

Automotive sector shifts into high gear



POLE POSITION: Perodua maintains its pole position as its market share obtained a lift from its MPV variant and sales of its Myvi normalised to 7,000 units.

KUCHING: The automotive sector is currently seeing a positive uptake as the total industry volume for March of 56,139 units was higher by 25 per cent year-on-year (Y-o-Y) and 22.4 per cent to-date.

This was due to the low base effect last year when the overall economic outlook was shrouded by uncertainty, noted OSK Research Sdn Bhd (OSK Research) in its latest research report.

According to the report, vehicle sales in March zoomed up by 38 per cent month-on-month (M-o-M) while the passenger and commercial segments recorded 24 per cent and 33 per cent Y-o-Y growth respectively.

The research house noted

that Perusahaan Otomobil Kedua Sdn Bhd (Perodua) maintained its pole position as its market share obtained a lift from its MPV variant and sales of its Myvi normalised to 7,000 units.

OSK Research maintained Proton Holdings Bhd (Proton) in second place as its market share increased more rapidly as Exora sales peaked at its highest level in eight months while sales of the Saga reached a historical high of 7,715 units making it the best selling car year to date.

Third-place Toyota Malaysia saw its market share declining marginally said the research firm. However, the research house believed that sales of the Camry, Altis and Prius

models were regaining momentum despite the hammering it received in the US and recall of its cars.

Honda Malaysia market share fell on weak sales, added the research house, sliding 5.8 per cent year to date as sales halted on the impending launch of its new CRV towards the end of the month.

Nonetheless, the research report affirmed that vehicle sales for Honda would pick up rapidly given the strong demand for the CRV as well as its upcoming new MPV.

It added that Nissan Malaysia sales improved across the board, hitting its highest monthly sales of 2,152 units largely driven by resilient sales of its Grand Livina, Sylphy and Navara trucks.

The research report retained its view on target prices for Proton at RM5.90 per share and MBM Resources Bhd for RM3.54 per share, while Tan Chong Motor Holdings Bhd's target price was kept under review.

In addition, it believed that the improved demand would be favourable for auto part suppliers such as EP Manufacturing Bhd (EPMB) with a target price of RM0.59 per share given its tier one supply status with Perodua and Proton.

OSK Research also kept its target price of UMV Holdings Bhd at RM6.62 per share due to the lack of catalysts from its oil and gas division despite having factored in an earnings uptick from its auto division.

Prospects for property sector positive this year — Chor

KUALA LUMPUR: Prospects for the property sector this year are positive due to the healthier performance of the domestic economy and further stabilisation of external economies, Deputy Finance Minister Datuk Wira Chor Chee Heung said yesterday.

For the first three months of the year, the total number of property transactions was 91,979 valued at RM25.294 billion, up from 79,024 transactions worth RM16.922 billion in the first quarter of 2009, he said.

The Malaysian property market recorded a modest performance last year, with a total of 337,859 transactions worth RM80.997 billion compared to 340,240 transactions valued at RM88.34 billion in 2008, he told reporters after launching the Valuation and Property Services Department's publications here.

Among the publications were 'Property Market Report 2009', 'Laporan Status Pasaran Harta Tanah Suku Keempat Tahun 2009', 'Laporan Stok Harta Tanah Suku Keempat Tahun 2009' and 'Laporan Indeks Harga Rumah Malaysia Suku Ketiga-Keempat 2009'.

"The government has introduced various measures under the recent budget to stimulate and promote the property market and there is also a need to attract foreign direct investments (FDIs)," Chor said. — Bernama



RESET COACHES: Two couples dedicate themselves into coaching people from different industries to achieve what they desire by hitting 'reset button'.

Learn how to reset using The Law of Attraction

By Jonathan Chia

KUCHING: The Law of Attraction is a science of attracting more of what you want and less of what you don't.

The teaching, which is started in Malaysia by two couples who have decided to dedicate themselves into coaching people from different industries to achieve what they desire by hitting 'reset button'. 'Reset button' is a three-step formula for deliberate attraction. The three-step formula for deliberate attraction will be able to provide tools to remove any doubt.

"Currently, we are coaching people from the corporate and also individuals who want to change their lives and perform to the peak of their performance especially for people who are in sales. Testimonials have shown that participants who have participated in our coaching show very positive results and everything that they

have learnt during the coaching session will last them forever," said one of the co-owner of The Law of Attraction Centre, Sivapragasam Arumugam.

Arumugam was once an engineer decided to venture into this business together with his wife and a couple after obtaining certifications as a trainer in Vancouver. They went on to set up The Law of Attraction Centre in Malaysia.

"The response we get through the many programmes that we have organised was good as people want to know about this teaching and in return, the teaching will be able to help them in their daily lives," explained Arumugam.

When talking about the centre's plan for this year, he pointed out that they were going to have a road show soon and would organise a full day celebration for participants who attended. Besides that, they would be also inviting keynote speakers for the event and

Michael Losier would be one of the speakers.

He stated that on October 9, Michael would be doing a full-day programme in Kuala Lumpur, followed by a special time with him and friends in Langkawi.

"From March until April, we have been travelling to give coaching to people, starting in Kuala Lumpur, Penang, Johor Baharu and now in Kuching to give coaching today to interested participants. After this, we'll also be going to Seremban and Kota Kinabalu."

"What we want to do is to help people to identify their ideal desire and be inspired to take action in order to get ideal desire," he added.

A talk will be held today at the ground floor of Kingwood Inn, Kuching from 2pm to 6pm. Interested participants who want to learn more about the teaching will need to pay RM99 per person. For further enquiries, contact Sivapragasam Arumugam at 019-272 9140.

MAS risking profitability in choosing to retain old aircraft — Kenanga Research

KUALA LUMPUR: Malaysia Airlines (MAS) is risking profitability, should it choose to retain old aircraft, said Kenanga Research yesterday.

The national carrier reported that it may allow turboprop operator, Firefly, to use its fleet of B737-400 planes as it receives new aircraft by year-end and in 2011.

However, the management has reiterated that the plan is still ongoing, as it was

considering other options.

"Should the plan materialise, we are concerned as to the ability of Firefly to sustain efficient operating costs while offering lower ticket prices," Kenanga Research said in an equity note, here.

The research house suggested that the favourable option is to return the old aircraft to Penerbangan Malaysia Bhd, to reduce the operating cost.

"If Firefly took over the

lease of B737-400s, it will indirectly prolonged MAS' lease tenure for the old aircraft for up to seven years and certainly increase operating costs," Kenanga Research highlighted.

Although there is no firm deal yet, Kenanga Research said it feels Firefly will opt to operate the B737-400s at the Low Cost Carrier Terminal (LCCT) due to cheaper airport costs, which is reflective of its business model. — Bernama



RAPID GROWTH: Malaysia's economy is on the rise as 1Q10 figures show a surprisingly brisk expansion rate.

Malaysian 1Q10 GDP performance brings good tidings for coming quarters

KUCHING: The Malaysian economy is accelerating its expansion rate as first quarter of 2010 (1Q10) figures show exports as one of the main drivers for significant GDP growth.

AmResearch Sdn Bhd (AmResearch) reported that the Malaysian economy might have probably expanded at a more rapid pace in the first quarter of 2010 (1Q10) with private sector spending by households as well as exports leading the way.

It added Malaysia's exports performance benefited from improvements in external demand especially from regional economies and stronger commodity prices.

The research house stated an earlier estimate of six to seven per cent growth based on two months' data but recent developments had raised their expectations to a much stronger gross domestic product (GDP) growth of 9.8 per cent.

Bank Negara Malaysia (BNM) upgraded its 2010 GDP growth forecast to 4.5 to 5.5 per cent last month while the World Bank was looking at a more optimistic growth figure of 5.7 per cent this year, it revealed.

AmResearch forecasted

16.8 per cent growth for the manufacturing sector in the first three months of the year which would contribute four per cent points to first quarter (1Q) GDP.

Growth drivers would certainly come from the electrical and electronic (E&E) sector which had already posted a 33 per cent growth in the January to February period, the research firm said.

It reported a strong forecast figure of 12.3 per cent for the manufacturing sector which represented nearly 28 per cent of total GDP this year.

E&E products represented more than nine per cent of GDP and more than 50 per cent of total exports from Malaysia, the research house highlighted.

Meanwhile, it mentioned that growth was higher at eight per cent compared with the fourth quarter of 2009 (4Q09) figure of 5.1 per cent in the services sector driven primarily by strong performance in finance and insurance, wholesale and retail trade, and real estate and business services sub-sectors.

As a whole, a forecasted growth of 7.1 per cent contributing at least 4.1 per cent points to GDP and

representing a share-to-GDP ratio of 56.9 per cent in 2010, AmResearch said.

On another note, it pointed out consumption was expected to rise on the back of improvements in the labour market, disposable incomes and consumer confidence in the private sector.

The research firm forecasted growth of 4.5 per cent this year against 0.8 per cent in 2009 with an expectation that investment would rebound with the planned investment in infrastructure and recovery in external demand.

The trade surplus should likely remain large at RM37 billion in 1Q10 as both gross exports and imports recovered to post positive growth rates of 26 per cent and 30 per cent respectively, according to AmResearch.

Moreover, it stated the year-end target for the overnight policy rate (OPR) would now be at three per cent compared with 2.75 per cent previously.

The research house saw the ringgit rallying towards an exchange rate of US\$1:RM3.10 by the end of the year moving towards its new fair value (FV) since the trade-weighted index was a function of GDP and OPR.

Hygiene awareness drives demand for examination gloves



PROFITABLE: First quarter increase also contributed by continuous demand for medical examination gloves

KUCHING: Supermax Corporation Bhd (Supermax)'s results for the first quarter of this year (1QFY10) was above consensus and expectations, making up 31 per cent of this year's forecast.

OSK Research Sdn Bhd (OSK Research) in its research report yesterday pointed out that the 1QFY10 revenue of RM220.7 million was higher by 12.3 per cent quarter-on-quarter (q-o-q) mainly contributed by surging sales and higher selling prices of gloves as the company passed on the higher latex cost to its customers.

OSK Research said that the increase was also contributed by continuous demand for medical examination gloves which allowed Supermax to effectively pass through over 90 per cent of its costs in a timely manner. It added that the revenue growth also led to a higher 1QFY10 core net profit of RM51.5 million which was an increase of four per cent q-o-q.

In recapping, the research house stated that there was an exceptional item in the

fourth quarter of last year in the form of a one-off interest payment of RM5.4 million arising from the company's earlier redemption of its bonds. It added that revenue and net profit were higher year to date (YTD), bolstered mainly by higher production capacity and higher selling prices of gloves.

OSK Research had revised its 2010 and 2011 forecasts by 14 per cent to 18 per cent. Its upgrade was in line with the stellar 1QFY10 results and anticipation of robust demand for examination gloves as hygiene awareness among the global population grows.

The research house favoured the company's ideal product mix targeting the right markets in developing countries. It believed the company was poised to be one of the big beneficiaries as hygiene standards in developing countries like China and India start to move up as awareness grows.

Therefore, it upgraded its target price for Supermax to RM11.39 per share.