19 February 2019 | Strategy

A tactical velocity play to whither uncertainty

FBM KLCI: 1,692.74

Examining velocity levels of sectors and stocks

(2019 Year-end Target: 1,800 points)

- **Various external factors such as the trade war, Brexit, U.S-North Korea summit to influence the local bourse in the near term**
- **FBM KLCI has been on a flattish trend so far this year with a YTD growth of less than 1.0% but expect earnings is expected to grow by mid single-digit amid supportive economic policies**
- **Recommending a trading strategy to focus on velocity and volatility which is divided into four quadrants; opportunist, trading, buy and hold and bullets**
- **Overall we observed that construction players are the most suitable for a "trading" strategy due to their high velocity and high volatility**
- **Other sectors such as rubber gloves fit to be used as "bullets" for the execution of the "opportunist" trading strategy.**
- **We reiterate our FBM KLCI year-end 2019 target at 1,800 points which equates to PER19 17.4x**

2019: Jitters in the market

- **The 90-day trade truce between China and the U.S is set to end by 1 March 2019**. If no deal is reached by then, the U.S. So far we have seen the trade war affecting the Trump administration has set to more than double tariffs on $200 billion of Chinese goods he will raise tariffs from 10 percent to 25 percent on $200 billion in Chinese goods. While the U.S. has said it's a hard deadline for the tariffs, Trump has also suggested he could agree to extend negotiations beyond month's end if progress is being made.

- **The Fed maintains its interest rate at 2.25-2.50% during the first FOMC meeting** in 2019. Based on the FOMC statement, the central bank will be in no rush to further normalise its interest rate. Solid economic activity, stable job market, moderating business investment and market uncertainties on trade war are among reasons for the Fed to be patient with its normalisation plan. The slower pace of monetary normalisation is in tandem with the expected moderation in economic growth this year and indirectly provides supportive environment for businesses and consumers in the US.

- **Over in the U.K, Prime Minister Theresa May has promised another Brexit** debate by 27 February 2019 to buy more time to negotiate a new deal with the European Union (EU) after the her previous deal wa rejected by the parliament in January this year. Previously, the EU has refused to reopen that part of the deal and instead wants May to reach a compromise with the main opposition Labour Party by agreeing closer UK-EU ties.

- **Slowdown in UK is widely expected and the trend is likely to continue this** year following the official Brexit year. In fact, the Bank of England has trimmed down its forecast from 1.7% to 1.2% in 2019. Uncertainty over Brexit, moderating global growth, geopolitical stress in Europe and volatility in commodity prices add pressure to the economy of UK. For 2019, assuming Brexit with no deal, inflationary pressure is expected to rise given that 53.1% of UK's total imports shipped from EU countries. Based on our study on Brexit, every 1% drop of exports demand by EU will drag the UK's GDP by -0.1% while total exports and imports by -0.4% and -0.1% respectively. For Malaysia's perspectives, Brexit has minimal impacts due to small share to our external trade market with the UK.

- **In Asia, Vietnam has offered to host the second summit between the U.S and North Korea from 25-27 February 2019.** If North Korea pledges for denuclearization, sanctions could be lifted and pave way for the hermit kingdom to resume international trade. Meanwhile, the summit would enable Vietnam to earn respect from both democratic and communist countries while strengthening its reputation as a preferred country to host large international events.

- **Moving closer to home, elections will take place in Indonesia and Thailand on 17 April 2019 and 24 March 2019, respectively**. On a year-to-date basis, Indonesia's local bourse has gained 3.1%, attracting almost USD800m net from offshore investors, the highest amongst four ASEAN markets we monitor. This is in line with historical accounts whereby Indonesian financial markets rally in the election year on expectations of policies. For Thailand, the SET index is also up 4.7% so far in 2019. The issue of a Thai royal decree on 23 January 2019 for elections sparked a rally in the SET index to reach levels not seen since mid-December 2018. However, the four-week buying spree was snapped last week as foreign investors disposed USD294.0m net of local equities; the highest weekly figure this year as investor concerns on politics grew after the King of Thailand prevented his sister Princess Ubolratana from becoming a candidate for the prime minister's office and Thailand's local bourse have both gained 3.1% and 4.7%, respectively.

- **For commodities, Brent crude oil price has advanced by more than 20.0% this year so far.** A recent catalyst for the upward trend in oil price are Saudi Arabia's pledge to deepen output cuts in addition to Saudi Aramco's shutdown of its more than 1m barrels per day Safaniyah offshore field due to a power cut by a vessel's anchor. Another development which gave support was the plan of Trafigura, a global commodities merchant to halt oil trading with Venezuela due to sanctions by the U.S.

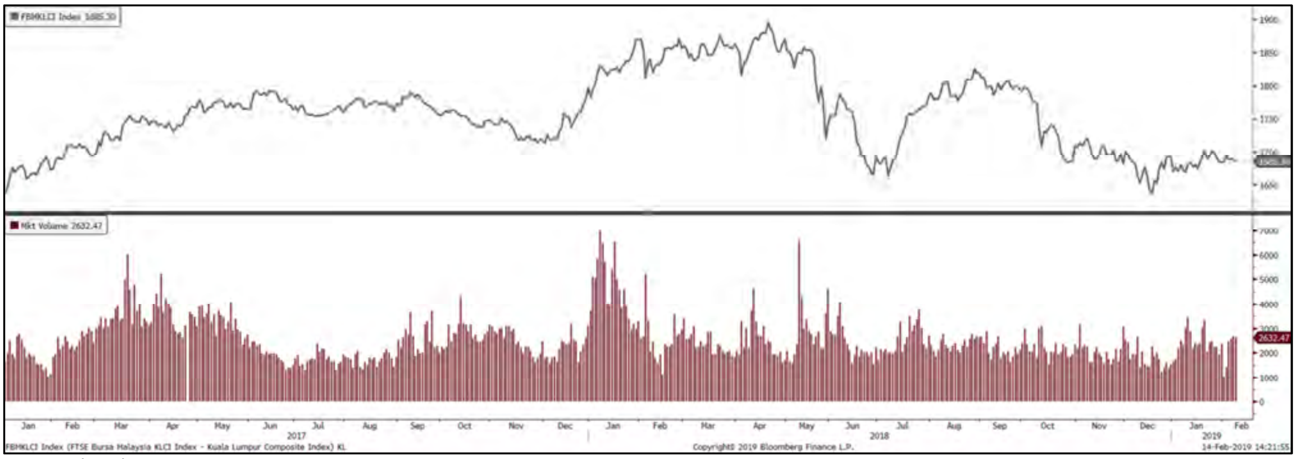
- **Stockpiles for palm remained elevated at 3.0m tonnes despite a slight drop in production and lower imports.** The figure might be even higher if it was not for the higher-than-expected export level. This could also indicate that Malaysian palm oil is still in an oversupply sphere at this period of time, if export demand could not be sustained. The palm oil industry continues to be faced with strong negative sentiment from the environmentally sensitive countries, particularly the EU, which is the second largest export destination of Malaysian palm oil. The French and Norwegian governments passed an amendment to exclude palm oil as biodiesel feedstock starting from 2020 onwards. Coupled with the recent trade truce which bring optimism in soybean oil demand than palm oil, we view that the seemingly oversupply might still be a drag on CPO price at this current juncture. On a positive note, we are optimistic of the biodiesel mandates in both Malaysia and Indonesia as a diversification strategy to boost domestic palm oil consumption. Hence, we are maintaining our CPO price target of RM2,280/mt for 2019.

- **GDP growth to reach 4.9% for 2019.** Based on the current developments and indicators, we expect Malaysia's economy to expand by 4.9% this year given the upbeat performance of domestic and external trade sectors. We estimate private consumption and services sector to grow at 7.5% and 6.2% respectively for 2019. supported by strengthening labour market including more job creation and wage growth on top of upbeat tourism activities while exports are expected to grow by 3.6% with the easing trade tensions to sustain the upward trajectory. Overall, we foresee the economic performance in 1Q19 to expand amid better performance in global trade flows, supportive economic policies, moderating inflation and continued robust domestic demand.

How has the market behaved so far

- **FBM KLCI on a flattish trend so far this year.** So far in 2019, the FBM KLCI has peaked at 1,702 points on 22 January 2019 before tapering to the 1,680-1,690 points level, pointing to a year-to-date growth of less than 1.0%. In tandem with the benchmark index remaining rangebound, we note that the overall market volume in January 2019 was almost half of what was seen in the same period last year, partly attributable to the pre-election hype. Nonetheless, January 2019 recorded the first monthly inflow in nine months albeit at a slower pace; half of the level seen a year ago. Overall, the FBM KLCI is targeted to rise to 1,800 points in CY2019.

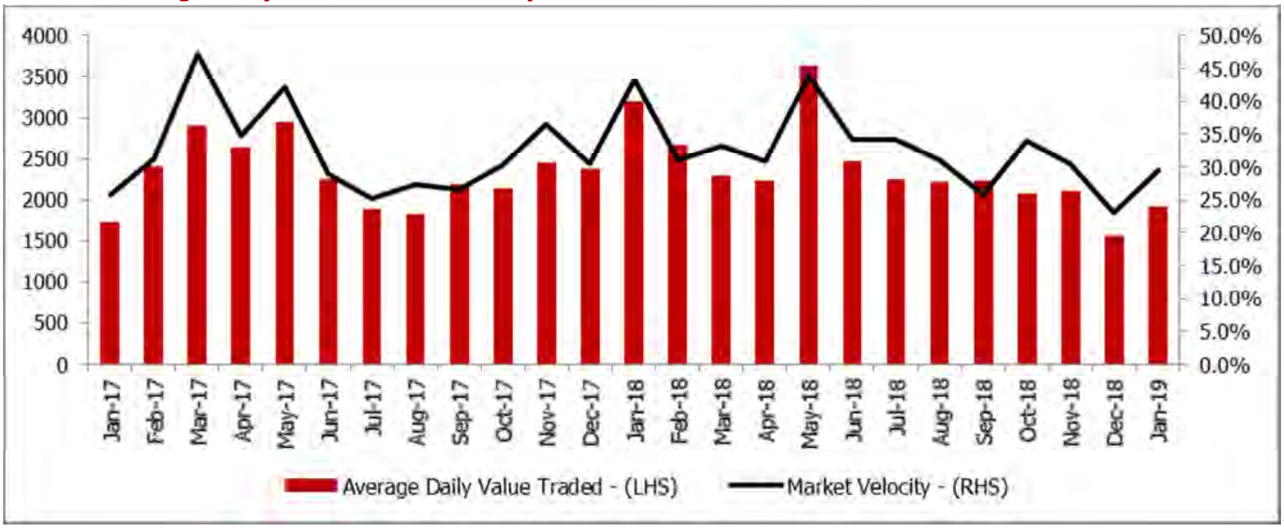
Chart 1: FBM KLCI versus Total Market Traded Volume



Source: Bloomberg

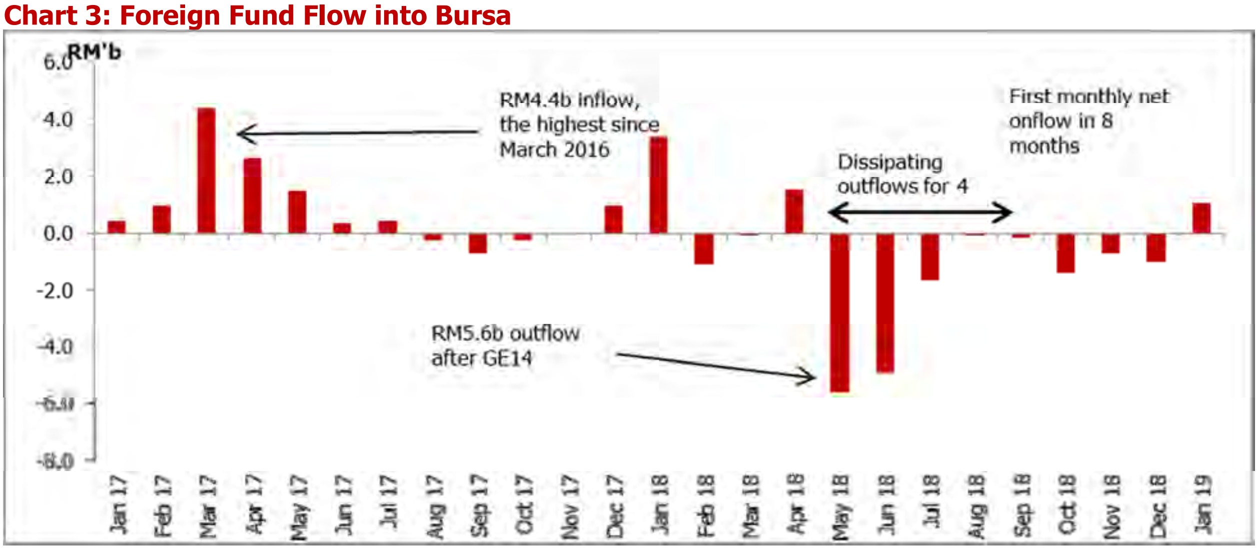
- **Comparison of ADTV thus far.** Similar to the amount of the volume traded, the average daily value trade (ADTV) is also lower so far in 2019, at a daily average of above RM1.5bn this year compared to above RM3.0bn in the same period last year.

Chart 2: Average Daily Value versus Velocity



Source: Bloomberg, MIDFR

Chart 3: Foreign Fund Flow into Bursa



Source: Bloomberg, MIDFR

TRADING STRATEGY

Therefore the question is where would the market going in the near term and where would opportunities arise, in our local bourse? We reckoned that uncertainties would continue to be on the cards, with external risks playing an important factor in determining the movement of the Malaysian Ringgit, as well as demand for exports and imports. Hence, we opine that that with further certainty on the external front will only be seen on 2Q CY 2019 the earliest, at least from the outcome post March deadline of the U.S-China trade truce and Brexit on March 29.

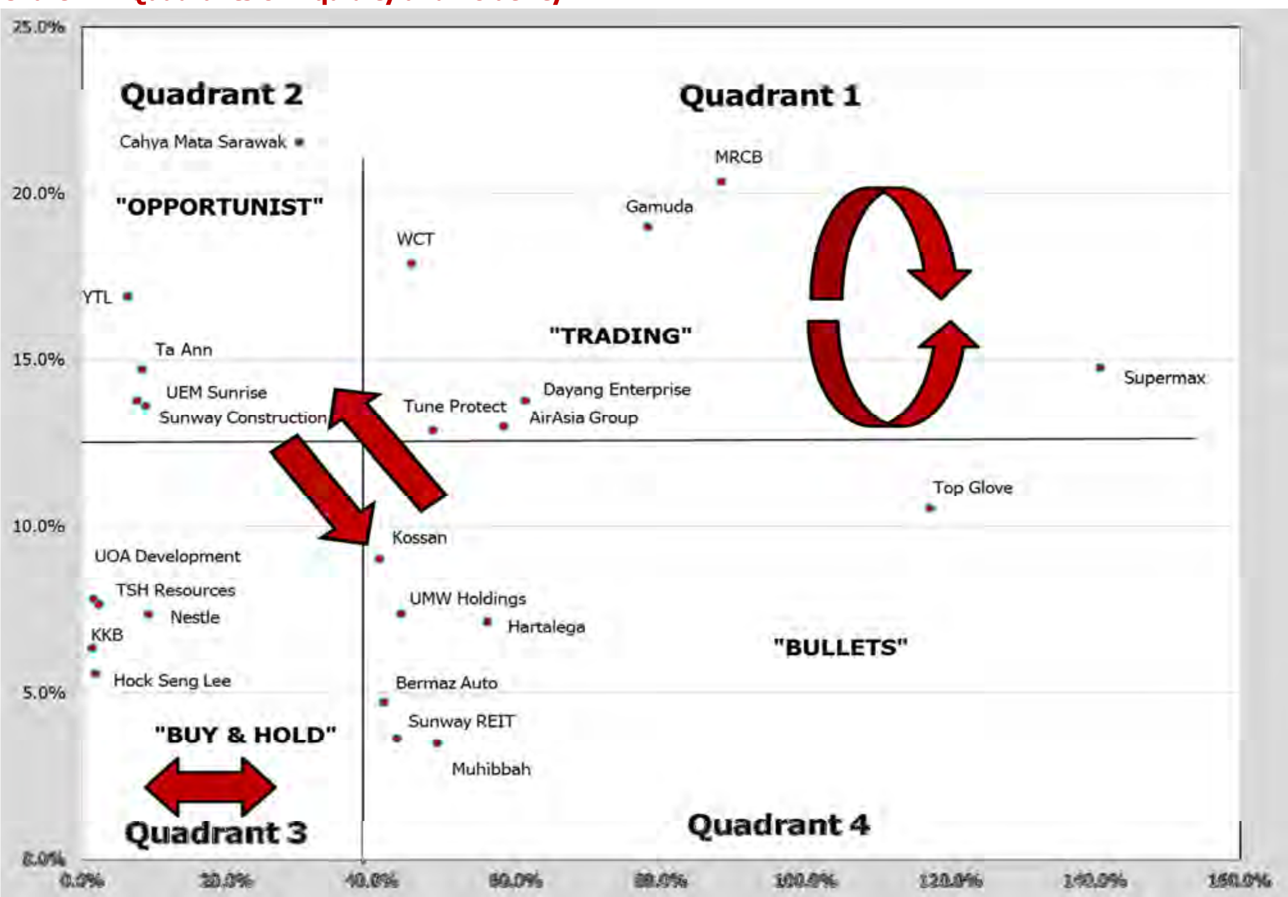
Meanwhile, a flattish market in the near team doesn't bode well for a buy and hold strategy. With challenging corporate earnings growth in the near term, companies might hold off providing generous dividends until the later quarters of the year. In light of the challenges of deriving returns for the portfolio, we would recommend a trading strategy based on the following two measures:

a. Velocity – we have used the share turnover velocity (which is a ratio of traded share turnover to market capitalization) as a measure of liquidity of stock. Traded share turnover is calculated by summing up the total value of each trade (share price x traded volume).

b. Volatility – the volatility of share price movements which is the measure of risk in price movements calculated from the standard deviation of day-to-day logarithmic price change.

Analysing the listed companies listed in Bursa Malaysia for the two measures, for the month of January 2019, we then constructed a two by two matrix and would like to propose the following trading strategy based on the four quadrants (refer to our Strategy report dated 20 January 2017 for information related to the quadrant).

Chart 4: 4 Quadrants of Liquidity and Volatility



Source: Bloomberg, MIDFR

Quadrant 1 – High Velocity + High Volatility = "TRADING"

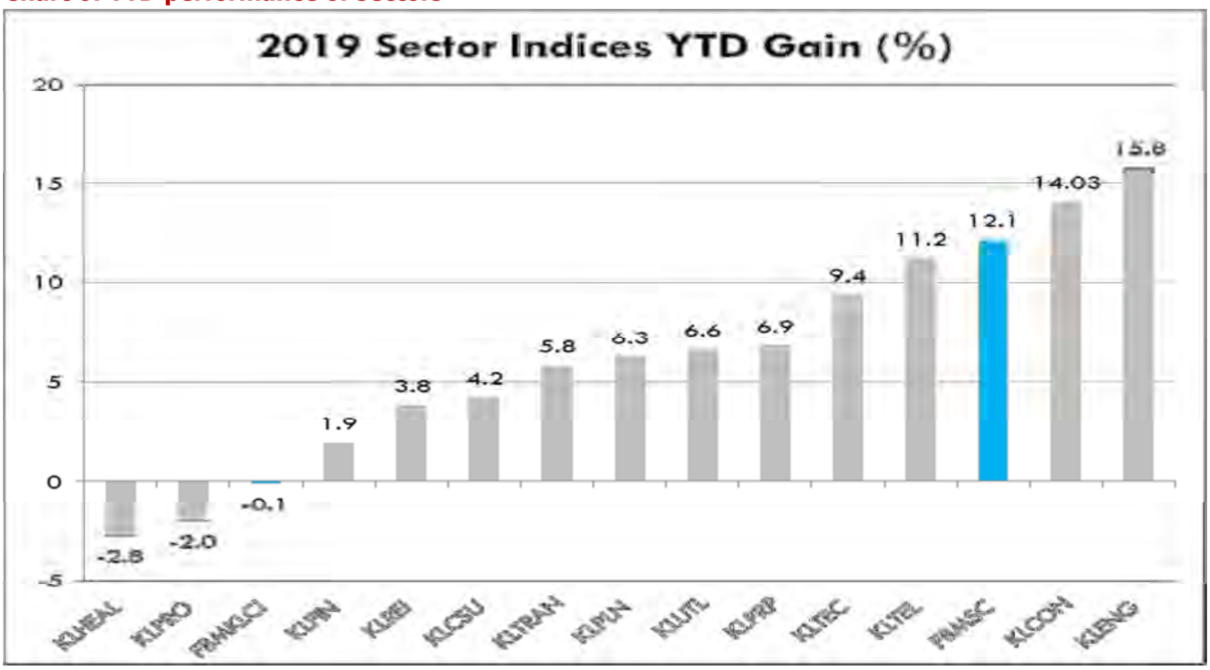
This "Trading" quadrant describes stocks that would be prime for active trading strategy, due to their characteristics of having a relatively have high liquidity and high price volatility.

We note that construction stocks make a huge part of this quadrant which include; **(i) MRCB (BUY;TP:RM0.83), (ii) WCT Holdings (BUY;TP:RM1.05) and Gamuda (BUY; TP: RM2.89).** We expect project works mainly for MRT2 for Gamuda, LRT3 for MRCB and Tun Razak Exchange for WCT to pick up pace following the green light granted by the government to complete these projects. In 4Q18, the value of construction work done grew by 4.1%yoy to a record of RM36.5b. Henceforth we opine, there is still ample room for the sector to grow following the stable development expenditure allocation at circa RM50b in Budget 2019. On a year-to-basis, we observe that the KL Construction Index is one of the top three gainers, gaining nearly 14.0% compared to other sectors.

Chart 5: KL Construction Index

Source: Bloomberg, MIDFR

Chart 6: YTD performance of sectors



Source: Bloomberg

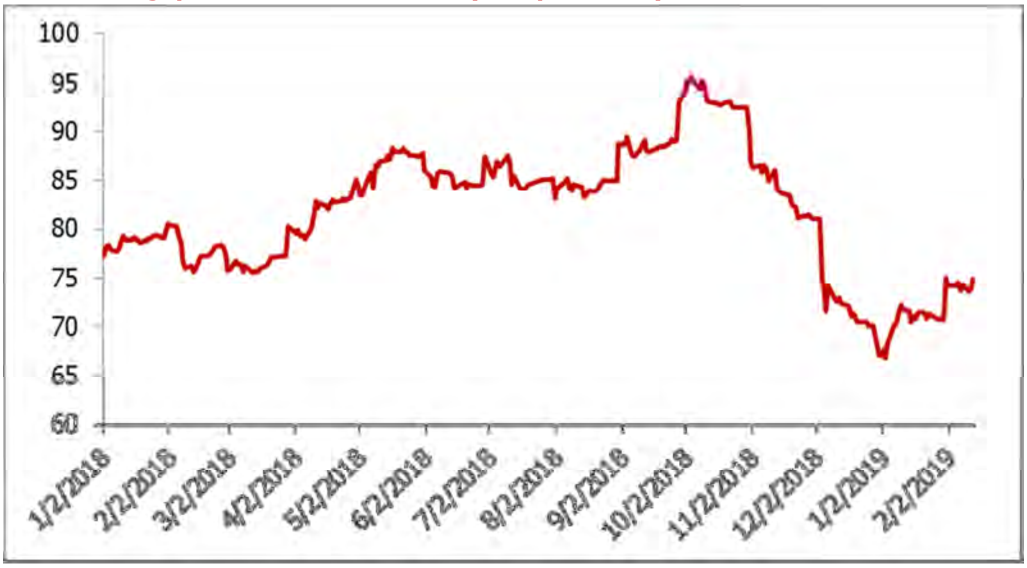
For MRCB, we are comforted that the E&C segment currently has open tenders valued at RM2.7b. Any project wins going ahead will add to the group's current outstanding order book of circa RM19.7b. We expect the construction segment to show some improvement this fiscal year. Previously, we understand that the work progression of LRT3 has slowed down in October 2018, pending the signing of a new contract. Accordingly, we believe the recent contract agreement signed between MRCB-GK JV and Prasarana denotes a positive signal on future progress, thus allay uncertainties on the project.

On the other hand, Gamuda's outstanding order book and unbilled sales (provides about 3.0x times earnings visibility) to lend enough supports in the near to medium term. The optimistic view on Gamuda is buoyed by the prospect of overseas projects which have so far maintained a trend of strong take up rates. We recall that 70% of Gamuda's property earnings were generated by its overseas projects. Two notable mentions of overseas projects are Gamuda City located in Hanoi and Celadon City in Ho Chi Minh City.

WCT Holdings meanwhile has partnered with China Communications and Construction Group (CCCG), to jointly develop the first residential project at the Tun Razak Exchange (TRX). Upon completion, the project will carry an estimated gross development value (GDV) of RM1.1b. The residential towers are strategically located in the TRX City, which will likely appeal to the financial professional and expatriates whose office is based in the city. Core Precios, the project owner is planning to build 700 residential units on the land alongside meditation decks, gyms, various gardens and pools. The project GDV is estimate at RM1.1b, translating into average selling price per unit of RM1.57m.

For aviation, we believe **AirAsia Group (BUY; TP:RM3.48)** to suit well for a trading strategy too. Despite being bogged down by high jet fuel prices in 2HFY18, we opine that the recent dip in oil prices towards the end of 4QFY18 has given the opportunity for airlines to restructure their hedging strategies moving forward. Looking at the current average year-to-date levels, the jet kerosene price is 15% compared the average in 4QFY18 which will bode well for the airline. AirAsia Group Berhad (AAGB) has hedged ~50% of its jet fuel expenses at USD79.40pb for 2019. We opine that this hedging policy will provide a shield to the volatility of oil prices in 2019. Overall AirAsia Group's average load factor for the past three quarters in FY18 stands at 85% which we expect to be sustainable moving forward.

Chart 7: Singapore Jet Kerosene Price (USD per barrel)



Source: Bloomberg, MIDFR

Insurance stocks such as **Tune Protect Group (TPG) (BUY; TP:RM0.85)** is also an alternative choice under this quadrant. We are cognizant that TPG is taking on its expansion plan aggressively into new market segments (e.g. property protection segment and extreme sports protection) and extend its footprints in new regions, especially its retakaful travel business in EMEIA, as well as investments in technologically-driven transformation (e.g. mobile application). We opine that the strategy TPG is undertaking may bode well with its plan to becoming a leading digital insurer in Asia and Middle East. However, we are also cautiously optimistic about the future prospects of the benefits that purportedly could be reaped from these investments going forward.

We recommend stocks sitting in this quadrant for inclusion into a trading portfolio. With ample liquidity and a healthy newsflow driven price volatility, a trading portfolio would be ideal to generate returns amidst a "flattish" movement of the benchmark indices. Liquidity would support ease of trading movement and the newsflow would provide the incentive to take trading position towards sell "high" and buy "low" investment decision process.

Quadrant 2 – Low Velocity + High Volatility = "OPPORTUNIST"
This "Opportunist" quadrant describes stocks that are relatively have low traded volume and highly volatile price movements. Stocks sitting in this quadrant includes **YTL (BUY, TP :RM1.55), UEM Sunrise (BUY, TP:RM0.84) and Sunway Construction (BUY, TP:RM1.78) and Cahya Mata Sarawak (BUY; TP: RM4.13)**

Cahya Mata Sarawak's traction will come from the slew of positive news on Sarawak infrastructure plans will provide positive boost on the state's construction outlook. Further progress of Pan Borneo Highway will benefit CMS in the form of sustainable earnings accretion in the near term. Additionally, the potential new projects in Sarawak are likely to expand its tender book size should the long-drawn out state development materialize. Should tender rounds commence soon, we opine CMS is in the position to benefit given its extensive value chain and strong presence advantage in the state.

Sunway Construction's is another choice to execute this strategy following pre-cast segment is expected to contribute positively, driven by its replenishment ability and expectation of better margin drawn from the new orders clinched. Relatively, the strategic location of its pre-cast factories in Johor and Singapore will allow it to capitalize on shorter distances to its key clients' premises, which will lend support to better cost structure.

Malaysian conglomerate, YTL Corp stands a good chance with this strategy too buoyed by its construction and cement segment slated to improve in FY19. The addition of the Gemas JB project (we estimate YTL's share of the contract at RM8b) on top of construction of the group's Tg Jati power plant in Indonesia (estimated construction value of RM4b) will provide a massive expansion to the group's orderbook from the current RM400m to some RM12b. We expect Gemas-JB project to contribute more meaningfully to earnings from 2QFY19 while Tg Jati construction is expected to commence early-3QFY19.

All of these are great stocks to be included in the portfolio, but due to low liquidity, investors have to scan the market sentiment and wait for an opportunistic time to buy these stocks, wishing for Lady Luck to show herself. An example would be the emergence of irrational sellers looking for a quick exit, selling the stock at lower prices.

Quadrant 3 – Low Velocity + Low Volatility = "BUY and HOLD"
This quadrant describes stocks that are relatively have low traded volume and less price movements. Stocks sitting in this quadrant includes **UOA Development (BUY, TP RM2.45), Nestle (NEUTRAL, TP: RM131.70), KKB Engineering (BUY, TP:RM1.13).**

UOA Development is our top pick for the property sector as we favour its strategy for launching urban-based affordable priced properties in Klang Valley favoured by property purchasers combined with an attractive dividend yield of 7%. Although, the applied loan figures for residential property dipped towards the end of the year, we opine that it will pick up as buyers may defer their purchase from 2018 to 2019 to enjoy the Budget 2019 stamp duty incentive.

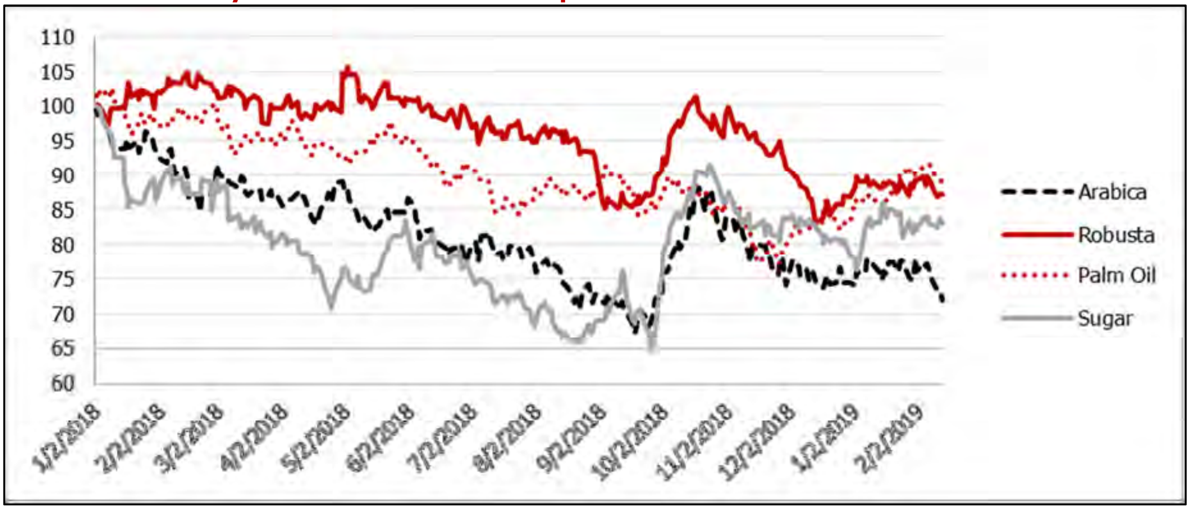
As for KKB Engineering, we have to be mindful that KKB's prospect is not in isolation of the local construction industry outlook. The trend was apparent post-election, with the revision of mega projects led to sector-wide uncertainties. Like most construction-related stocks, KKB's stock was not exempted from the weaken share price performance. Despite the drift, we highlight KKB's strong prospect as it is mainly exclusive to Sarawak infrastructure development, helmed by the internal state funds. This should mitigate any headwinds that are facing the construction sector currently.

On the consumer staples side, agricultural commodities such as sugar, palm oil and coffee beans have been on a downtrend between -10.0% and -30.0% since early last year. This has largely benefited F&B manufacturers such as Nestle' Malaysia Berhad shown by their gross profit margin expansion. We expect the trend to be sideways in the near future, keeping operating costs at bay. On top of the savings generated from cheaper raw materials, we view F&B players such as Nestle; to gain from operating efficiency efforts undertaken in the past 2 years via higher levels of automations and leaner operating structure.

In spite of the Sales and Services Tax (SST) coming into effect from September 2018, domestic spending remains on a strong tide as distributive trade grew further by 8%yoy in Dec-18 as retail sales sustained its double digit growth for the 7-consecutive months. On yearly basis, distributive trade expanded by +8.2%yoy in 2018, the highest in three years, Among others, solid and sound domestic demand in Malaysia is supported by key fundamental factors such as low inflationary pressure, full employment condition and upbeat momentum in industrial activities.

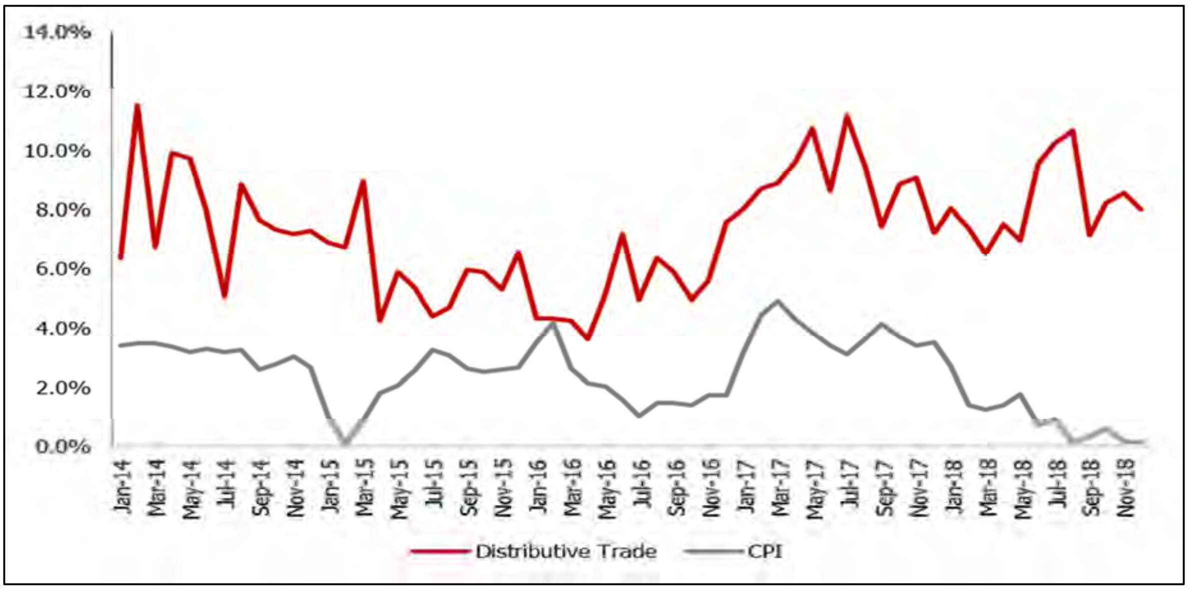
We estimate private consumption and services sector to grow at 7.5% and 6.2% respectively for 2019. Encouraging trend of distributive sales in 2018 is expected to continue for 2019 supported by economic conditions such as strengthening labor market including more job creation and wage growth on top of upbeat tourism activities. Such factors are catalysts for the consumer sector to remain resilient moving forward.

Chart 8: Commodity Prices Normalised at 100 points



Source: Bloomberg, MIDFR

Chart 9: Malaysia CPI versus Distributive Trade



Source: MIDFR, CEIC Data, Department of Statistics Malaysia

We recommend stocks sitting in this category for a BUY and HOLD strategy, considering the makeup of the stocks in this quadrant, from a mixture of dividend play and also companies have a strong strategic shareholder with a growth upside. The low velocity also indicates a relatively tightly held shareholding structure and low float. Therefore, a situation of pessimistic and weak market sentiment, will present an opportunity to add the stock into an investor portfolio. And it would also act as the defence against portfolio value erosion.

<u>Quadrant 4 – High Velocity + Low Volatility = "BULLETS"</u>

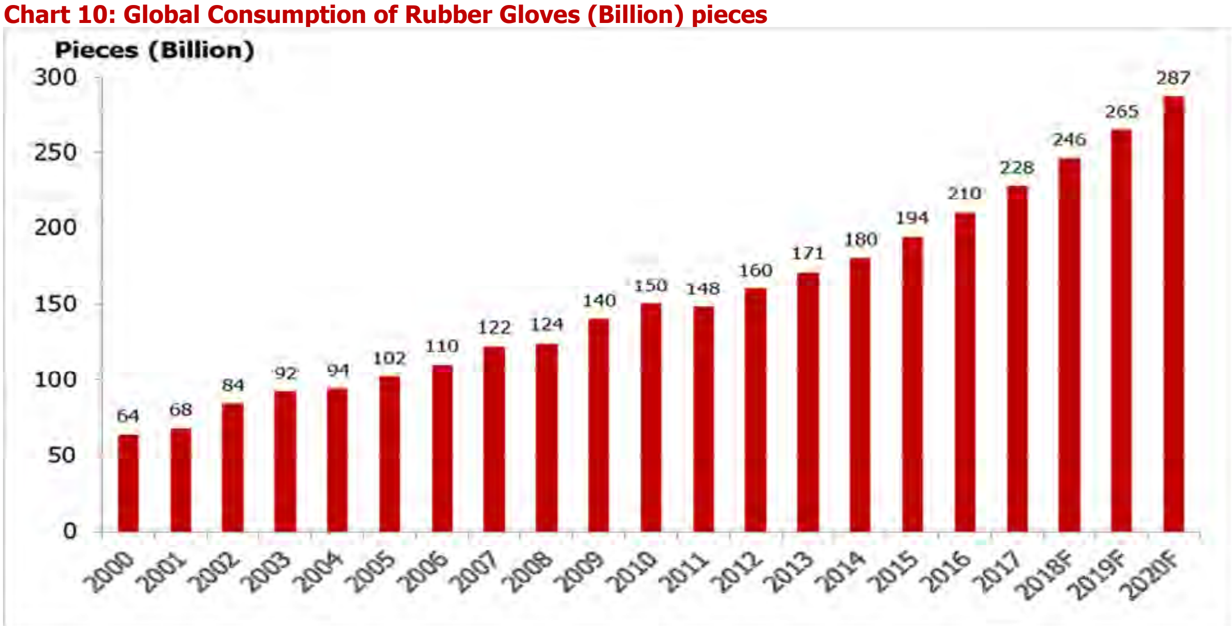
This "Bullets" quadrant describes stocks that are relatively have high liquidity and low price volatility. Stocks sitting in this quadrant mainly include glove sectors such as **Kossan (NEUTRAL, TP:RM4.62), Top Glove (NEUTRAL, TP: RM5.73) and Hartalega (NEUTRAL, TP:RM5.34).**

For the glove counters mentioned above, we expect higher demand for gloves towards the end of 2019 due to more stringent hygiene guidelines from the U.S Pharmecopeia (USP) Convention. Under this convention, health workers would have to don two pairs of gloves to handle hazardous drugs. As such glove players will capitalize on this demand by continuously expanding its production capacity

For instance, Kossan's Plant 16 which commenced operations in August 2018 has a higher level of efficiency due to its lower number of workers per million gloves at 2.5 compared to the company's average handling capability of 3.0 workers per million gloves. In addition, Kossan's upcoming plants in FY19 is expected to boost the group's annual capacity to 32.5b pieces (+44.4%) from 22.5b pieces in FY17. We are anticipating the additional product capacity will be channeled towards the US market.

Likewise, Hartalega has commissioned six lines of 12 lines at Plant 5 and is targeting to commission the remaining lines in 1HCY19. Meanwhile, the construction of Plant 6 is underway while Plant 7's construction is scheduled to commence in May 2019. We expect Plant 7, which focus towards small order and specialty products to fully commence in FY20. These three plants will add +7.3b pieces to the 28.5b pieces existing group's annual capacity as at the end of FY18. However, remain mindful of the possible risks overexpansion that will pressure ASP and operating costs.

Chart 10: Global Consumption of Rubber Gloves (Billion) pieces

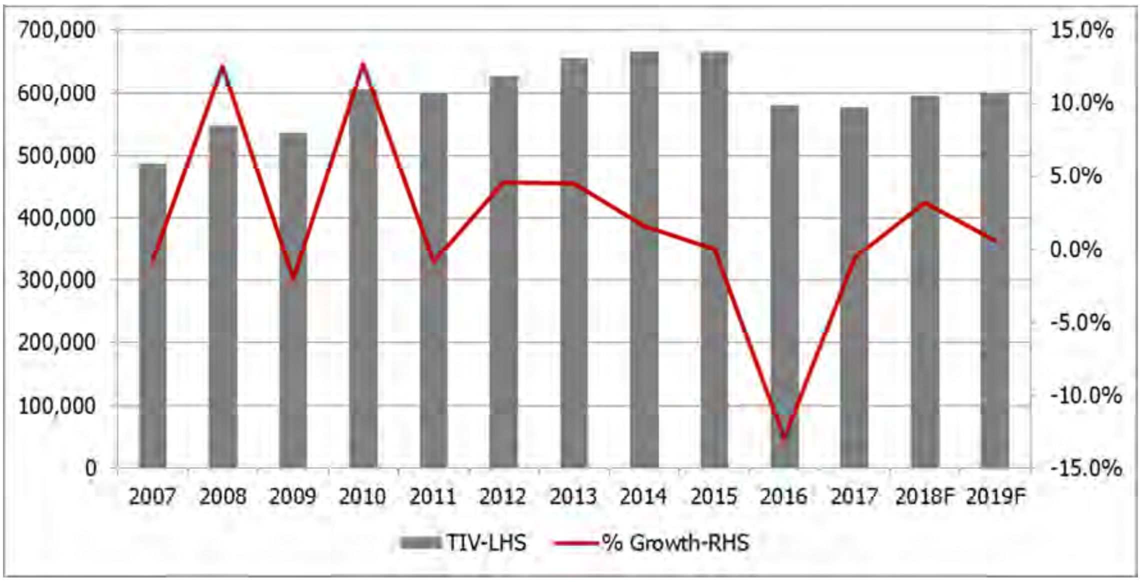


Source: Hartalega

Another stock that fits well under this strategy would be **Bermaz Auto (BUY; TP:RM2.70)** due to its solid 35% earnings CAGR and attractive 7% dividend yield. Key catalysts for Bermaz Auto in the next 12 months would be: (i) a 17%-30%yoy Mazda TIV growth (FY19F) coupled with margin expansion driven by full year impact of new CX5; (ii) Ringgit strength against the JPY. CKD models (75% of TIV) is purchased in RM, insulating BAuto from forex volatility, (iii) a more than doubling in associate earnings contribution to group (via 30%-owned Mazda Malaysia SB and 29%-owned Inokom) given export market expansion to South East Asia (ex-Vietnam) and re-acceleration in production for the domestic market; and (iv) the launch of the CKD CX8 in mid-CY19F.

UMW Holdings (BUY; TP: RM6.60) is an alternative play under this strategy underpinned by: (i) a deleveraged balance sheet post UMWOG demerger allows room for acquisitive growth and resumption of dividend payouts; (ii) reversal of prior years' market share loss, structural cost reduction and pricing advantage from UMW Toyota's EEV-focused strategy via its new Bukit Raja plant; (iii) redevelopment of UMW's 830 acres Serendah land which will unlock value of the asset – easily worth 40sen/share on our estimates and; (iv) a more than quadrupling of M&E division earnings once its aerospace division reaches full scale production.

Chart 11: Historical TIV and Forecast



Source: MIDFR, MAA

We recommend stocks sitting in this quadrant to be use as "Bullets" or financier for the execution of the "Opportunist" trading strategy, i.e. selected holdings of the stocks in the former quadrant can be sold with the proceeds to be used to acquire stocks in the latter quadrant. And vice versa, since at higher velocity, and lower price volatility, an investor could still get back the shares at reasonable price.

SUMMARY

2019 FBM KLCI target at 1,800 points. The US Fed is expected to be less aggressive in regard to its monetary stance this year which may be positive to EM currencies (including Ringgit) as well as to commodity prices. Moreover, the slowing China's economy may prompt more stimulus measures (both monetary and fiscal) by the local authorities with positive spill over effects to the broader region. Meanwhile, we are sanguine on the prospect of de-escalation in the ongoing US-China trade spat as both parties are seen as seeking acceptable solutions to the dispute. Domestically, the macro picture remains healthy with GDP growth expected at 4.9% this year while corporate earnings growth at circa middle single-digit. All factors considered, we reiterate our FBM KLCI year-end 2019 target at 1,800 points which equates to PER19 17.4x, i.e. a premium to its multi-year (2010-17) mean of 16.8x).

Table 1: Summary of stocks featured in this report.

Stock	Call	Last Price (RM)	Target Price (RM)	Dividend per share (sen)	Stock Return (%)	Dividend Yield (%)	Total Return (%)	Average Velocity (%)	Average Volatility (%)	12M Trailing P/E (x)	12M Trailing P/BV (x)
KKB Engineering	BUY	1.04	1.13	2.00	8.7	1.8	10.4	1.4	6.4	17.4	0.8
UOA Development	BUY	2.27	2.45	15.00	7.9	6.1	14.1	1.7	7.8	9.1	0.9
YTL Corp	BUY	1.09	1.55	4.10	42.2	2.6	44.8	6.3	16.9	33.3	0.8
UEM Sunrise	BUY	0.82	0.84	1.11	3.1	1.3	4.4	7.7	13.8	12.7	0.5
Sunway Construction	BUY	1.59	1.78	2.30	11.9	1.3	13.2	8.8	13.6	14.7	3.7
Nestle	NEUTRAL	148.80	131.70	306.00	-11.5	2.3	-9.2	9.2	7.4	52.2	49.2
Cahya Mata Sarawak	BUY	2.99	4.13	7.00	38.1	1.7	39.8	30.0	21.6	11.7	1.3
Kossan	BUY	4.00	4.62	7.60	15.5	1.8	17.3	41.1	9.0	25.5	4.1
Bermaz Auto	BUY	2.24	2.70	16.30	20.5	6.0	26.6	41.7	4.7	11.7	5.0
UMW Holdings	BUY	5.90	6.60	21.70	11.9	3.3	15.2	44.0	7.4	15.1	2.1
WCT Holdings	BUY	0.84	1.05	1.10	25.0	1.0	26.0	45.5	17.9	7.1	0.4
Tune Protect	BUY	0.64	0.85	3.00	32.8	3.5	36.3	48.5	12.9	10.3	1.0
Hartalega	NEUTRAL	5.39	5.34	12.00	-0.9	2.2	1.3	56.1	7.1	37.1	8.1
Airasia Group	BUY	2.99	3.48	13.00	16.4	3.7	20.1	58.3	13.0	3.5	1.0
Gamuda	BUY	2.83	2.89	11.00	2.1	3.8	5.9	78.2	19.0	14.4	0.9
MRCB	BUY	0.77	0.83	1.30	7.8	1.6	9.4	88.3	20.3	11.8	0.7
Top Glove	NEUTRAL	4.99	5.73	11.50	14.8	2.0	16.8	117.2	10.5	28.8	5.1

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.