

CIMB TRADER^{PM}

Jonathan Ng – +65 6210-8650 – jonathan.ng@cimb.com

CIMB squawk box

Singapore Manufacturing Output

- With the view that Singapore's manufacturing sector may grow 4-8% yoy in 2011 due to sustained demand and new capacity in the tech and chemical sectors, we would recommend a buy for stocks like **Amtek Engineering** (AMTK SP; Outperform; TP S\$1.52), **Broadway** (BWAY SP; Outperform; TP S\$1.82) and **Armstrong** (ARMS SP; Outperform; TP S\$0.55).
- MPI declined by 11.8% mom SA in December. Yoy, due to a high base, December's MPI growth slowed to 9.0% down from 32.1% yoy in the previous 3 months. Still a record year after 2 years of contraction, MPI grew by 29.6% in 2010 to a new high of 119.1.
- All clusters except transport engineering contributed to the rebound, with tech, precision engineering and biomed leading the way.

Eratat Lifestyle Limited (ERAT SP; S\$0.23)

- Eratat has announced the placement of 63m new shares at S\$0.2135 to CMIA Capital Partners Pte Ltd and a Mr Khoo Boo Kok, a trading representative of AmFraser Securities.
- There is also an option for a further 18.9m new shares that the abovementioned investors can subscribe for at S\$0.30. The option expires on 18 January 2013.
- The fund raising should be of no surprise to our regular readers. While the major shareholders stakes have been diluted, there is no cashing out since only new shares are being issued.
- Adjusting for the new 63m shares being issued, our target price is now **S\$0.37**. Maintain **BUY**.
- However, watch out for the usual share price weakness when the placement shares are listed in approximately two weeks time.
- Chart view: Technical BUY.**
- The stock's uptrend is still intact despite prices retracing sharply after testing its channel resistance two weeks ago. Prices are now finding some support around its 50-day SMA.
- As long as prices remain above the channel support at S\$0.21, we think that there should still be room on the upside for the stock. Resistance is seen around the S\$0.255 and S\$0.27-0.275 levels.
- Traders may opt to get in nearer to its channel support as its momentum indicators are still in consolidation mode. Place the stop marginally below S\$0.205, just in case. A rebound towards the resistance levels mentioned above should be on the cards if the channel support holds. If the support fails, the short term trend would have changed from bullish to bearish.

Technical (HK)

- Hang Seng Index** – In a consolidation mood
- Maanshan Iron & Steel Company (323 HK; HK\$4.41; Buy)** – Anticipate positive crossover on MACD
- West China Cement Limited (2233 HK; HK\$2.74; Sell)** - Unload on strength

Big picture

- Asian stocks ended higher by mid-day after the US Federal Reserve maintained its loose monetary policy stance last night and better-than-expected US home sales bolstered confidence that a recovery in the world largest economy is finally on track. Japan's Nikkei 225 inched up 27.5pts (0.3%) to end at 10,429.4. Hong Kong's HSI rose by 83.4pts (+0.4%) to end at 23,926.7 as the Fed's pledge to stimulate the U.S economy outweighed the declines resulting from China's policy to curb property investment. Singapore's STI inched up 3.3pts (+0.1%) to end at 3,224.0. We expect the market to continue to rise today.

Brokers' Actions

CDL Hospitality Trusts	CIMB maintains Neutral with target price of S\$2.14 (previously S\$2.21). Citigroup maintains Sell with target price of S\$1.70. Credit Suisse maintains Outperform with target price of S\$2.53. Daiwa maintains Outperform with target price of S\$2.30. JP Morgan maintains Overweight with target price of S\$2.35. Macquarie maintains Neutral with target price of S\$2.09. RBS maintains Buy with target price of S\$2.40.
CapitaRetail China Trust	Daiwa maintains Hold with target price of S\$1.24. JP Morgan maintains Neutral with target price of S\$1.30. Macquarie maintains Underperform with target price of S\$1.08 (previously S\$1.02).
Starhill Global REIT	Macquarie maintains Neutral with target price of S\$0.67 (previously S\$0.60). OCBC maintains Buy with target price of S\$0.74.
Valuetronics	OCBC maintains Buy with target price of S\$0.47 (previously S\$0.44).

Selected Statistics (PM)

Indices	Level	% chg	Ytd % chg
Straits Times Index	3,224.04	0.1%	+1.1%
FTSE All Share Index	800.27	0.1%	+0.9%
FSTC ST China Index	323.15	-0.2%	-1.2%
CSI 300 Index	3,017.09	1.3%	-3.6%
Hang Seng Index	23,926.67	0.3%	+3.9%
Taiwan TAIEX Index	9,126.57	0.8%	+1.7%
Nikkei-225	10,482.01	0.8%	+2.5%
KOSPI Index	2,113.19	0.1%	+3.0%
Topix Index	928.65	0.7%	+3.3%
ASX 200 Index	4,804.80	-0.1%	+1.3%
KLCI Index	1,526.85	0.5%	+0.5%
JCI Index	3,537.71	1.0%	-4.5%
SET Index	984.45	0.7%	-4.7%
DJIA Index Future	11,947.00	0.00	+3.8%
Crude Oil (US\$/barrel)	87.21	-0.1%	-4.6%
Gold Spot (US\$/oz)	1,344.98	-0.1%	-5.3%

Exchange rate	Level	% chg	Ytd % chg
USD/JPY	82.16	0.0%	+1.3%
EUR/JPY	112.58	-0.1%	+3.8%
USD/SGD	1.2788	0.0%	-0.4%

Mid-day top volume	Last price	% chg	Vol (m)
GMG GLOBAL LTD	SGD 0.31	-3.1%	66.2
GOLDEN AGRI-RESO	SGD 0.73	0.0%	63.0
CHINA GAOXIAN FI	SGD 0.31	-4.7%	44.6
ARMARDA GROUP	SGD 0.10	-5.0%	42.4
GENTING SINGAPOR	SGD 2.08	0.5%	39.0
GALLANT VENTURE	SGD 0.45	4.7%	36.4

Mid-day top gainers	Last price	% chg	Vol (m)
EAGLE BRAND	SGD 0.02	+50.0%	0.8
CHINA ENERSAVE L	SGD 0.02	+33.3%	0.5
HLH GROUP LTD	SGD 0.04	+16.7%	0.2
JEL CORP HLDGS	SGD 0.04	+16.7%	8.4
THAKRAL CORP LTD	SGD 0.04	+16.7%	0.0
FIRSTLINK INVEST	SGD 0.04	+16.7%	1.1

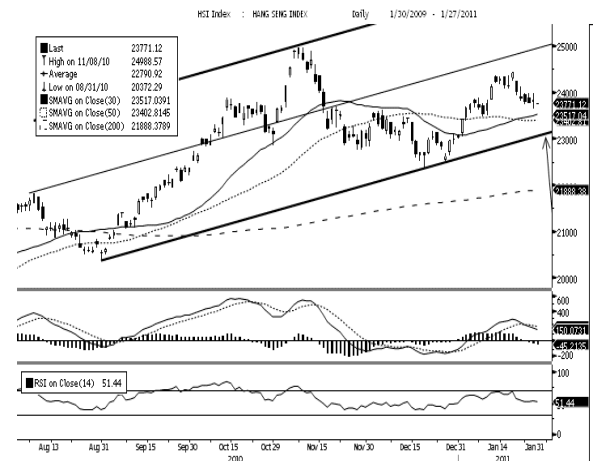
Mid-day top losers	Last price	% chg	Vol (m)
INFINIO GROUP LT	SGD 0.01	-50.0%	0.9
NEW WAVE HOLDING	SGD 0.01	-33.3%	0.4
LIANG HUAT ALUM	SGD 0.02	-25.0%	0.0
EUNETWORKS GROUP	SGD 0.02	-25.0%	0.0
LOTTVISION LTD	SGD 0.04	-12.5%	0.4
ADVENTUS HOLDING	SGD 0.04	-12.5%	1.8

Trend Spotter HKG

Tee Sze Chiah- +603 2084 9620 – szechiah.tee@cimb.com

Hang Seng Index – In a consolidation mood

- The Hang Seng Index was in a consolidation mood the past week. Yet, prices continued to hold on above its 30-day and 50-day SMAs, suggesting that the recent swing low of 23,662 could be its near term bottom. Looking at the chart, the uptrend channel remains intact and we could possibly see one more upleg towards the 24,950 level.
- MACD histogram bars have slipped into the negative territory but RSI has hooked upward. Although the indicators are mixed, we think the current landscape still favours the bulls as the candles are trading above their key moving averages.
- On the downside, if prices violated the 23,662 level, there is a good chance that it might fall below the 22,392 level, its December low. The rising channel support lies around the 23,085 level. One can consider that the index may have topped if the 22,000 level is taken out.



Maanshan Iron & Steel Company (323 HK; HK\$4.41) – BUY

FY11P/E: 14.2x, P/BV: 1.5x

- Maanshan went through a series of consolidations over the past few months. The pullback found its support near the 61.8% FR level and prices have begun to bounce higher since then. It seems that the stock is poised to break out of its flag resistance soon.
- Technical landscape remains conducive. MACD is about to make a positive crossover while RSI is also above the 50pts mark.
- Risk takers may start to nibble now while others should wait for a breakout above the HK\$4.44 level before joining the buying bandwagon. Only a fall below HK\$4.12 would trigger our stop. Resistance is at HK\$4.70, HK\$4.95 and HK\$5.14.

Maanshan Iron and Steel Company Limited manufactures and markets iron and steel products which can be divided into four categories, wire rods, steel section, medium or thick steel plates, and train wheels and tires. The production process mainly comprises coking, sintering, iron smelting, steel smelting, and steel rolling.

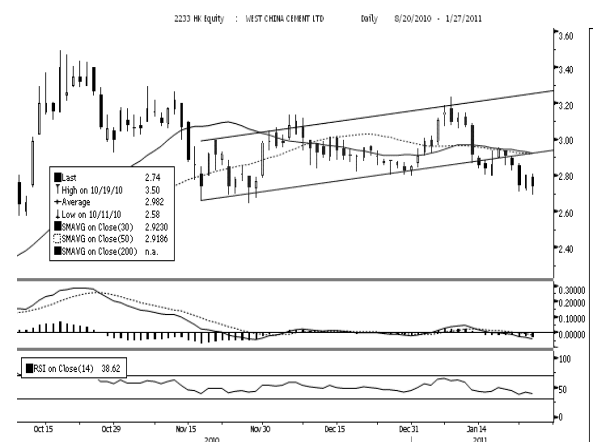


West China Cement Limited (2233 HK; HK\$2.74) – SELL

FY11P/E: 8.2x, P/BV: 0.1x

- Prices have fallen below the flag channel, which could possibly mean more downside ahead. The pullback also dragged prices below its key moving averages, another bearish sign. Looking at the chart, it appears that the rally from its Aug10 low is likely over.
- Indicators are showing signs of exhaustion. MACD has slipped into the negative territory while RSI is dwindling towards the oversold region. As long as prices stay below its moving averages, the trend favours the bears.
- Our strategy here is to unload on strength, as prices may still make one more upleg to test the flag resistance (now at HK\$2.94). On the downside, a break below HK\$2.65 would likely push prices towards HK\$2.50 next.

West China Cement Limited produces and distributes cement products.



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HOLD: The stock's total return is expected to range between +15% and -15% over the next three months.

SELL: The stock's total return is expected to be -15% or worse over the next three months.

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UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next three months.