

Traders Brief

December 2, 2011

More sideways trading after surging 54 pts in 3 days

Bursa Recap

- KLCI up 13.2 pts, off day high of +30 pts
- Despite easing China's Nov PMI to 49 from 50.4 in Oct, Asian markets surged after the world's six major central banks moved to tame a liquidity crunch for European banks by providing cheaper dollar funding, along with monetary easing in China.
 - Tracking the strong Asian markets, FBM KLCI closed 13.2 pts higher at 1485.3, off intra-day high of 1,502.5 (+30.4 pts). Leading movers were IOICORP (+17 sen to RM5.18), PBBANK (+20 sen to RM12.74), PETCHEM (+18 sen to RM6.17), MAYBANK (+9 sen to RM8.39) and DIGI (+8 sen to RM3.60).

Wall St recap

- Dow eases 26 pts after surging 4.2% on Nov 30
- After spiking 4.2% on Nov 30, Dow drifted 26 pts lower to 12020 overnight amid an unexpected rise in weekly jobless claims and ahead of the crucial Oct job data tonight.
 - However, overall sentiment remained firm in the wake of the stronger-than-expected Nov ISM and Oct construction spending figures.

FBM KLCI Outlook

- More sideways trading after surging 54 pts in 3 days
- On the backdrop of a 3-day 54 pts jump and a gravestone Doji formation yesterday, KLCI is likely to encounter more profit taking activities ahead but any selling pressures are likely to be well-absorbed as technical indicators remain positive.
 - As long as the KLCI is able to maintain its posture above the uptrend line support near 1440 pts, we remain short term positive on KLCI. Immediate resistance remain at 200-d SMA (now at 1504) whilst supports are situated at 100-d SMA (1474) pts, 1463 (mid Bollinger band) and 50% FR (1454).

Stock to watch: MASTEL (Trading Buy)

- MASTEL: Poised for triangle breakout
- MASTEL share prices and volume jumped yesterday amid global equity markets rally and a strong 3Q11 results. 9MFY11 net earnings of RM37.9m surged 97% yoy whilst 3Q11 net profit of RM16.2m rose 5% qoq, mainly due to improved margins from higher selling prices on its steel products. MASTEL's P/B of 0.4x is currently trading at 50% discount against industry.
 - Signs of bottoming up in the trend and momentum coupled with the ADX readings bode well for more rebound towards RM1.16 (medium term downtrend line and 61.8% FR) and 1.19 (200-d SMA). A breakout above RM1.19 will spur prices higher towards RM1.24 (50% FR) and RM1.31 (38.2% FR).
 - Major supports are RM1.04 (lower Bollinger band) and RM1.00 psychological level. Cut loss below RM0.98.
 - For cheaper exposure, investors can consider MASTEL-WA.

*Please refer to pg4 for financial highlights

Low Yee Huap, CFA

yhlow@hlib.hongleong.com.my
03-21681078

FBM KLCI	1485.3
Overall market volume (shares)	1.66bn
Overall market value (RM)	1.79bn

Daily trading participation (value)	30 Nov
Local retail	18.9%
Local institution	33.2%
Foreign	47.9%

Global Index Summary

	Close	Daily (%)	2011 P/B (x)	2011 P/E (x)	YTD (%)
KLCI	1,485	0.9	2.11	15	-2.2
HSI	19,002	5.6	1.31	10	-17.5
STI	2,762	2.2	1.32	13	-13.4
Japan Nikkei	8,597	1.9	1.08	16	-16.0
Kospi	1,916	3.7	1.23	10	-6.6
SENSEX	16,483	2.2	2.29	14	-19.6
Thailand SET	1,019	2.4	1.85	12	-1.3
Indonesia JCI	3,781	1.8	3.10	15	2.1
Shanghai CI	2,387	2.3	1.72	11	-15.0
Dow Jones	12,020	4.0	2.47	12	3.8
FTSE	5,489	-0.3	1.56	10	-7.0
DAX	6,036	-0.9	1.19	10	-12.7

Major currencies

	Close	Daily (%)
USD/RM	3.138	(1.3)
JPY/RM	4.039	(0.8)
AUD/RM	3.193	0.7
SGD/RM	2.440	(0.3)
EUR/RM	4.220	0.0
HKD100/RM	40.353	(1.1)
EUR/USD	1.346	0.2
USD/JPY	77.716	0.2

Commodities

	Close	Daily (%)
CPO (RM/MT)	3,065	1.6
Gold (US\$/ounce)	1,749	(0.1)
Crude oil (US\$/barrel)	100	(0.3)
Copper (US\$/lb)	354	(1.0)
Soy bean (US\$/bushel)	1,128	(0.3)

Source: Bloomberg

DAILY KLCI: MORE SIDWAYS AMID A GRAVESTONE DOJI FORMATION



DAILY DJIA: DRIFTING SIDWAYS



DAILY MASTEL: POISED FOR A TRIANGLE BREAKOUT AS TECHNICALS ARE ON THE MEND



Source:HLebroking

MASTEEL- Earnings & valuations profile

FYE 31 Dec	FY09	FY10	FY11E	FY12E	9MFY10	9MFY11	chgs
Net profit (RM'm)	(8.5)	28.2	44.0	53.0	19.2	37.9	97.3%
Issued shrs (m)	210.8	210.8	210.8	210.8	210.8	210.8	0.0%
EPS (sen)	(4.0)	13.4	20.9	25.1	9.1	18.0	97.3%
Dividend (sen)	2.5	1.0	1.0	2.0	-	-	-
P/ E (x)	(27.1)	8.2	5.2	4.3	-	-	-
Yield (%)	2.3	0.9	0.9	1.8	-	-	-

Source: Bursa, Bloomberg

Peers comparison

Stocks	FYE	Issued shrs (m)	Price (RM)	Mkt cap (RM'm)	Latest BVPS (RM)	P/BV (x)	Net gearing (x)
MASTEEL	31-Dec	210.8	1.09	230	2.44	0.4	0.5
ANNJOO	31-Dec	522.7	1.87	977	2.12	0.9	1.2
CSCSTEL	31-Dec	380.00	1.36	517	2.07	0.7	netcash
KINGSTEL	31-Dec	1,049.4	0.52	546	0.77	0.7	2.3
SSTEEL	31-Dec	419.42	1.98	830	2.12	0.9	1.1
Average						0.8	

MASTEEL-WA STATISTICS

Company	Warrant	Warrant 52W High	Warrant 52W Low	Share	Strike price	Conversion ratio	Premium (%)	Warrants intrinsic value	Amount	Expiry date	Gearing (x)
MASTEEL-WA	0.510	0.985	0.360	1.090	0.670	1 for 1	8.3	0.42	105.38	26-Oct-15 (1425 days)	2.1

Source: Bursa

Disclaimer

The information contained in this report is based on data obtained from sources believed to be reliable. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, is made as to the accuracy, adequacy, completeness or reliability of the info or opinions in the report.

Accordingly, neither Hong Leong Investment Bank Berhad nor any of its related companies and associates nor person connected to it accept any liability whatsoever for any direct, indirect or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the info or opinions in this publication.

Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Hong Leong Investment Bank Berhad has no obligation to update its opinion or the information in this report.

Investors are advised to make their own independent evaluation of the info contained in this report and seek independent financial, legal or other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represent a personal recommendation to you.

Under no circumstances should this report be considered as an offer to sell or a solicitation of any offer to buy any securities referred to herein.

Hong Leong Investment Bank Berhad and its related companies, their associates, directors, connected parties and/or employees may, from time to time, own, have positions or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, is under copyright to Hong Leong Investment Bank Berhad. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to, websites. Hong Leong Investment Bank Berhad takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Hong Leong Investment Bank Berhad own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Hong Leong Investment Bank Berhad website shall be at your own risk.

1. As of 2 December 2011, Hong Leong Investment Bank Berhad has proprietary interest in the following securities covered in this report:

(a) -

2. As of 2 December 2011, the analyst, Low Yee Huap CFA, who prepared this report, has interest in the following securities covered in this report:

(a) -

Published & Printed by
Hong Leong Investment Bank Berhad (43526-P)
 Level 8, Menara HLA
 No. 3, Jalan Kia Peng
 50450 Kuala Lumpur
 Tel 603 2168 1168 / 603 2710 1168
 Fax 603 2161 3880

Equity rating definitions

BUY	Positive recommendation of stock under coverage. Expected absolute return of more than +10% over 12-months, with low risk of sustained downside.
TRADING BUY	Positive recommendation of stock not under coverage. Expected absolute return of more than +10% over 6-months. Situational or arbitrage trading opportunity.
HOLD	Neutral recommendation of stock under coverage. Expected absolute return between -10% and +10% over 12-months, with low risk of sustained downside.
TRADING SELL	Negative recommendation of stock not under coverage. Expected absolute return of less than -10% over 6-months. Situational or arbitrage trading opportunity.
SELL	Negative recommendation of stock under coverage. High risk of negative absolute return of more than -10% over 12-months.
NOT RATED	No research coverage, and report is intended purely for informational purposes.

Industry rating definitions

OVERWEIGHT	The sector, based on weighted market capitalization, is expected to have absolute return of more than +5% over 12-months.
NEUTRAL	The sector, based on weighted market capitalization, is expected to have absolute return between -5% and +5% over 12-months.
UNDERWEIGHT	The sector, based on weighted market capitalization, is expected to have absolute return of less than -5% over 12-months.