



PHILLIP RESEARCH SDN BHD

199001007125 (198695-X)

B-18-6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel No: 03-2783 0300

Morning Pole Position

| 6th September 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,489.80	-1.38	-4.96
FBM Emas	10,553.77	-1.76	-6.68
FBM Syariah	10,595.94	-3.69	-13.59
FBM Small Cap	14,202.73	-1.91	-9.88
FBM ACE	4,760.15	-46.53	-25.85
F4G BM	857.93	-0.94	-2.54
F4G BMS	877.34	-2.12	-10.71

Funds Flows

Net Buy (MYR'm)

Local Institutions	2.5
Local Retails	1.4
Foreign	-3.9

Foreign

Dow Jones	31,318.44	-337.98	-13.81
S&P 500	3,924.26	-42.59	-17.66
Nasdaq	11,630.86	-154.26	-25.66
FTSE	7,287.43	6.24	-1.32
Hang Seng	19,225.70	-226.39	-17.83
Nikkei	27,619.61	-31.23	-4.07
Shanghai CI	3,199.91	13.43	-12.09
Strait Times	3,215.48	9.79	2.94

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.4930	0.0090	7.88
GBP / MYR	5.1625	-0.0192	-8.32
JPY100 / MYR	3.1968	0.0016	-11.66
EUR/MYR	4.4530	-0.0184	-5.54
SGD / MYR	3.1951	-0.0015	3.56
CNY / MYR	0.6473	-0.0018	-1.13
AUD / MYR	3.0454	-0.0060	0.62

Bond Yield Movements

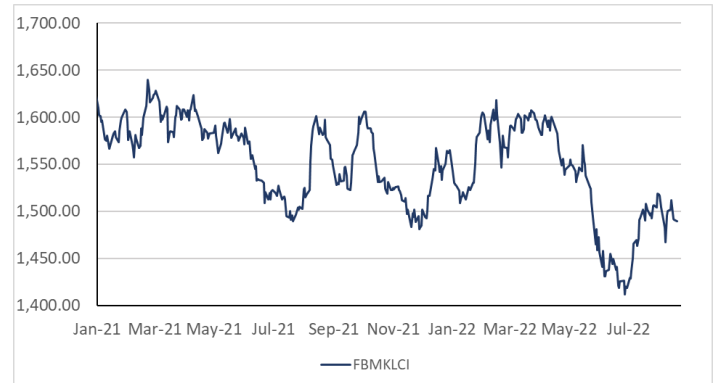
		Yield	Daily Change (bps)
MGS	3- year	3.34	1
	10- year	4.03	0
GII	3- year	3.46	0
	10- year	4.04	0
UST	2- year	3.4	-11
	10- year	3.2	-6

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,929.00	-14	-0.36
Brent (1 st month)	95.23	0.70	0.74
Gold (spot)	1,712.03	3.96	0.23

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,085
Value (MYR m)	1,251

Top 5 Value

	Last	Daily chg %	Value (MYR m)
HARTA	1.590	-4.22	48.199
MAYBANK	8.940	0.11	41.175
CIMB	5.480	-0.36	40.967
PBBANK	4.670	0.00	37.280
SNS	0.260	-1.89	35.193

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
NIHSIN-PA	0.020	33.33	0.069
XOX	0.020	33.33	0.023
AEM	0.020	33.33	0.001
SCOMIES	0.025	25.00	0.002
TAS	0.230	21.05	0.000

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
MNC-PA	0.005	-66.67	0.002
SMI	0.255	-50.49	8.676
ANZO	0.010	-33.33	0.001
FOCUS	0.015	-25.00	0.595
EDUSPEC	0.015	-25.00	0.017

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
MAYBANK	134.100	15.000	8.94
SIME	23.400	10.000	2.33
BAHVEST	1.800	6.000	0.325
TELADAN	6.099	5.700	1.08
HBGLOB	0.306	5.100	0.11

Market Pulse

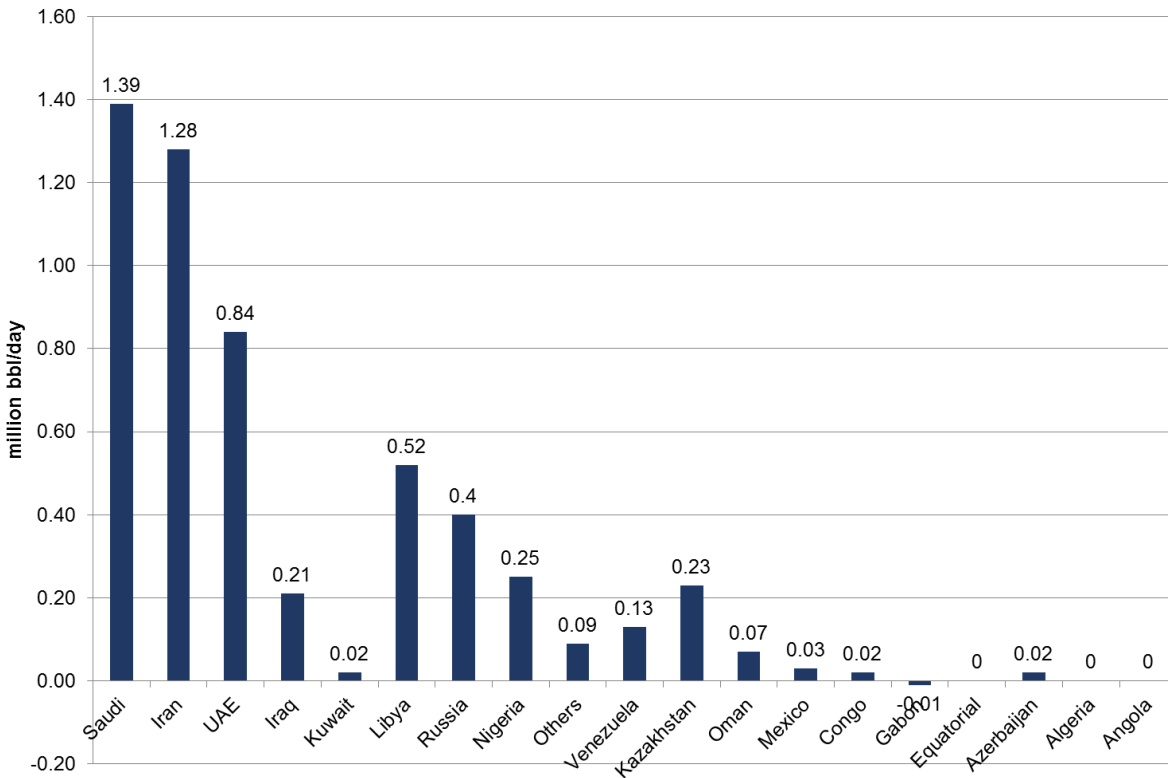


Source: Chart created using tradingview.com's tools, PRSB

The KLCI ended marginally lower at 1,489.80 pts with -1.38 pts (-0.09%) as selling pressure persisted despite KLCI opening higher than the previous trading day, and the day ended rangebound. Investors appear to be reluctant to make the bold move due to a lack of buying catalysts as KLCI constituents' losers outpaced gainers by 16 to 11 while the remaining 3 are unchanged. Similarly, broad market sentiment remained dragged on the downside as losers outpaced advancers by 499 to 367 while the remaining 389 are unchanged.

OPEC made a surprise oil cut of 100,000 barrels per day in October, where the simple tweak is used to show OPEC will be attentive, pre-emptive, and pro-active in supporting the stability and the efficient functioning of the market to benefit market participants and the industry. However, 100,000 barrels is only 0.1% of global demand, and the impact on actual supply and demand is likely to be limited. The major reasons for reducing production are 1) the US summer season has come to an end, 2) China ZCS continues to restrain economic activities, and 3) OPEC+ has limited excess capacity (Exhibit 1). The market anticipates for OPEC to hold production steady as oil prices above USD90 per barrel would squeeze consumers since in the coming months, supply will be tight due to EU sanctions imposed on Russian exports.

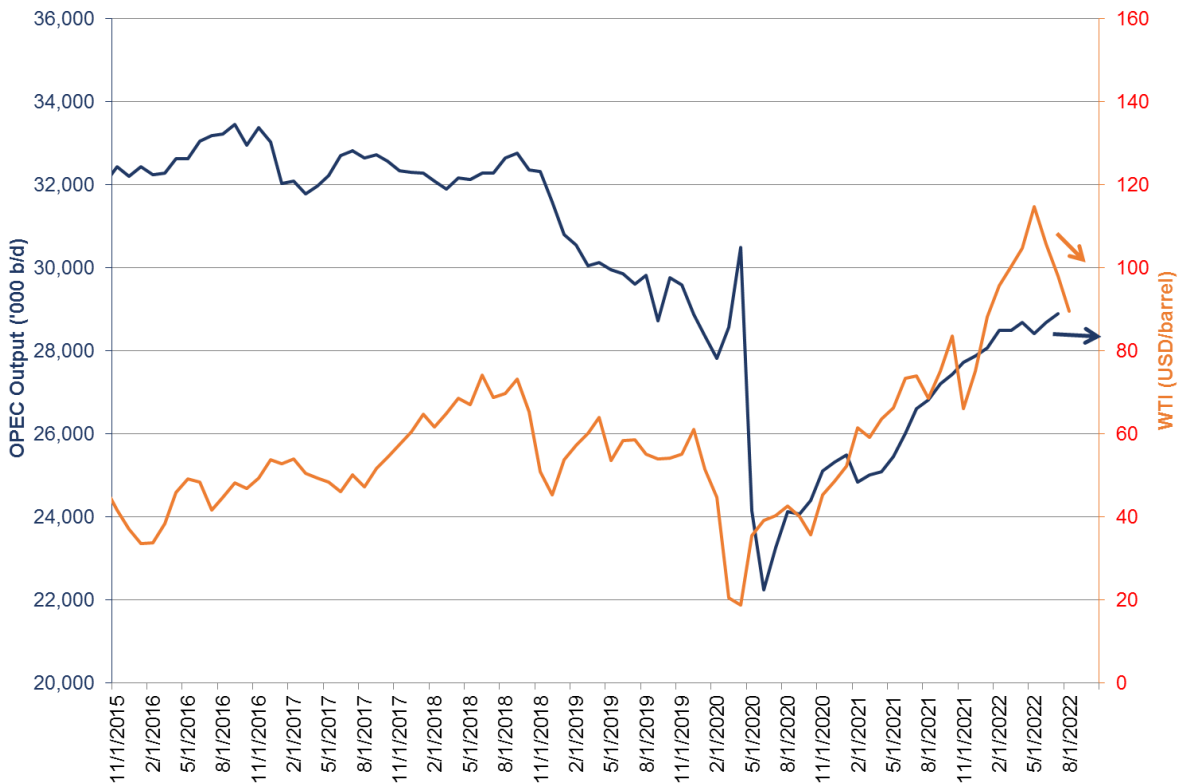
Exhibit 1: Excess Capacity



Source: IEA, PRSB, compiled by PRSB

Despite the limited excess capacity, OPEC production (Exhibit 2) is still below the pre-Covid level, and we believe that this would continue to benefit the maintenance and short-term capex expansion players.

Exhibit 2: Output is Still Below Pre-Covid Level



Source: OPEC, Bloomberg, PRSB, compiled by PRSB

Nevertheless, we anticipate the KLCI to decline today as confirmed by the downtick of the Stochastic oscillator. Technically, the KLCI may test the immediate support at 1,481.79 pts and may fall lower to 1,459.86 pts. We set the resistance level at 1,512.05 pts. Our picks in Exhibit 3.

Exhibit 3: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.79	2.45	36.87
Guan Chong	GUAN MK	Outperform	2.31	2.78	20.35
Technical					
Genting Malaysia	GENM MK	Outperform	2.95	3.21	8.81
IHH Healthcare	IHH MK	Outperform	6.20	7.00	12.90
Matrix Concept	MCH MK	Outperform	2.35	2.57	9.36
Ta Ann	TAH MK	Outperform	3.95	4.64	17.47
Telekom	T MK	Outperform	5.80	6.28	8.28
QL Resources	QLG MK	Outperform	5.12	5.77	12.70
CB Industrial Product Holding	CB MK	Buy	1.29	1.76	36.43
Opcom Holdings	OHB MK	Buy	0.790	1.24	56.96
KSL Holdings	KSL MK	Outperform	0.845	0.96	13.61
Gamuda	GAM MK	Outperform	3.89	4.30	10.54
Chin Well Holdings	CWH MK	Outperform	1.74	2.00	14.94
Supercomnet Technologies	SCT MK	Outperform	1.42	1.73	21.83
Kelington Group	KGRB MK	Buy	1.24	1.71	37.90
Pentamaster Corporation	PENT MK	Buy	4.01	5.26	31.17
AME Elite Consortium	AME MK	Buy	1.51	2.03	34.44
Formosa Prosonic Industries	FOR MK	Buy	3.02	3.92	29.80
IJM Corp Bhd	IJM MK	Outperform	1.69	2.06	21.89
Kerjaya Prospek Group	KPG MK	Outperform	1.19	1.39	16.81
MMS Ventures	MMSV MK	Buy	0.755	1.20	58.94
Dialog Group	DLG MK	Buy	2.24	2.95	31.70
FM Global Logistics Holdings	FMH MK	Buy	0.550	0.82	49.09
Solarvest Holdings	SOLAR MK	Buy	0.72	1.12	55.56
Hibiscus Petroleum	HIBI MK	Buy	1.05	1.32	25.71
OSK Holdings	OSK MK	Buy	0.94	1.12	19.79
Malakoff Corporation	MLK MK	Buy	0.69	0.86	24.64
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.83	USD 2.21	20.85
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.61	1.80	12.08
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	1.71	1.86	8.77

Source: Bursa, Bloomberg, PRSB, price as of 6th September 2022

Malaysian news highlights

- **Malaysia's genome variations ideal for clinical trial site, says Khairy.**
The genome variations of Malaysia from its diverse population offers the best and most ideal site for clinical trial research, said Health Minister Khairy Jamaluddin. He said genetic difference is one of the important aspects that researchers look into at clinical trials, especially in testing the efficacy of treatment. For this reason, Khairy said Malaysia is the best destination, as there is no other country in the world which has one third of the world's genomic profile. (Source: [TheEdgeMarkets](#))
- **Malaysia end-Aug palm oil stocks seen to hit two million tonnes for first time in two years.**
Malaysia's palm oil inventories at end-August likely swelled above two million tonnes for the first time in more than two years, lifted by a jump in production, a *Reuters* survey showed on Monday (Sept 5). Stockpiles jumped 14.5% from the month before to 2.03 million tonnes, the highest since April 2020, according to the median estimate of nine traders and analysts polled by *Reuters*. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Saudis Say OPEC+ to Stay Proactive After Agreeing Supply Cut.**
“This decision is an expression of will that we will use all of the tools in our kit,” Saudi Energy Minister Prince Abdulaziz bin Salman said in an interview on Monday, after OPEC+ agreed to cut 100,000 barrels a day in October. “The simple tweak shows that we will be attentive, preemptive and pro-active in terms of supporting the stability and the efficient functioning of the market to the benefit of market participants and the industry.” (Source: [Bloomberg](#))
- **Europe heading for recession as cost of living crisis deepens.**
The euro zone is almost certainly entering a recession, with surveys on Monday (Sept 5) showing a deepening cost of living crisis and a gloomy outlook that is keeping consumers wary of spending. While there was some easing of price pressures, according to the surveys, they remained high and the European Central Bank is under pressure as inflation is running at more than four times its 2% target, reaching a record 9.1% last month. It faces the prospect of raising interest rates aggressively just as the economy enters a downturn. (Source: [TheEdgeMarkets](#))
- **China Sees Third Quarter as Key for Rollout of Stimulus Measures.**
Yang and the other officials noted that 300 billion yuan (\$43.6 billion) in funds have been distributed through a policy bank financing program, which is intended to spur infrastructure investment this year. Local governments have also sold 3.5 trillion yuan worth of special bonds through August, they said, including almost all of the bond quota allocated for construction projects. (Source: [Bloomberg](#))
- **China Cuts Forex Reserve Ratio in Bid to Support Tumbling Yuan.**
Financial institutions will need to hold 6% of their foreign-currency deposits in reserves starting from Sept. 15, the People's Bank of China said in a statement on Monday -- lower than the current level of 8%. The move is expected to increase the supply of foreign currencies, thereby making it more appealing for traders to buy the yuan. (Source: [Bloomberg](#))
- **Indian Bonds May Rally on Potential Index Inclusion, MS Says.**
Indian bonds are poised to rally as JPMorgan Chase & Co. is likely to announce the addition of the asset category to its emerging markets bond index as soon as mid-September, according to Morgan Stanley. “The index team now has more incentive to include India on the back of Russia's exclusion and most GBI-EM investors either support or don't object to the inclusion,” strategists Min Dai, Madan Reddy and Gek Teng Khoo wrote in a report, citing feedback from emerging market investors. The bank recommends being long the rupee and 10-year bonds -- on which it expects yields to drop by 25 basis points from current levels. (Source: [Bloomberg](#))

- **Flights Grounded in South Korea as Typhoon Hinnamnor Nears.**
Hundreds of flights were grounded and more than 200 people evacuated in South Korea on Monday as Typhoon Hinnamnor approached the southern region with heavy rains and winds of up to 170 kilometers (105 miles) per hour, putting the nation on alert for its worst storm in decades. South Korea's weather agency said the country will start to feel the full force of Hinnamnor, the strongest global storm this year, by early Tuesday when it is forecast to graze the southern resort island of Jeju before making landfall near the mainland city of Busan. (Source: [Bloomberg](#))
- **Taiwan to Resume Visa-Free Travel But Keep Quarantine for Now.**
Arrivals from more than 60 countries -- including the US, UK and Australia -- are eligible for visa-free entry starting Sept. 12, though the duration of their permitted stay varies, Taiwan's Bureau of Consular Affairs said in a statement on its website Monday. (Source: [Bloomberg](#))

Corporate news

- **Leong Hup unit granted one-month extension to submit representation over poultry feed price-fixing allegations.**
Leong Hup International Bhd said its subsidiary has been given a one-month extension to submit its representation in response to the Malaysia Competition Commission's (MyCC) poultry feed price-fixing proposed decision. In a bourse filing on Monday (Sept 5), the poultry player said MyCC has granted Leong Hup Feedmill Malaysia Sdn Bhd (LFM) until Oct 21 — as compared to the initial deadline of Sept 20 — to submit its written submissions. (Source: [TheEdgeMarkets](#))
- **Public Bank and Sunway Property ink MOU to promote end-financing for green projects.**
Public Bank Bhd and Sunway Integrated Properties Sdn Bhd (Sunway Property) have signed a memorandum of understanding (MOU) to collaborate on sustainable development projects. In a joint statement, Public Bank managing director and chief executive officer Tan Sri Dr Tay Ah Lek said with this MOU, customers who purchase green-certified properties developed by Sunway Property are entitled to Public Bank's Special Sustainable Financing Package. (Source: [TheEdgeMarkets](#))
- **Shell, Petronas to develop Rosmari-Marjoram gas fields off Malaysia.**
Shell plc on Monday (Sept 5) said it would invest with state oil firm Petroliam Nasional Bhd (Petronas) to develop the Rosmari-Marjoram gas fields in Malaysia's waters. The Rosmari-Marjoram fields are situated 220km off the coast of Bintulu, Sarawak. (Source: [TheEdgeMarkets](#))

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SELL: Total return expected to be negative.

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.

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STRONG BUY: Total return (including dividends) expected to exceed 20% annually;

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.

The ratings are based on the forecast total return (including dividends) over the next 12 months.

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