seri Najib Tun Razak said that following his four-day working visit to Saudi Arabia, he made a suggestion for Maxis to be relisted on Bursa Malaysia.

The listing would increase liquidity in the market and attract more investors, he told reporters at the Prime Minister's Department here yesterday.

"They (investors) have strong portfolios to invest in well and systematically managed companies. I hope it will happen soon," he said.

The telecommunication company was delisted from Bursa Malaysia in July 2007 following a privatisation process by Binariang GSM Sdn Bhd. *(Bernama)*

### ■ Malaysia Urges APEC To Develop SMEs

Malaysia has urged the Asia-Pacific Economic Cooperation (APEC) to intensify efforts to develop and promote small and medium enterprises (SMEs) as they formed the backbone of APEC economies.

Malaysia conveyed this view when International Trade and Industry Minister Datuk Mustapa Mohamed met his APEC counterparts at the grouping's Ministers Responsible for Trade Meeting during the last two days here.

SMEs account for more than 90% of total business establishments in APEC economies and account for around 30% of business turnover.

Mustapa told Bernama at the end of the meeting that the APEC ministers concurred with his view and recognised the contribution of SMEs to domestic economy as well as employment.

In October this year, APEC will hold a ministerial-level SME meeting to examine how economies can share their experiences and best practices including policy responses initiated to facilitate SME business activities. *(Bernama)*

### ■ Tabung Haji said to be buyer of Naza building

Tabung Haji is believed to be the buyer of a multi-storey tower in the heart of Kuala Lumpur that will be built by Naza TTDI Sdn Bhd.

A source said that Tabung Haji had purchased the 30-storey building, located at the RM4.1 billion integrated upmarket commercial and residential property project known as Platinum Park.

It would be the second property in the project that Naza TTDI has sold, after last year's RM640.7 million deal with plantation group Felda for a 50-storey tower.

"I don't know whether Tabung Haji will move its headquarters to the new building or whether it bought for investment purposes," the source told Business Times. Tabung Haji has declined to comment.

In an interview with Business Times recently, Naza TTDI group managing director SM Faliq SM Nasamuddin said that a 30-storey building had been sold to a government-linked company. He did not reveal the buyer. (NST)

#### ■ **AirAsia X CEO backs merger with AirAsia Bhd**

A merger between AirAsia X and AirAsia Bhd makes business sense and the combined balance sheet would make sourcing for future funding much easier, said AirAsia X chief executive officer Azran Osman-Rani.

"It would be difficult for AirAsia in the future if it did not have trunk routes as (this) is where the traffic volumes come from, so AirAsia needs growth from AirAsia X and the merger allows it to tap growth opportunities in the long-haul markets," Azran told *StarBiz* in an interview.

Given the nature of the business, which is counter-cyclical, a large base was necessary to balance the routes in peak and non-peak months, he said.

That is why AirAsia X has to sell beyond Kuala Lumpur or else only 20% of the seats will be taken up. It has to sell destinations, be it in Malaysia or the region, and 80% of those travelling with AirAsia X use AirAsia to travel to Langkawi, Penang, Phuket or even Bali.

Recently, AirAsia group chief executive officer Datuk Seri Tony Fernandes was reported as saying his personal preference was for a merger of the two companies. AirAsia has a 16% stake in AirAsia X and an option to increase it to 30%.

The remaining shareholders in AirAsia X are Aero Ventures Sdn Bhd (48%), the Virgin Group (16%), while Bahrain-based Manara Consortium and Japan-based Orix Corp hold the remaining 20%. Aero Ventures is owned by Fernandes, Datuk Kamarudin Meranun, Datuk Kalimullah Hassan, Lim Kian Onn and former Air Canada chairman and CEO Robert Milton.

Even though it is still at the idea stage, critics are already saying the merger is necessary to rescue AirAsia X as, to them, AirAsia is now subsidising AirAsia X. (*The Star*)

#### ■ **Lynas awaits Aussie approval to restart work on RM1.2bil plant**

Australia-based Lynas Corp Ltd expects to resume the construction of its RM1.2bil lathanide plant in Kuantan by as early as September if the Australian government approves the entry of a new major shareholder from China into Lynas Corp in the next three weeks.

The construction was suspended early this year when the company's bondholders withdrew funds worth US\$95mil (RM337.4mil) due to the global economic downturn.

But in May, Lynas Corp managed to get China Nonferrous Metal Mining (Group) Co Ltd (CNMC) to come in as an investor, which would help complete the building of the Kuantan plant.

The proposed facility is capable of producing 21,000 tonnes of lathanide a year.

In return, CNMC will control 51.6% of Lynas Corp, which is listed on the Australian stock exchange. Lynas Corp's operations in Malaysia come under wholly-owned unit Lynas Malaysia Sdn Bhd. Lynas Corp executive chairman Nicholas Curtis is confident the approval will come soon. (NST)

## Foreign News

### ■ Bernanke resists plan for consumer-products agency

Ben Bernanke put himself at odds with the Obama administration Wednesday by resisting its plan to create a U.S. consumer protection agency for risky financial products. The Federal Reserve chief said those responsibilities should stay with the central bank.

Bernanke's pushback on the White House plan comes at a politically delicate time for the Fed chairman. His term expires early next year, and President Barack Obama will have to decide whether to reappoint him.

In his second straight day in Congress, Bernanke argued that the Fed has expertise that would be difficult to replicate at a new agency. Consumer oversight, he said, coincides with the Fed's mission to oversee the safety and soundness of banks.

Addressing the Senate Banking Committee, Bernanke defended the Fed's record. Yet he acknowledged "that the Federal Reserve did not do all it should have at certain times in the past."

Consumer groups and lawmakers have blamed the Fed under then-chairman Alan Greenspan for failing to crack down early on dubious mortgages practices. High-risk mortgages fed the housing boom and led to its collapse. (AP)

### ■ GM, Germany Remain at Odds Over Opel Bids

General Motors Co. and the German government failed to agree on a preferred buyer for Adam Opel GmbH, setting the stage for a standoff between the two sides over the German car maker's future.

At a meeting with GM representatives in Berlin on Wednesday, German officials reiterated the government's preference for a bid from a consortium led by Canadian-Austrian car-parts maker Magna International Inc., which Germany believes would safeguard local factories and jobs.

GM has yet to declare its preference, but people close to the company say it sees a number of advantages in a deal with RHJ International SA, a Brussels-based holding company whose largest shareholder is U.S. financier Timothy Collins, founder and head of buyout firm Ripplewood Holdings. GM would likely have a better chance of buying back Opel in the future, should it so desire, from a financial buyer such as RHJ than from Magna, which has long aspired to become a full-fledged auto maker.

A third bidder, China's Beijing Automotive Industry Holding Co., isn't in serious contention, according to people close to the talks.

A sale would require the approval of the Opel Trust, which holds a 65% stake in the car maker. GM, which still holds a 35% stake in Opel, and the German government are equally represented on the trust's board. That means the two sides would have to broker a settlement to reach a deal. (Wall Street Journal)

### ■ NYMEX-Crude ends down but EIA data lifts from low

U.S. crude oil futures ended lower on Wednesday but finished well above their early low after a government inventory report showed crude supplies fell last week and was seen as more supportive than industry data.

The U.S. Energy Information Administration's inventory report released on Wednesday showed crude oil supplies down 1.8 million barrels in the week to July 17. [EIA/S] Gasoline supplies were up 800,000 barrels and distillate stocks were up 1.2 million barrels.

The American Petroleum Institute report released on Tuesday showed a surprise build in crude oil stocks along with expected builds in refined products supplies. Refinery capacity utilization dropped in both reports, with

the EIA showing a 2.1 percentage point drop to 85.8%. Refined products futures ended higher, largely on the hope that lower refinery use will help curb product supply builds. *(Reuters)*

### ■ **BHP's Timing Right for Rio Iron Ore Venture, Perennial Says**

BHP Billiton Ltd., the world's biggest mining company, got the timing right in forming a \$100 billion iron ore venture with Rio Tinto Group as demand from China soars, according to Perennial Investment Partners Ltd.

Imports of ore into China, the biggest buyer, rose 29% in the first half, fueled by a rebound in the economy that's driving demand from steelmakers. BHP reported fourth-quarter iron ore output slid 10% because of disruptions caused by accidents and \$4.8 billion of expansion works in Western Australia's Pilbara region, where Rio also mines.

BHP rose 2% to A\$36.90 at the 4:10 p.m. Sydney close yesterday on the Australian stock exchange. It has gained 21% this year. London-based Rio rose 1.6% yesterday. *(Bloomberg)*

### ■ **Hong Kong Banks to Buy Back Lehman Minibonds**

Financial regulators in Hong Kong struck a deal with major banks for the lenders to buy back Lehman Brothers Holdings' minibond products from retail investors, aiming to put an end to the controversy over the selling practices of the complex financial derivatives.

The Securities and Futures Commission and the Hong Kong Monetary Authority said in a joint news briefing Wednesday that the 16 banks will offer to pay the 29,000 eligible minibond holders 60% of their original investment. Investors over 65 years of age will be repaid 70% of the principal amount. *(Wall Street Journal)*

### ■ **Smoke-Choked China's \$585 Billion Stimulus Lifts ABB, Siemens**

Three years after passing the U.S. to become the world's biggest air polluter, China is attracting green energy technology, driving profit at Western power-grid builders as their home markets slump.

Backed by a 4 trillion-yuan (\$585 billion) economic stimulus package, the most populous country on Earth is targeting a 21 percent increase in spending on power-transmission networks this year. That helps boost order books at ABB Ltd., Siemens AG, Alstom SA and General Electric Co.

Clean sources of energy will be used to generate about 35 percent of China's electricity by 2020, according to Liu Zhenya, the head of State Grid Corp. of China, the nation's biggest electricity provider. Currently the country's 1.3 billion people get about 80 percent of their power from coal-fired plants. *(Bloomberg)*

### ■ **IMF Says China Has Room for More Stimulus Into 2010**

China, the world's fastest-growing major economy, still has scope for more fiscal stimulus to cope with rising unemployment, according to the International Monetary Fund.

A low level of public debt allows for increased spending beyond the existing \$585 billion government package, according to the executive directors at the Washington-based IMF, which has shored up economies from Iceland to Pakistan in the past year. The officials differed over how to label China's currency, which U.S. lawmakers call artificially undervalued.

The IMF's assessment is a clash with the World Bank, the international development-aid agency also based in Washington, which last month advised China to delay until 2010 any additional stimulus. It also comes as China is already recording an acceleration in its [expansion](#), and as its central bank takes steps to avert bubbles in stock and property markets. *(Bloomberg)*

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Published and printed by:

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