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Morning Pole Position

| 13th September 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,497.96	1.43	-4.44
FBM Emas	10,655.59	27.37	-5.78
FBM Syariah	10,722.95	29.47	-12.56
FBM Small Cap	14,485.13	84.50	-8.09
FBM ACE	4,894.19	35.71	-23.76
F4G BM	865.75	1.98	-1.65
F4G BMS	887.44	1.63	-9.68

Funds Flows

Net Buy (MYR'm)

Local Institutions	-35.2
Local Retails	-12.3
Foreign	47.5

Foreign

Dow Jones	32,381.34	229.63	-10.89
S&P 500	4,110.41	43.05	-13.76
Nasdaq	12,266.41	154.1	-21.60
FTSE	7,473.03	121.96	1.20
Hang Seng	19,362.25	507.63	-17.25
Nikkei	28,542.11	327.36	-0.87
Shanghai CI	3,262.05	26.47	-10.38
Strait Times	3,274.72	11.77	4.84

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5030	0.0060	8.12
GBP / MYR	5.2647	0.0354	-6.50
JPY100 / MYR	3.1559	-0.0118	-12.79
EUR/MYR	4.5890	0.0441	-2.66
SGD / MYR	3.2274	0.0072	4.61
CNY / MYR	0.6501	0.0001	-0.70
AUD / MYR	3.0994	0.0086	2.41

Bond Yield Movements

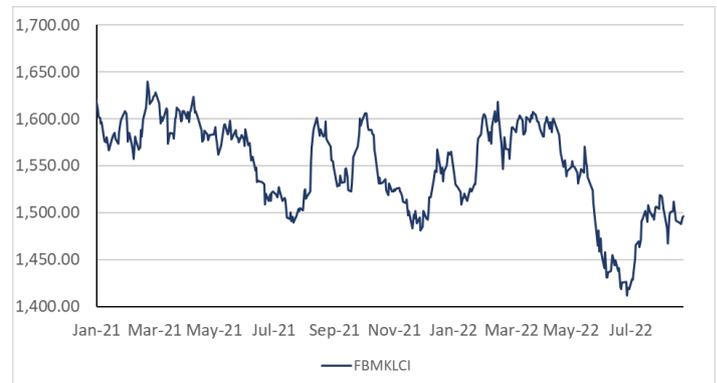
		Yield	Daily Change (bps)
MGS	3- year	3.33	-1
	10- year	4.06	3
GII	3- year	3.44	0
	10- year	4.07	0
UST	2- year	3.58	2
	10- year	3.37	4

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,722.00	81	2.22
Brent (1 st month)	94.30	1.82	1.97
Gold (spot)	1,724.72	6.15	0.36

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,627
Value (MYR m)	1,546

Top 5 Value

	Last	Daily chg %	Value (MYR m)
TOPGLOV	0.820	3.14	48.511
MAYBANK	8.990	0.22	47.334
PBBANK	4.700	0.21	41.562
CIMB	5.470	0.55	39.201
HLBANK	21.060	0.86	37.702

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
EAH	0.010	100.00	0.201
PHB	0.010	100.00	0.002
MLAB	0.020	33.33	0.261
SCOMIES	0.020	33.33	0.002
DGB	0.020	33.33	0.001

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
ANZO	0.010	-33.33	0.011
AT	0.010	-33.33	0.006
FOCUS	0.015	-25.00	0.036
DOLMITE	0.015	-25.00	0.000
APB	0.955	-19.07	4.092

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
SAPNRG	3.000	75.000	0.045
MAYBANK	359.600	40.000	8.99
T7GLOBAL	8.000	29.630	0.31
GIIB	1.162	23.246	0.07
BORNOIL	0.110	22.000	0.025

Market Pulse



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

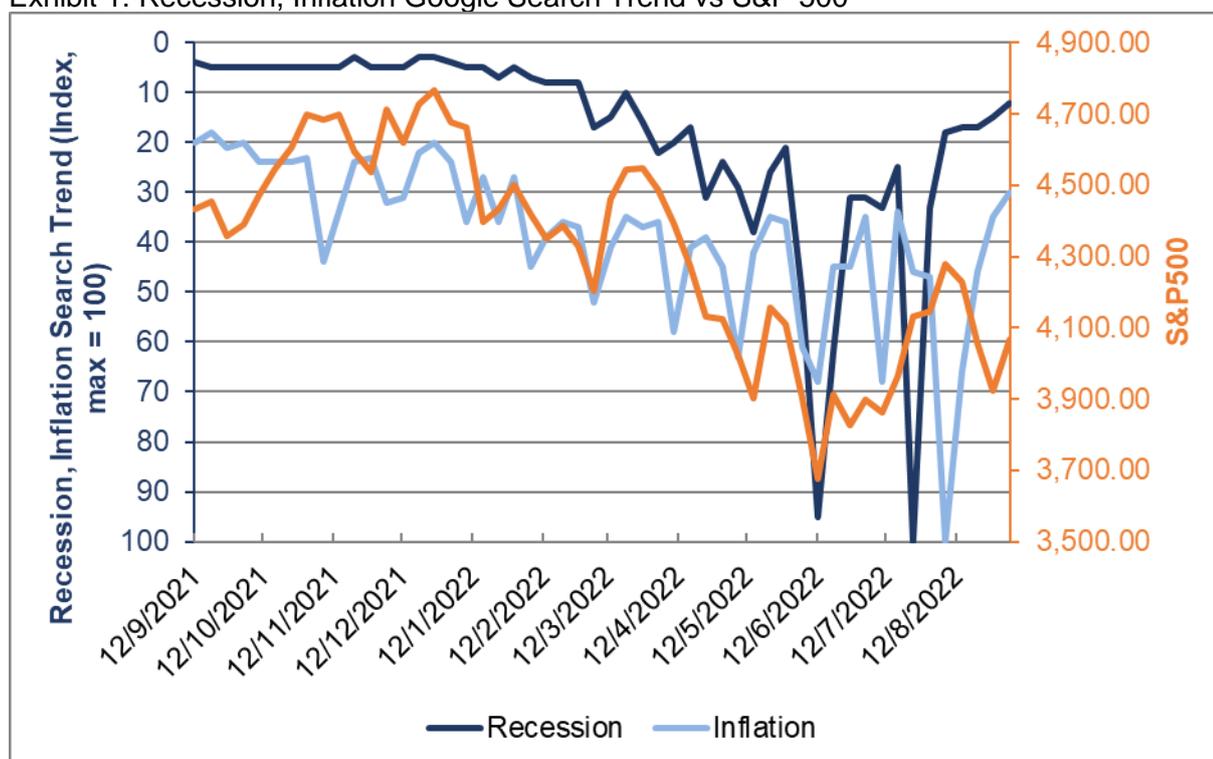
The KLCI ended marginally higher at 1,497.96 pts with +1.43 pts (+0.10%), as its constituents saw 16 gainers and 11 losers with the remaining 3 unchanged for the day. This is in line with the broad market sentiments where we saw 445 gainers, 348 losers, and 410 remain unchanged. Within KLCI, glove stocks saw some buying interest as investors buying in dipped yesterday, resulting in Hartalega Holdings and Top Glove Corp Bhd becoming the top gainers of the day, gaining 4.32% and 3.14%, respectively.

U.S. market upside momentum continues ahead of inflation data to be released tonight as we believe the market has priced in, hawkish Fed will stay regardless of inflation number and the market may also have priced in recession. Looking at the Google Search trend (data is inverted) in Exhibit 1, S&P500 performed badly when the keyword search for "Recession" and "Inflation" was high. This makes us believe that algorithm and AI trading may have reacted to the Google Search trend as one of their big data.

We, therefore, expect foreign to continue its inflow into our market while maintaining our year-end KLCI target at 1,541 based on linear regression between S&P 500 and KLCI at 14.8x PE. We keep our themes on 1) construction, 2) oil and gas, and 3) technology for Malaysia market.

Hence, we anticipate the Index to edge higher today as confirmed by the uptick of the Stochastic oscillator. Technically, the Index 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 2.

Exhibit 1: Recession, Inflation Google Search Trend vs S&P 500



Source: Google Trend, Bloomberg, compiled by PRSB

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.83	2.45	33.88
Guan Chong	GUAN MK	Outperform	2.36	2.78	17.80
Technical					
Genting Malaysia	GENM MK	Outperform	2.94	3.21	9.18
Matrix Concept	MCH MK	Outperform	2.40	2.57	7.08
Ta Ann	TAH MK	Outperform	4.07	4.64	14.00
Telekom	T MK	Outperform	5.79	6.28	8.46
QL Resources	QLG MK	Outperform	5.05	5.77	14.26
CB Industrial Product Holding	CB MK	Buy	1.32	1.76	33.33
Opcom Holdings	OHB MK	Buy	0.820	1.24	51.22
KSL Holdings	KSL MK	Outperform	0.770	0.96	24.68
Gamuda	GAM MK	Outperform	3.94	4.30	9.14
Chin Well Holdings	CWH MK	Outperform	1.75	2.00	14.29
Supercomnet Technologies	SCT MK	Outperform	1.54	1.73	12.34
Kelington Group	KGRB MK	Buy	1.41	1.71	21.28
Pentamaster Corporation	PENT MK	Buy	4.19	5.26	25.54
AME Elite Consortium	AME MK	Buy	1.48	2.03	37.16
Formosa Prosonic Industries	FOR MK	Buy	3.11	3.92	26.05
IJM Corp Bhd	IJM MK	Outperform	1.75	2.06	17.71
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.815	1.20	47.24

Dialog Group	DLG MK	Buy	2.26	2.95	30.53
FM Global Logistics Holdings	FMH MK	Buy	0.605	0.82	35.54
Solarvest Holdings	SOLAR MK	Buy	0.77	1.12	46.41
Hibiscus Petroleum	HIBI MK	Buy	1.00	1.32	32.66
OSK Holdings	OSK MK	Buy	0.95	1.12	18.52
Malakoff Corporation	MLK MK	Buy	0.71	0.86	21.99
UWC	UWC MK	Buy	4.21	5.03	19.48
Dayang Enterprise	DEHB MK	Buy	1.09	1.44	32.11
Deleum	DLUM MK	Outperform	0.81	0.84	3.70
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.82	USD 1.93	6.18
MyETF MSCI SEA Islamic Dividend*	MEMSID MK	Buy	0.85	0.85	0.00
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.64	1.80	10.03
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.26	1.39	10.60
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.59	0.85	43.22
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.71	1.86	8.77

*Pending review.

Source: Bursa, Bloomberg, PRSB, price as of 12th September 2022

Malaysian news highlights

- **Palm tocotrienol exports hit RM21.55 mil in seven months — MPOB.**

Malaysia exported palm tocotrienols to a tune of some RM21.55 million or 19.45 tonnes from January to July this year, said the Malaysian Palm Oil Board (MPOB). MPOB director general Datuk Dr Ahmad Parveez Ghulam Kadir said the increasing clinical evidence of palm tocotrienol benefits is seen to boost the export value. "In the Asia Pacific region, the pharmaceutical, medical food, and clinical nutrition markets are predicted to grow at a faster compound annual growth rate (CAGR) of 11.5% through 2022, followed by dietary and food supplement and other applications. Until 2022, revenue from vitamin E tocotrienols is expected to expand at a CAGR of 23.5%. (Source: [TheEdgeMarkets](#))
- **Food supply chain approach, alternative imported food sources to be reviewed, says Annuar Musa.**

The Special Task Force on Jihad Against Inflation will review the aspects of the food supply chain approach and distribution, and find alternative sources of imported food to reduce price and cost hikes, in a bid to curb inflation in the country. Its chairman Tan Sri Annuar Musa said this is among recommendations given by research company IPSOS Sdn Bhd to the task force for consideration on Monday (Sept 12). He said IPSOS also presented its findings on inflation and its effects on the world including Malaysia, and had made several recommendations in the areas of food security and spending patterns that can contribute directly to national economic recovery. (Source: [TheEdgeMarkets](#))
- **26 agricultural items record over 100% self-sufficiency rate in 2021.**

A total of 26 selected agricultural commodities recorded Self-Sufficiency Ratio (SSR) of over 100% in 2021, according to the Department of Statistics Malaysia (DOSM). Based on the DOSM statistics released on Monday (Sept 12), the department said 10 out of 14 selected fruits recorded SSR of more than 100%, with papaya remaining the highest at 146.9%, followed by watermelon (139.5%), and cempedak or jackfruit (110.8%). "Meanwhile, the country's ability to produce local mangoes to meet domestic needs remains the lowest at 16.2%, down from 20.2% in 2020," it said. (Source: [TheEdgeMarkets](#))
- **Malaysia's 2022 GDP growth may surpass official estimate, says Tengku Zafrul.**

Malaysia's economic growth may surpass the official estimates of between 5.3% and 6.3% in 2022, as the country saw faster growth in the second quarter at 8.9%. Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said Malaysia is likely to chart even stronger growth in the third quarter, despite facing a weaker global economy, as well as the rising US dollar. "The new number (forecast) will be announced on Oct 7. (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Inflation Expectations Dropped in August, New York Fed Says.**

Expectations for US inflation three years ahead fell to 2.8% in August, from 3.2% the previous month and 3.6% in June, according to the New York Fed's monthly Survey of Consumer Expectations released Monday. The outlook for inflation one year ahead declined to 5.7% from 6.2% in July. On a five-year horizon, consumers now expect 2% inflation, versus 2.3%. (Source: [Bloomberg](#))
- **If You Want to Know Where US Inflation Is Heading, Look at Rents.**

The good news is rental inflation may be close to topping out after advancing almost 6% in the 12 months through July. The bad news is it will take a while to settle back down to anything resembling pre-coronavirus norms. (Source: [Bloomberg](#))

- **Soybeans Surge After US Report Shows Surprisingly Tight Supplies.**
US reserves of the oilseed at the end of the season will only amount to 200 million bushels, brought down by lower yields and output, according to the US Department of Agriculture's latest supply-and-demand estimates for crops worldwide. That compares to expectations of 246 million in a Bloomberg survey of analysts. (Source: [Bloomberg](#))
- **China Debt Waiver a Fraction of What Africa Owes It, Study Shows.**
China's latest round of debt forgiveness, which will see it cancel interest-free loans to 17 African countries, will cover a tiny portion of its lending to the continent, according to a report from Boston University Global Development Policy Center. Africa's largest bilateral creditor announced the waivers at a meeting last month of the Forum on China-Africa Cooperation. It didn't provide details on the value of the 23 interest-free loans that it said had matured at the end of 2021, nor did it state which nations owed the money. (Source: [Bloomberg](#))
- **India may offer US\$2.5 bil lifeline to cost-hit oil firms.**
India plans to pay about 200 billion rupees (US\$2.5 billion) to the state-run fuel retailers, such as Indian Oil Corp, to partly compensate them for losses and keep a check on cooking gas prices, according to people familiar with the matter. The oil ministry has sought a compensation of 280 billion rupees, but the finance ministry is agreeing to only about a 200 billion cash payout, the people said, asking not to be identified as the discussions are private. The talks are at an advanced stage but a final decision is yet to be taken, the people said. (Source: [TheEdgeMarkets](#))
- **India August Inflation Accelerates to 7% on High Food Prices.**
India's retail inflation rose more-than-estimated in August, driven by high food and fuel costs, posing a fresh challenge to the central bank's efforts to cool prices. Consumer prices rose 7% last month from a year earlier, data released by the Statistics Ministry showed Monday. That's faster than an estimate of a 6.90% gain in a Bloomberg survey of economists and compares with a 6.71% reading in July. (Source: [Bloomberg](#))
- **Indonesia's Rate Hikes Shouldn't 'Kill' Recovery, Finance Minister Indrawati Says.**
Indonesia's Finance Minister Sri Mulyani Indrawati warned against excessive monetary policy tightening that could derail economic recovery as the government also does its share to ease supply disruptions and cool inflation. President Joko Widodo is coordinating with local government leaders and policy makers to identify the source of price pressures in the food supply or energy costs, Indrawati told a Bloomberg Live forum in Singapore moderated by Haslinda Amin. (Source: [Bloomberg](#))

Corporate news

- **Uzma wins RM17m job to provide HWU services for Petronas Carigali's wells.**
Uzma Bhd's unit has bagged a RM17 million contract from Petronas Carigali Sdn Bhd for the provision of light weight hydraulic workover units (HWU). The oil and gas service and equipment provider said the scope of work comprises the integrated HWU services for Petronas Carigali's abandoned well campaign at offshore East Malaysia. The campaign will be for two wells, and work is expected to commence in September this year, to be completed a month later in October. (Source: [TheEdgeMarkets](#))
- **Bermaz reports five-fold jump in 1Q profit as sales rose prior to expiry of sales tax exemption.**
Bermaz Auto Bhd registered a 388.5% jump in net profit to RM50.16 million in the first quarter ended July 31, 2022 (1QFY23), from RM10.27 million a year earlier, mainly due to a surge in vehicle sales prior to the expiry of the sales tax exemption incentive. The higher earnings were also attributed to the reopening of the country's economy under the transition to endemic phase and the launch of the new Kia Carnival. Earnings per share grew to 4.32 sen from 0.88 sen previously, according to the group's Bursa Malaysia filing. (Source: [TheEdgeMarkets](#))

Comment: We believe the Group still recorded healthy order backlogs with Mazda entailing more than 8k units orders (vs 12k orders in FY22). Despite healthy demands, chip and component shortages could impact the inventory level and continue to put pressure on supply-demand imbalances. The resulting effect of backlogs could lead Bermaz to absorb SST for undelivered orders prior to March 2023. Nevertheless, the extra cost could be offset by lower advertising and promotional costs. We project the Group to deliver 18k units in FYE23 translating to 25% volume growth in FYE23. Overall, the 1QFY23 topline result stood at 22.9% of our forecast. Similarly, the Group's earnings constituted 23% of our forecast and we expect a stronger earnings delivery in FY23, up by 57.8% YoY.

- **FGV unit to increase supply of milk to 90,000 litres a month.**

FGV Holdings Bhd through its subsidiary FGV Dairy Farm Sdn Bhd (FGVDF) targets to increase its milk supply to 90,000 litres a month under its flagship dairy brand, Bright Cow, by partnering with home-grown coffee company Gigi Coffee. FGV said in a statement on Sept 12 that Gigi Coffee, which already has 36 outlets nationwide, would further drive Bright Cow's dairy farming and milk production. Currently, Bright Cow is supplying up to 40,000 litres of fresh milk per month to Gigi Coffee. (Source: [TheEdgeMarkets](#))

Regional company reports

BERMAZ AUTO BERHAD Company Update.

- Bermaz's 1QFY23 revenue stood higher at MYR716.9 million (+123.5% YoY) with net profit attributable to equity holders jumping nearly fourfold, totaling MY50.2 million. The company reported better contribution from its domestic operation as customers rushed orders prior to the expiring of sales tax exemptions end-June 2022.
- The Group's performance compared to the previous quarter saw its revenue and net profit continue to trend lower by 20.1% QoQ and 36.3% QoQ, respectively.
- Overall, Bermaz recorded a slower contribution from Malaysia, albeit partially cushioned by the newly launched, Kia Carnival sales (-21.7% QoQ), but saw a recovery in the Philippines (+2.9% QoQ). Bermaz declared its first interim dividend of 3.0 sen per share with an ex-date of 13th October 2022.

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O-PF: Total expected return below 20% annually but exceeding market return;

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

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Funds:

The rating a mathematical scoring system that include risks (standard deviation, Sharpe Ratio) and returns (1-year, 3-year, 5-year and consistency) BUY: Total return (including income distribution) is positive and above peers' average while risk factors are low;

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