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### Morning Pole Position

| 8<sup>th</sup> September 2022 |

All market data as at previous trading day

#### Market indices

Indices	Last	Daily chg	YTD chg%
<b>Local</b>			
FBM KLCI	1,491.35	3.08	-4.86
FBM Emas	10,585.37	16.47	-6.40
FBM Syariah	10,664.58	30.53	-13.04
FBM Small Cap	14,348.56	28.29	-8.96
FBM ACE	4,773.62	-26.77	-25.64
F4G BM	860.27	1.61	-2.28
F4G BMS	883.84	3.29	-10.05

Funds Flows		Net Buy (MYR'm)
Local Institutions		51.3
Local Retails		-5.6
Foreign		-45.7

<b>Foreign</b>			
Dow Jones	31,581.28	435.98	-13.09
S&P 500	3,979.87	71.68	-16.50
Nasdaq	11,791.90	246.99	-24.63
FTSE	7,237.83	-62.61	-1.99
Hang Seng	19,044.30	-158.43	-18.61
Nikkei	27,430.30	-196.21	-4.73
Shanghai CI	3,246.29	2.85	-10.81
Strait Times	3,210.83	-13.35	2.79

#### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5005	0.0005	8.06
GBP / MYR	5.1740	-0.0343	-8.11
JPY100 / MYR	3.1242	-0.0516	-13.67
EUR/MYR	4.4582	-0.0229	-5.43
SGD / MYR	3.1982	-0.0054	3.66
CNY / MYR	0.6452	-0.0020	-1.45
AUD / MYR	3.0270	-0.0197	0.02

#### Bond Yield Movements

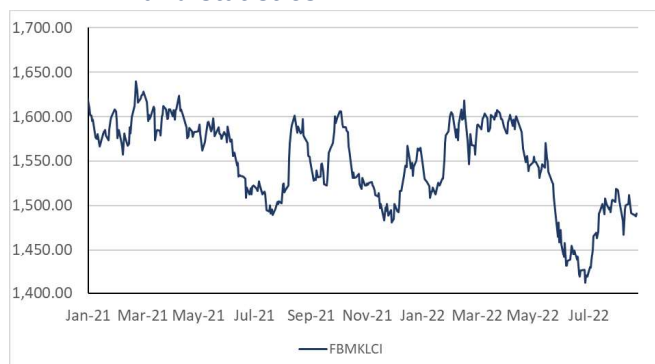
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.39	5
	10- year	4.11	8
<b>GII</b>	3- year	3.46	0
	10- year	4.10	7
<b>UST</b>	2- year	3.45	-5
	10- year	3.27	-6

#### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,716.00	-100	-2.62
Brent (1 <sup>st</sup> month)	87.71	-5.14	-5.54
Gold (spot)	1,718.41	17.26	1.01

Source: Treasury.gov, Bursa and BNM

#### FBM KLCI and statistics



Source: Bloomberg

#### Market Turnover

Vol (m shrs)	2,365
Value (MYR m)	1,617

Top 5 Value	Last	Daily chg %	Value (MYR m)
PCHEM	9.000	0.11	110.382
PBBANK	4.640	-0.43	54.706
PMETAL	4.990	3.96	46.410
CIMB	5.400	-1.10	45.851
MYEG	0.855	2.40	44.775

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
AT	0.015	50.00	0.028
ANZO	0.015	50.00	0.002
ZENTECH	0.025	25.00	0.022
HBGLOB	0.135	22.73	2.342
KOMARK	0.060	20.00	0.007

Top 5 Losers	Last	Daily chg %	Value (MYR m)
BIOHLDG-PA	0.015	-62.50	0.001
VSOLAR	0.005	-50.00	0.003
GOCEAN	0.010	-33.33	0.012
SCOMIES	0.015	-25.00	0.003
DOLMITE	0.015	-25.00	0.001

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
HONGSENG	17.400	40.000	0.465
CIMB	182.767	34.355	5.4
PMETAL	39.200	8.000	4.99
MAGNUM	6.480	4.000	1.63
CHINHIN	7.009	3.260	2.5

## Market Pulse



Source: Chart created using [tradingview.com](https://tradingview.com)'s tools, PRSB

KLCI was kept buoyed throughout the day closing marginally higher at 1,491.35 pts with +3.08 pts (+0.21%) as its constituents saw 16 gainers and 11 losers with the remaining 3 unchanged for the day. Meanwhile, the broad market sentiment was mixed with 477 losers, 348 gainers, and the remaining 428 unchanged. The worst loser of the day amongst KLCI constituents was Dialog Group Bhd, shedding 1.78% as it was mainly dragged by weak oil price levels. Meanwhile, glove counters saw some rebound after The Malaysian Rubber Council (MRC) stated that they will promote made-in-Malaysia halal gloves in the Malaysia International Halal Showcase (MIHAS) 2022, leading Hartalega Holdings to gain 4.43% to be the KLCI's top gainer of the day.

U.S. market snapped its losing streak to register one of the best days in a month as the market was shocked by uncertainty after a report published by The Wall Street Journal (Exhibit 1) said Powell's commitment to reducing inflation even if it increases unemployment appeared to put the central bank on track to hike interest rates by 75bps, rather than half of a percentage point when policy makers meet later this month. This is not new, but it does instil confidence in investors that the market has largely priced in a 75bps move (Exhibit 2). However, markets have read between the lines of Fed Vice Chair Brainard's statements with a dovish interpretation when she said Fed will fight inflation as long as it takes but added that risks will become more two-sides at some point, and she was mindful that tightening takes time to be felt and the lag could create a risk of overtightening. Moreover, Fed's latest Beige Book highlighted a weak growth/demand outlook and a widening of disinflationary pressure with 9 out of 12 districts seeing inflation moderation, in line with our view that inflation will peak in December 2022. On a side note, Apple unveiled iPhone 14, AirPods Pro, and Apple Watch upgrade while keeping its price largely unchanged from last year.

ECONOMY | U.S. ECONOMY

## Fed on Path for Another 0.75-Point Interest-Rate Lift After Powell's Inflation Pledge

Fed officials face questions over how high to lift rates by year's end and how fast to get there

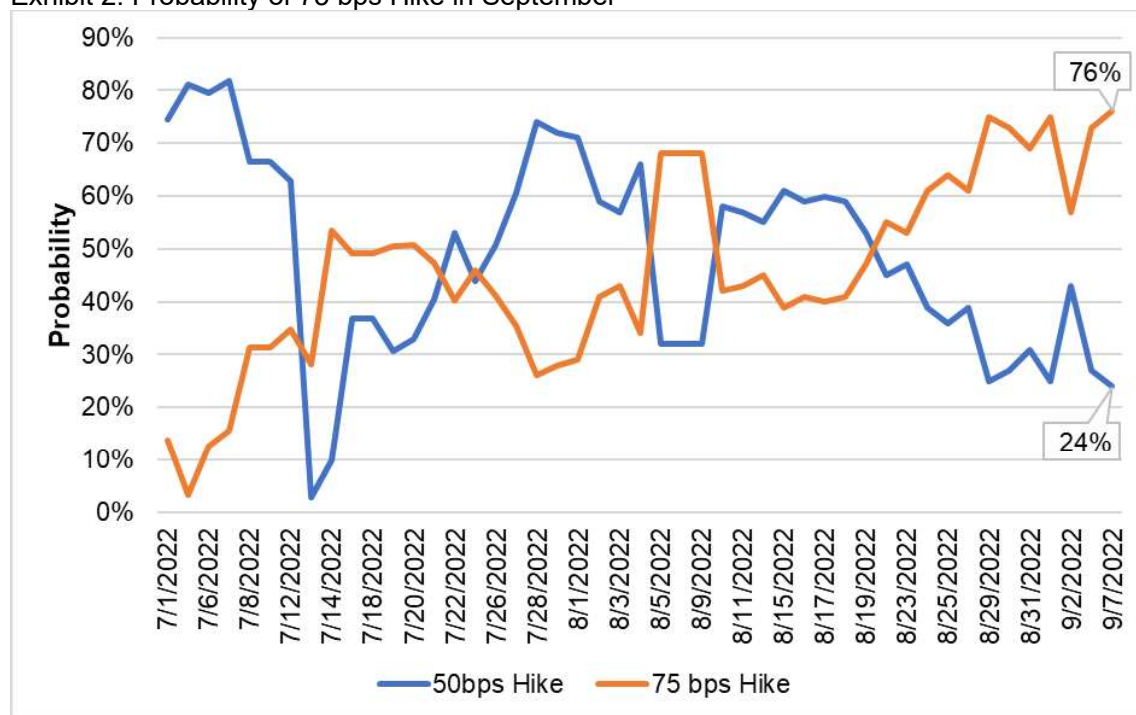


Powell: Fighting Inflation Will 'Bring Some Pain'



Source: [WSJ.com](https://www.wsj.com)

Exhibit 2: Probability of 75 bps Hike in September



Source: CME FEdWatch, compiled by PRSB

Over to the East, China's export growth is finally retreating towards more normal pre-pandemic levels after two years of exceptional growth on a high base as global trade momentum normalizes (Exhibit 3). Exports rose 7.1% YoY in August, weaker than the 18.0% YoY in July (Consensus: 13.0%). Imports rose 0.3% YoY (Consensus: 1.1%) in August, weaker than 2.3% YoY in July (Exhibit 4). Looking forward, China's economy will not only be impacted by its zero covid strategy (ZCS) policy, but also by a weak trade outlook and the long-term impact of the recalibration of the US's supply chain. As a result, Malaysia may benefit from this recalibration, especially the tech companies.

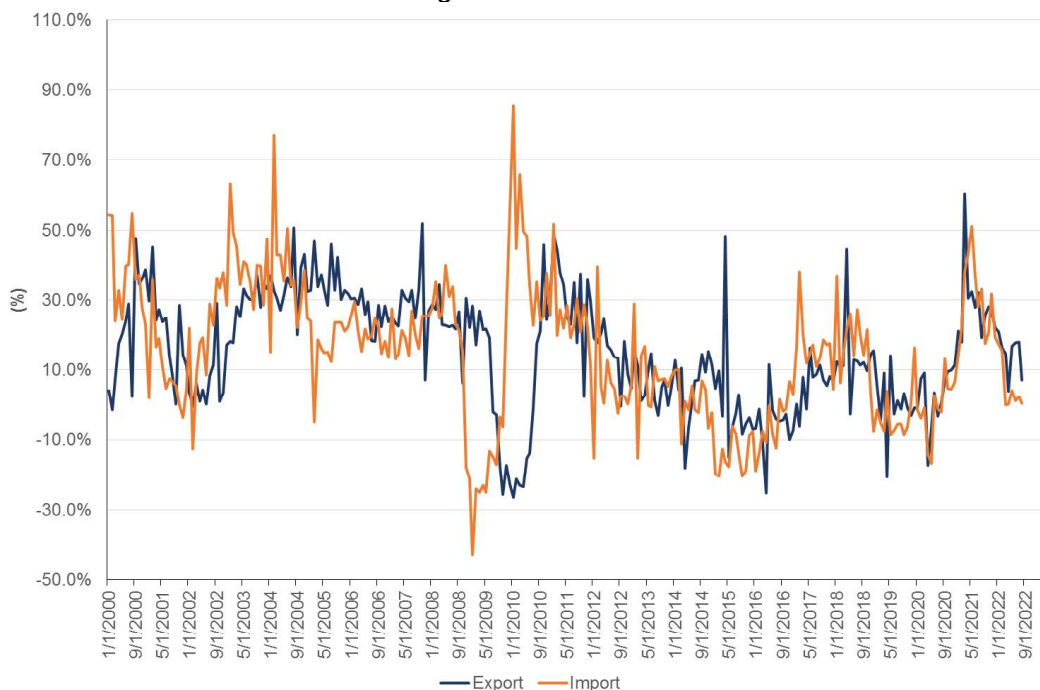
On the other hand, although crude oil prices have reacted to weaker China trade data and thus some profit taking in O&G counters, we believe that the current supply/demand equation and the reviewing of decarbonisation calculations will provide support to the sector and maintain our momentum play on this sector.

Exhibit 3: Global Trade Is Normalizing



Source: Bloomberg, PRSB, compiled by PRSB

Exhibit 4: Global Trade Is Normalizing



Source: Bloomberg, compiled by PRSB

Thus, we anticipate the KLCI to rise today as confirmed by the uptick of the Momentum oscillator. Technically, the KLCI may test the immediate resistance at 1,502.37 pts and may go higher to 1,527.84 pts. We set the support level at 1,468.34 pts. Our picks in Exhibit 5.

Exhibit 5: Our picks.

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.80	2.45	36.11
Guan Chong	GUAN MK	Outperform	2.31	2.78	20.35
<b>Technical</b>					
Genting Malaysia	GENM MK	Outperform	2.97	3.21	8.08
Matrix Concept	MCH MK	Outperform	2.37	2.57	8.44
Ta Ann	TAH MK	Outperform	4.22	4.64	9.95
Telekom	T MK	Outperform	5.81	6.28	8.09
QL Resources	QLG MK	Outperform	5.01	5.77	15.17
CB Industrial Product Holding	CB MK	Buy	1.29	1.76	36.43
Opcom Holdings	OHB MK	Buy	0.780	1.24	58.97
KSL Holdings	KSL MK	Outperform	0.850	0.96	12.94
Gamuda	GAM MK	Outperform	3.95	4.30	8.86
Chin Well Holdings	CWH MK	Outperform	1.75	2.00	14.29
Supercomnet Technologies	SCT MK	Outperform	1.47	1.73	17.69
Kelington Group	KGRB MK	Buy	1.36	1.71	25.74
Pentamaster Corporation	PENT MK	Buy	3.97	5.26	32.49
AME Elite Consortium	AME MK	Buy	1.49	2.03	36.24
Formosa Prosonic Industries	FOR MK	Buy	3.03	3.92	29.37
IJM Corp Bhd	IJM MK	Outperform	1.69	2.06	21.89
Kerjaya Prospek Group	KPG MK	Outperform	1.17	1.39	18.80
MMS Ventures	MMSV MK	Buy	0.785	1.20	52.87
Dialog Group	DLG MK	Buy	2.21	2.95	33.48
FM Global Logistics Holdings	FMH MK	Buy	0.595	0.82	37.82
Solarvest Holdings	SOLAR MK	Buy	0.76	1.12	47.37
Hibiscus Petroleum	HIBI MK	Buy	1.00	1.32	32.00
OSK Holdings	OSK MK	Buy	0.93	1.12	20.43
Malakoff Corporation	MLK MK	Buy	0.71	0.86	21.13
UWC	UWC MK	Buy	4.01	5.03	25.44
Dayang Enterprise	DEHB MK	Buy	1.09	1.44	32.11
Deleum	DLUM MK	Outperform	0.78	0.84	7.69
<b>ETF</b>					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.79	USD 2.21	23.56
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	1.71	1.86	8.77

Source: Bursa, Bloomberg, PRSB, price as of 7<sup>th</sup> September 2022



## Malaysian news highlights

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- **Labour shortages set up Malaysia for third year of palm oil losses.**

Malaysian palm oil planters are letting thousands of tonnes of fruits rot as the third year of a worker shortage has left companies unable to increase their harvesting during the peak production season. Palm oil output in Malaysia, the world's second-largest producer, is forecast to decline, or at best remain unchanged, from last year's 18.1 million tonnes, according to planters and analysts. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **Fed Report Shows Weak US Growth Outlook With Inflation Cooling.**

"The outlook for future economic growth remained generally weak, with contacts noting expectations for further softening of demand over the next six to twelve months," the Fed said Wednesday in its Beige Book report, typically published two weeks before each meeting of the policy-setting Federal Open Market Committee. Price levels "remained highly elevated," but nine districts reported some degree of moderation in their rate of increase, the report showed. The price of food, rent, utilities and hospitality services, in particular, rose substantially across all 12 Fed districts. (Source: [Bloomberg](#))

- **US Consumers See Home Prices Falling for First Time Since 2020.**

An August survey by Fannie Mae found that respondents see a 0.4% decline in housing prices compared with the prior month's expectations for a 1.9% increase. Consumers also anticipate that rental price growth will slow, with year-ahead expectations dropping nearly two percentage points, the steepest slide in data back to 2010, according to the survey released Wednesday. (Source: [Bloomberg](#))

- **US Starts Broad Economic Talks With 13 Nations to Counter China.**

The US is set to host the first gathering of Asian nations on an economic agreement envisioned by the White House as a counter to China's rising influence in the region. Thirteen countries are expected to send representatives to the two-day kickoff event starting Thursday in Los Angeles for the Indo-Pacific Economic Framework for Prosperity, or IPEF, which covers about 40% of global gross domestic product. It includes Japan, India, South Korea, Australia and Indonesia, all members of the Group of 20 largest economies. (Source: [Bloomberg](#))

- **EU to Mull Emergency Power-Use Cuts, Price Caps, Profit Grab.**

The European Union will pursue radical measures to reduce electricity consumption and cap power prices in an emergency intervention to curb soaring energy costs that are sending shockwaves through the region's economy. The EU's executive arm plans to propose that the bloc's 27 member states limit excessive revenues of companies producing power from sources other than gas and use the profits to support consumers, Commission President Ursula von der Leyen said. That would be done through imposing a price cap on electricity generated from technologies such as renewables, lignite or nuclear energy. (Source: [Bloomberg](#))

- **'Winter Is Coming,' Taiwan Warns as Exports Slow to a Crawl.**

Taiwan's exports grew at the slowest pace in more than two years, the latest sign that a slowdown in global demand is weighing on the economy and could cause more trade pain in the months to come. Overseas shipments grew just 2% in August compared to a year earlier, according to a statement from the Finance Ministry in Taipei on Wednesday. That was the slowest pace of growth since July 2020, when exports expanded 0.3% as the pandemic hit. (Source: [Bloomberg](#))

- **Indonesia regions told to curb transport costs to contain inflation.**  
Indonesia's President Joko Widodo said on Wednesday (Sept 7) he had ordered provincial governments to use their budgets to rein in transportation costs and counter the inflationary impact of last week's fuel price hike on Southeast Asia's biggest economy. Under pressure to control a swelling energy subsidy budget, Widodo, popularly known as Jokowi, hiked subsidised fuel prices by 30% on Saturday, sparking protests across the nation of 270 million people. (Source: [TheEdgeMarkets](#))
- **Philippine Central Bank Head Open to More Rate Hikes in 2022.**  
Philippine central bank Governor Felipe Medalla signaled readiness for as many as three more quarter-point increases to interest rates, depending on the pace of the Federal Reserve's monetary tightening. In a scenario where the Fed increases rates by 75 basis points and delivers one more hike after that, Bangko Sentral ng Pilipinas will probably be doing not more than three 25 basis-point adjustments, Medalla said on Wednesday. (Source: [Bloomberg](#))

## Corporate news

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- **AmBank sees more demand for green financing in FY23.**  
AMMB Holdings Bhd (AmBank) is seeing more demand in green financing this year, according to chief executive officer Datuk Sulaiman Mohd Tahir. "Last year, [a total of] RM3.7 billion loan was disbursed. But this year, we are starting to see more [demand]. In the first quarter [ended June 30, 2022 (1QFY23)], we gave RM400 million in loans. "And with Malaysia's commitment to moving towards zero carbon emissions by 2050, I want to make sure that the companies we lend to can reduce their carbon emissions. We encourage all our developers to build green," Sulaiman told the media after the signing ceremony between AmBank and Kerjaya Prospek Property Bhd on Wednesday (Sept 7). (Source: [TheEdgeMarkets](#))
- **Boost foresees revenue growth moderating in 2022.**  
Axiata Group Bhd's fintech arm Boost Holdings Sdn Bhd expects revenue growth to moderate to 35% this year, from 111% in 2021 and 52% in 2020, as consumer behaviour normalises going into an endemic stage of Covid-19. "A lot of that [growth] was propelled by the pandemic over the last two years. For us, the pandemic accelerated an approach that we are already on and validated what we fundamentally believe in," said group chief executive officer Sheyantha Abeykoon. (Source: [TheEdgeMarkets](#))
- **TNB: PPA for Sungai Perak power plants granted five-year extension.**  
The Energy Commission has extended Tenaga Nasional Bhd's (TNB) existing power purchase agreement (PPA) for the Sungai Perak hydroelectric power plants by five years from Sept 1, 2022 until Aug 24, 2027. The utility giant told Bursa Malaysia on Wednesday (Sept 7) that its wholly owned subsidiary TNB Power Generation Sdn Bhd had received an extension letter from the Energy Commission. TNB's power plants comprise six stations with a total capacity of 649.1MW. (Source: [TheEdgeMarkets](#))

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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.

Funds:

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