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Morning Pole Position

| 29th August 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,500.29	4.80	-4.29
FBM Emas	10,648.84	23.01	-5.84
FBM Syariah	10,759.97	3.13	-12.26
FBM Small Cap	14,469.44	-59.17	-8.19
FBM ACE	4,956.37	-34.50	-22.79
F4G BM	864.63	2.58	-1.78
F4G BMS	892.19	1.04	-9.20

Funds Flows

Net Buy (MYR'm)

Local Institutions	-63.4
Local Retails	-8.3
Foreign	71.7

Foreign

Dow Jones	32,283.40	-1008.38	-11.16
S&P 500	4,057.66	-141.46	-14.87
Nasdaq	12,141.71	-497.55	-22.39
FTSE	7,427.31	-52.43	0.58
Hang Seng	20,170.04	201.66	-13.79
Nikkei	28,641.38	162.37	-0.52
Shanghai CI	3,236.22	-10.03	-11.09
Strait Times	3,249.53	1.73	4.03

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.4690	-0.0040	7.30
GBP / MYR	5.2739	-0.0237	-6.34
JPY100 / MYR	3.2643	-0.0132	-9.80
EUR/MYR	4.4641	-0.0123	-5.31
SGD / MYR	3.2143	-0.0062	4.18
CNY / MYR	0.6513	-0.0017	-0.52
AUD / MYR	3.1122	-0.0124	2.83

Bond Yield Movements

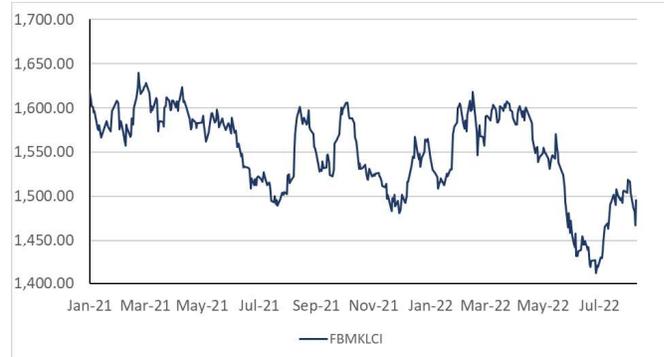
		Yield	Daily Change (bps)
MGS	3- year	3.31	-4
	10- year	3.96	0
GII	3- year	3.45	0
	10- year	4.00	0
UST	2- year	3.37	2
	10- year	3.04	1

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,172.00	-86	-2.02
Brent (1 st month)	100.60	0.77	0.77
Gold (spot)	1,736.86	-21.58	-1.23

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,399
Value (MYR m)	1,862

Top 5 Value

	Last	Daily chg %	Value (MYR m)
AGMO	0.895	7.83	93.283
MAYBANK	8.910	0.79	84.399
CIMB	5.460	1.11	60.999
PCHEM	8.690	0.46	60.992
MYEG	0.755	-1.95	48.921

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
AT	0.015	50.00	0.016
ANZO	0.015	50.00	0.009
TAWIN-PA	0.075	36.36	0.001
KHEESAN	0.115	27.78	0.012
G3	0.030	20.00	0.555

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
VSOLAR	0.005	-50.00	0.002
MLAB	0.015	-25.00	0.009
EDUSPEC	0.015	-25.00	0.006
IMPIANA	0.015	-25.00	0.005
DGB	0.015	-25.00	0.002

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
TWL	3.090	103.000	0.055
SAPNRG	2.250	50.000	0.045
MUIIND	1.100	20.000	0.07
WIDAD	6.273	19.512	0.355
SUNWAY	12.994	8.121	1.66

Market Pulse



Source: Chart created using tradingview.com's tools, PRSB

The KLCI ended marginally lower at 1,500.29 pts with -4.15 pts (-0.28%) compared to the previous week’s session after taking a bit of a roller coaster ride as the market waits for Jackson Hole Symposium while digesting news flows like the Sichuan power restrictions, China’s stimulus, and Malaysia’s budget to be tabled earlier on 7th October 2022.

The resumption of power for some manufacturers like Toyota Motor Corp and Foxconn signalled the worst is over. Lower temperatures and rain helped to ease the power shortage with hydro-power output rising to 460 million kilowatt hours on Sunday, 9.5% above the lowest level earlier when the province adopted power restrictions. Large-scale industries will fully resume once water supplies to hydro-power stations in Sichuan have improved.

Meanwhile U.S. market rattled on Friday after Federal Reserve Chair Jerome Powell said the central bank will continue its battle against inflation “until the job is done” of getting the cost of living back to its 2% inflation target. Fed officials appear to have plenty of scopes to push forward with their inflation battle as the unemployment rate as of July was 3.5%, one of the lowest levels since the late 1960s. Nevertheless, Powell said the central bank’s “overarching” goal is to bring inflation back to its 2% target and that policy makers would stand by that task until it’s done. In addition, he said they’ll use their tools “forcefully” to bring that about, and the failure to restore price stability would involve greater pain. However, the idea that it might be “wise” for policy makers to front-load rate hikes while they still can seem to be what’s motivating Fed officials.

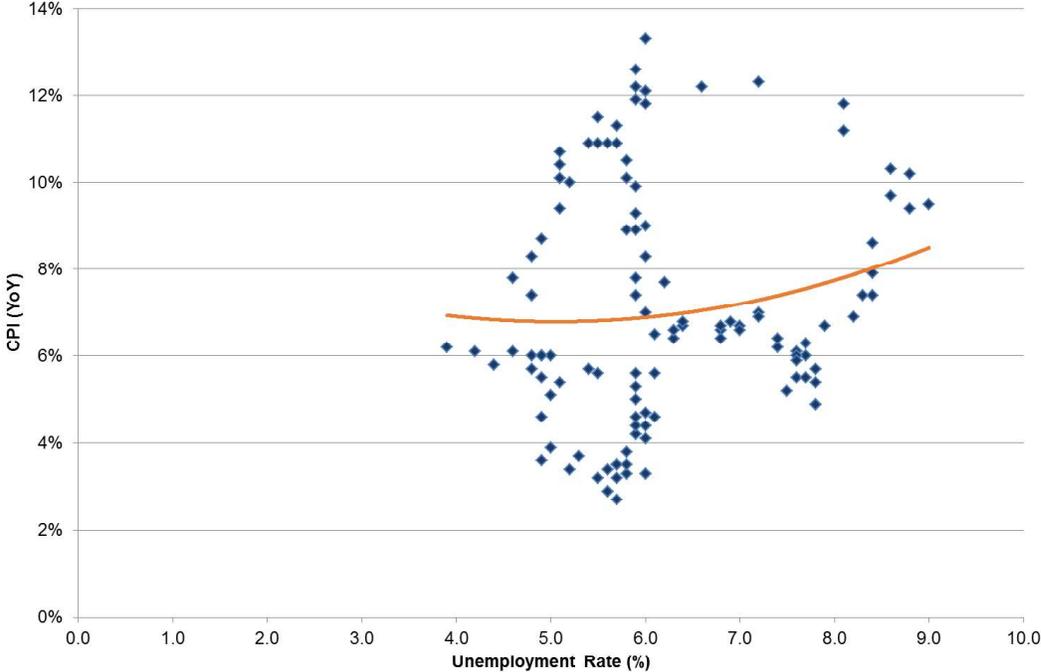
In short, Powell’s speech outlined three important points the Fed is currently focusing on during the normalization process:

1. “Central banks can and should take responsibility for delivering low and stable inflation... Our responsibility to deliver price stability is unconditional... We are committed to doing that job.” This emphasizes the Fed’s shift to a single-mandate central bank focusing on inflation
2. The “public’s expectations about future inflation can play an important role in setting the path of inflation over time” and “the longer the current bout of high inflation continues, the greater the chance that expectations of higher inflation will become entrenched.” This means the Fed is now shifting

towards a period of “purposefully” raising rates to a “higher for longer” stance after “expeditious” (i.e., larger than 25bp) rate hikes this year.

3. “We must keep at it until the job is done... History shows that the employment costs of bringing down inflation are likely to increase with delay, as high inflation becomes more entrenched in wage and price setting. The successful Volcker disinflation in the early 1980s followed multiple failed attempts to lower inflation over the previous 15 years.” During the 1970s, stagflation was due to a combination of supply shocks and unanchored inflation expectations. As a result, as the unemployment rate increased, inflation did not move lower as expected in the Philips curve (Exhibit 1). Powell believes the amount the labour market needed to weaken to reduce inflation, and thereby the costs of fighting inflation.

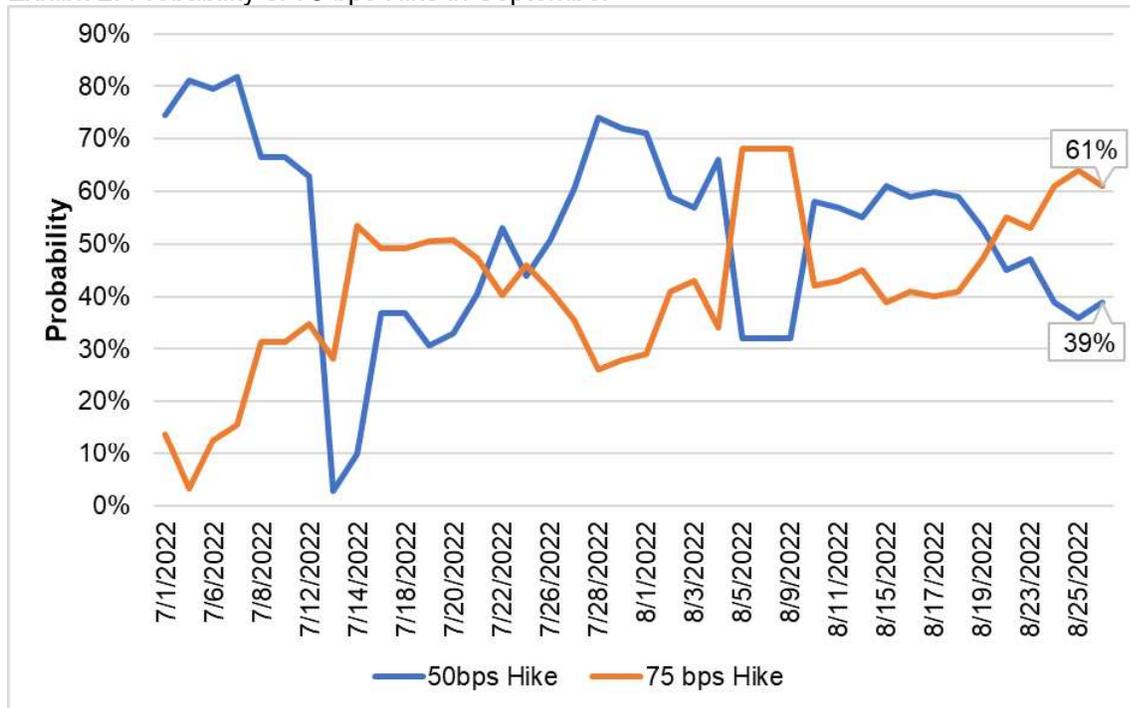
Exhibit 1: Philips Curve in 1970s



Source: Bloomberg, compiled by PRSB

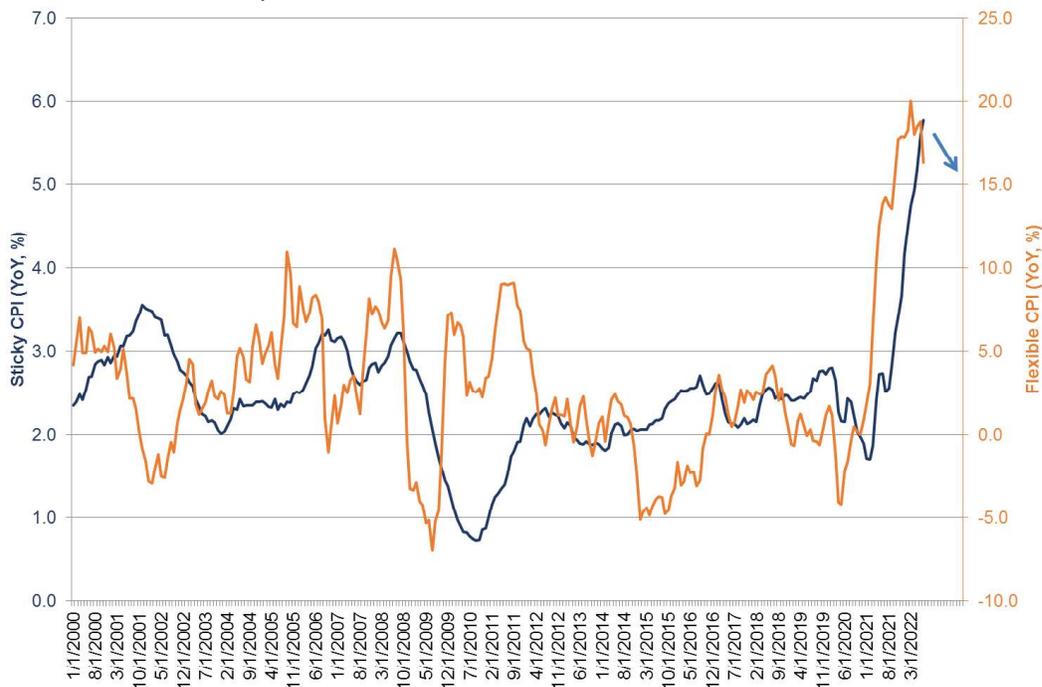
Although the remarks appear to be more hawkish than many investors anticipated, the market has been pricing higher chances of the probability of a 75bps hike in September since earlier in the week as seen in Exhibit 2. Similarly, this is in line with our view as mentioned on 24th August 2022 as we believe Fed is unlikely to change its monetary path this year until sticky-price CPI peaks in December (Exhibit 3). Powell tried to dispel any hopes for a less-aggressive monetary policy stance by insisting that the central bank will persist in its inflation fight, even if that means causing some near-term economic pain for American families.

Exhibit 2: Probability of 75 bps Hike in September



Source: CME FEdWatch, compiled by PRSB

Exhibit 3: Inflation will peak out in December



Source: Atlanta Fed, compiled by PRSB

Since markets are always forward- looking, we believe equity markets, including Malaysia will regain uptrend momentum post- Jackson Hole fuelled by Potential Pre-Budget 2023 rally plus potential General Election 15 in 4Q2022. We thus maintain our year-end KLCI target at 1541. However, as market sentiment initially anticipate for less hawkish stance from Fed, we anticipate the KLCI to decline this week. It is still struggling to break the 20-week EMA resistance and technically, we see the KLCI may test the immediate support at 1,482.98 pts and may fall lower to 1,465.31 pts. Otherwise, the market may start to gain momentum to potentially reach the resistance level at 1,530.00. Our picks in Exhibit 4.

Exhibit 4: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.76	2.45	39.20
Guan Chong	GUAN MK	Outperform	2.48	2.78	12.10
Technical					
Genting Malaysia	GENM MK	Outperform	2.97	3.21	8.08
IHH Healthcare	IHH MK	Outperform	6.37	7.00	9.89
Kawan Food	KFB MK	Outperform	2.11	2.19	3.79
Matrix Concept	MCH MK	Outperform	2.30	2.57	11.74
Ta Ann	TAH MK	Buy	3.97	4.64	16.88
Telekom	T MK	Outperform	6.00	6.28	4.67
QL Resources	QLG MK	Outperform	5.10	5.77	13.14
CB Industrial Product Holding	CB MK	Buy	1.34	1.76	31.34
Opcom Holdings	OHB MK	Buy	0.82	1.24	51.22
KSL Holdings	KSL MK	Buy	0.84	0.96	14.97
Gamuda	GAM MK	Outperform	3.81	4.30	12.86
Chin Well Holdings	CWH MK	Outperform	1.76	2.00	13.64
Supercomnet Technologies	SCT MK	Buy	1.45	1.73	19.31
Kelington Group	KGRB MK	Buy	1.30	1.71	31.54
Pentamaster Corporation	PENT MK	Buy	4.00	5.26	31.50
AME Elite Consortium	AME MK	Buy	1.52	2.03	33.55
Formosa Prosonic Industries	FOR MK	Buy	3.11	3.92	26.05
Pertama Digital	PRTMA MK	Buy	1.12	1.31	16.96
IJM Corp Bhd	IJM MK	Outperform	1.72	2.06	19.77
Kerjaya Prospek Group	KPG MK	Outperform	1.17	1.39	18.80
MMS Ventures	MMSV MK	Buy	0.83	1.20	44.58
Dialog Group	DLG MK	Buy	2.39	2.95	23.43
FM Global Logistics Holdings	FMH MK	Buy	0.58	0.82	41.38
Solarvest Holdings	SOLAR MK	Buy	0.83	1.12	34.94
ETF					
MyETF Dow Jones U.S.	METFUS50				
Titans 50	MK	Buy	USD 1.89	USD 2.21	16.70
MyETF MSCI SEA Islamic Dividend	MEMMID MK	Buy	0.80	0.85	5.62
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.64	1.80	10.03
TradePlus HSCEI Daily (-1x) Inverse Tracker	HSCEI1XI MK	Buy	2.18	2.35	7.80
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.68	1.86	10.71

Source: Bursa, Bloomberg, PRSB, price as of 26th August 2022

Malaysian news highlights

- **Bringing forward of national budget tabling day a normal matter, says PM.**

"It is normal. Even during the time of Pak Lah (Tun Abdullah Ahmad Badawi), it was held in September," he told reporters after launching the USHANIAGA Keluarga Malaysia programme here on Friday (Aug 26). He said this when asked on reports that Budget 2023 would be tabled earlier this year, on Oct 7. According to Dewan Rakyat's calendar, Budget 2023 is scheduled on Oct 28. Asked about the date of the budget, Ismail Sabri said it would be announced by the Minister in the Prime Minister's Department (Parliament and Law) Datuk Seri Wan Junaidi Tuanku Jaafar. Earlier, several media reported that Budget 2023 will be tabled earlier on Oct 7. The report also mentioned that the 15th General Election (GE15) will be held after the tabling of the budget. (Source: [TheEdgeMarkets](#))
- **Malaysian credits robust amid economic recovery, says Ram Ratings.**

RAM Rating said its rated portfolio profile remains robust with about 80% carrying AA3 or higher ratings, which indicate a strong capacity to meet debt obligations on a timely basis. In a statement, the rating agency said at a broader level, the recent performance of Bursa Malaysia-listed companies indicates corporate balance sheets remained healthy in the first quarter of 2022, with 60% registering year-on-year profit growth, while maintaining conservative leverage (median: 0.21 times). (Source: [TheEdgeMarkets](#))
- **Govt to maintain electricity tariff for all consumers in second half of 2022, says MOF.**

The Finance Ministry (MOF) in a statement on Saturday (Aug 27) said following the sharp rise in world fuel prices this year, the Government on June 24 had decided on the matter even though the cost of electricity generation has increased. In early 2021, the price of coal was around US\$80 (RM357) per tonne, but by the middle of 2022, it has surpassed US\$400 a tonne. (Source: [TheEdgeMarkets](#))
- **Malaysia, Thailand agree to expedite implementation of infrastructure projects at border, says Fadillah.**

Senior Public Works Minister Datuk Seri Fadillah Yusof said Malaysia and Thailand see the importance of ensuring that infrastructure projects at the border are given serious attention. The projects include the construction of the Rantau Panjang–Sungai Golok Bridge, Pengkalan Kubor–Tak Bai Bridge, and the road alignment connecting the Bukit Kayu Hitam Immigration, Customs, Quarantine and Security (ICQS) Complex and the new Sadao Customs, Immigration and Quarantine (CIQ) Complex in Songkhla. (Source: [TheEdgeMarkets](#))
- **CPO futures extend slide on Aug 26 amid high inventory concerns.**

The crude palm oil (CPO) futures contract on Bursa Malaysia Derivatives (BMD) extended Thursday's decline to end the week lower on Friday (Aug 26), as weak market sentiment weighed on demand for the golden fruit. (Source: [TheEdgeMarkets](#))
- **Only 2.5% of federal govt debts are foreign-denominated, says Tengku Zafrul.**

The claim that Malaysia owes a lot of money to Indonesia is not true, as only 2.5% of federal government debts are foreign-denominated, said Finance Minister Datuk Seri Tengku Zafrul Abdul Aziz. The foreign loans are from various institutions and investors from around the world, among them the United States, Europe, Japan, China and Singapore. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Dried-Out Farms From China to Iowa Will Pressure Food Prices.**

Drought is shrinking crops from the US Farm Belt to China's Yangtze River basin, ratcheting up fears of global hunger and weighing on the outlook for inflation. The latest warning flare comes out of the American Midwest, where some corn stalks are missing ears of grain and soybean pods are fewer and smaller than usual. The dismal report from the Pro Farmer Crop Tour has helped lift a gauge of grain prices back to the highest level since June. (Source: [Bloomberg](#))

- Stocks Face Another Sharp Slide After Powell's Hawkish Pivot.**
 Losses loom for Asia's stock market on Monday as investors absorb Federal Reserve Chair Jerome Powell's stern message that interest rates are going higher for longer in a painful fight against inflation. Friday's US slump further shriveled a global bounce in shares from June bear-market lows that was predicated partly on bets of a Fed shift to rate cuts next year as growth slows. Powell spelled out the need for sustained restrictive policy, comments that lifted the US two-year Treasury yield toward 2022's high and sent investors scurrying to the dollar as a shelter from volatility. (Source: [Bloomberg](#))
- US Labor Market Powers Ahead Amid Resilient Demand: Eco Week.**
 Friday's jobs report is projected to show a 300,000 payrolls increase in August, according to the median estimate in a Bloomberg survey of economists. The unemployment rate is seen holding at 3.5% -- matching a five-decade low -- while average hourly earnings likely posted another solid gain. (Source: [Bloomberg](#))
- Germany to Reach October Gas-Storage Target Already Next Month.**
 Germany is racing to fill gas storage in time for winter after Russia drastically cut flows through the key Nord Stream pipeline, driving up prices and exacerbating Europe's worst energy crisis in decades. The ruling coalition in Berlin has mandated that facilities be 85% full by October and 95% by November. (Source: [Bloomberg](#))
- Europe's deepening fertiliser crunch threatens food crisis.**
 Europe's fertiliser crunch is deepening with more than two-thirds of production capacity halted by soaring gas costs, threatening farmers and consumers far beyond the region's borders. Russia's squeeze on gas shipments in the wake of Moscow's invasion of Ukraine is hurting industries across Europe. But fertiliser companies are being especially affected because gas is both a key feedstock and a source of power for the sector. (Source: [TheEdgeMarkets](#))
- Sichuan Restores Most Industrial Power Use After Two-Week Crisis.**
 Power use at large-scale industries is gradually resuming except for those with excessive energy consumption, the report said, citing State Grid Corp. of China. Large-scale industries will fully resume once water supplies to hydro-power stations in Sichuan improve. (Source: [Bloomberg](#))
- China industrial profits drop 1.1% in first seven months of 2022.**
 Profits at industrial firms in China fell in the first seven months of the year as the economy continued to grapple with Covid disruptions and an ongoing slump in the property sector. Profits in the January-to-July period declined 1.1% from a year earlier, the National Bureau of Statistics said on Saturday (Aug 27). That compared with an increase of 0.8% in June. (Source: [TheEdgeMarkets](#))
- Thailand hikes minimum wage for first time in over two years.**
 Thailand raised its daily minimum wage for the first time in more than two years on Friday (Aug 26), the labour ministry said, as it seeks to help workers cope with rising living costs and the economic impact of the Covid-19 pandemic. A committee made up of government representatives, companies and labour groups agreed to raise wages by an average of 5.02% from Oct 1, Boonchob Suthamanaswong, the ministry's permanent secretary, said in a statement. (Source: [TheEdgeMarkets](#))

- **Petronas's US\$2 bil Engen sale draws interest from Trafigura, Vitol.**
Petronas is working with advisers to solicit bids for its controlling stake in the fuel retail business, which could fetch about US\$2 billion, according to the people. It's attracting interest from suitors including oil trading giants Trafigura Group and Vitol Group, the people said, asking not to be identified because the information is private. (Source: [TheEdgeMarkets](#))
- **AME Elite 1Q net profit down 15.65% on finance cost.**
AME Elite Consortium Bhd's net profit for the first quarter ended June 30, 2022 (1QFY23) fell 15.65% to RM6.09 million from RM7.21 million in the same period last year mainly due to a finance cost of RM2.68 million, resulting from the unwinding of a discount on deferred land purchase considerations. Quarterly revenue, however, grew 78.36% to RM136.9 million from RM76.75 million a year ago, helped by the increase in construction services revenue to RM46.4 million and property development revenue of RM13.7 million. (Source: [TheEdgeMarkets](#))
- **PetGas 2Q net profit drops about 10% as forex and prosperity tax drag; declares 16 sen dividend.**
Petronas Gas Bhd (PetGas) said on Friday (Aug 26) its second-quarter net profit dropped 9.57% to RM396.5 million from RM439.07 million a year earlier, despite a rise in revenue, due to the impact of unfavourable foreign exchange movement, and higher effective tax rate from the imposition of the prosperity tax. (Source: [TheEdgeMarkets](#))
- **Axiata to restructure part of RM9.6b short-term debts to ease 'stretched' balance sheet.**
The move is part of its bid to ease a balance sheet that has been been "stretched" after the group increased its borrowings to acquire telecommunication towers in the Philippines and a broadband-cum-cable TV services provider in Indonesia. (Source: [TheEdgeMarkets](#))
- **Sarawak Oil Palms 2Q net profit up 57% y-o-y, pays four sen dividend.**
Boosted by higher average realised prices of palm products sold, Sarawak Oil Palms Bhd's net profit jumped 57.1% to RM154.46 million in the second quarter ended June 30, 2022 (2QFY22), from RM98.32 million in the corresponding quarter a year earlier. Revenue for the quarter gained 47.46% to RM1.4 billion from RM949.05 million, the oil palm planter and miller's filing with Bursa Malaysia showed. Earnings per share rose to 17.48 sen from 11.32 sen. (Source: [TheEdgeMarkets](#))
- **Capital A 2Q net loss widens to RM931m amid forex loss, share of loss from associates.**
It recorded a share of loss of RM291.5 million from associates. The group said it was severely affected by foreign exchange losses of RM480.3 million, including 2.4 billion Thai baht recorded by its associate company, Asia Aviation Public Company Ltd, due to the depreciation of local currencies against the US dollar. (Source: [TheEdgeMarkets](#))

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Corporate Actions/ Entitlements

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgement Date	Payment/Cessation Date
7148	DPHARMA	RM0.0050	First Interim Dividend	29/8/2022	30/8/2022	14/9/2022
0040	OPENSYS	RM0.0040	Third interim	29/8/2022	30/8/2022	8/9/2022
03041	1TECH	RM0.0050	Second interim dividend	29/8/2022	30/8/2022	9/9/2022
7233	DUFU	RM0.0250	Interim Dividend	29/8/2022	30/8/2022	23/9/2022
5160	HOMERIZ	RM0.0100	First Interim Dividend	29/8/2022	30/8/2022	15/9/2022
6012	MAXIS	RM0.0500	Second Interim Dividend	29/8/2022	30/8/2022	30/9/2022
0168	BOILERM	RM0.0175	Final Dividend	29/8/2022	30/8/2022	14/9/2022
5125	PANTECH	RM0.0150	Final Dividend	29/8/2022	30/8/2022	9/9/2022
5789	LBS	RM0.0100	Final Dividend	29/8/2022	30/8/2022	15/9/2022
03046	DYNAFNT	RM0.0120	First Interim Dividend	30/8/2022	1/9/2022	9/9/2022
5568	APB	RM0.1000	First Interim Dividend	30/8/2022	1/9/2022	15/9/2022
0151	KGB	RM0.0100	First Interim Dividend	30/8/2022	1/9/2022	22/9/2022
5235SS	KLCC	RM0.0099	Second Interim Dividend	30/8/2022	1/9/2022	28/9/2022
5235SS	KLCC	RM0.0701	Second Interim Dividend	30/8/2022	1/9/2022	28/9/2022
2658	AJI	RM0.0850	Final Dividend	30/8/2022	1/9/2022	28/9/2022
5049	CVIEW	RM0.0300	First Interim Dividend	30/8/2022	1/9/2022	26/9/2022
6947	DIGI	RM0.0280	Second Interim Dividend	30/8/2022	1/9/2022	30/9/2022
03006	NPS	RM0.0025	Second Interim Dividend	1/9/2022	2/9/2022	15/9/2022
5196	BJFOOD	RM0.0200	Fourth Interim Dividend	1/9/2022	2/9/2022	22/9/2022
5306	FFB	RM0.0107	Final Dividend	1/9/2022	2/9/2022	15/9/2022
2836	CARLSBG	RM0.2200	Second Interim Dividend	2/9/2022	5/9/2022	15/9/2022
3816	MISC	RM0.0700	Second Interim Dividend	2/9/2022	5/9/2022	14/9/2022
5176	SUNREIT	RM0.0422	Interim Income Distribution	2/9/2022	5/9/2022	15/9/2022
0230	TELADAN	RM0.0060	First Interim Dividend	2/9/2022	5/9/2022	19/9/2022
5196	BJFOOD	1 to 4	Bonus Issue	2/9/2022	5/9/2022	-

Source: Bloomberg, compiled by PRSB

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For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

ETFs (Criteria applies to rating assignments from 16th December 2019):

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BUY: Total expected return below 20% but exceed 5% or then 1-year rate, whichever is higher;

SELL: Total return of not more than 5% or then 1-year rate, whichever is higher.

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Funds:

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