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Morning Pole Position

| 14th September 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,487.84	-10.12	-5.08
FBM Emas	10,598.26	-57.33	-6.28
FBM Syariah	10,720.48	-2.47	-12.58
FBM Small Cap	14,470.53	-14.60	-8.18
FBM ACE	4,900.72	6.53	-23.66
F4G BM	860.41	-5.34	-2.26
F4G BMS	888.49	1.05	-9.58
<i>Funds Flows</i>			
		Net Buy (MYR'm)	
Local Institutions		-40.8	
Local Retails		63.2	
Foreign		-22.4	
<i>Foreign</i>			
Dow Jones	31,104.97	-1276.37	-14.40
S&P 500	3,932.69	-177.72	-17.49
Nasdaq	11,633.57	-632.84	-25.64
FTSE	7,385.86	-87.17	0.02
Hang Seng	19,326.86	-35.39	-17.40
Nikkei	28,614.63	72.52	-0.62
Shanghai CI	3,263.80	1.74	-10.33
Strait Times	3,290.08	15.36	5.33

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5080	0.0050	8.24
GBP / MYR	5.2809	0.0162	-6.22
JPY100 / MYR	3.1690	0.0131	-12.43
EUR/MYR	4.5779	-0.0111	-2.89
SGD / MYR	3.2328	0.0054	4.78
CNY / MYR	0.6505	0.0004	-0.64
AUD / MYR	3.1092	0.0098	2.73

Bond Yield Movements

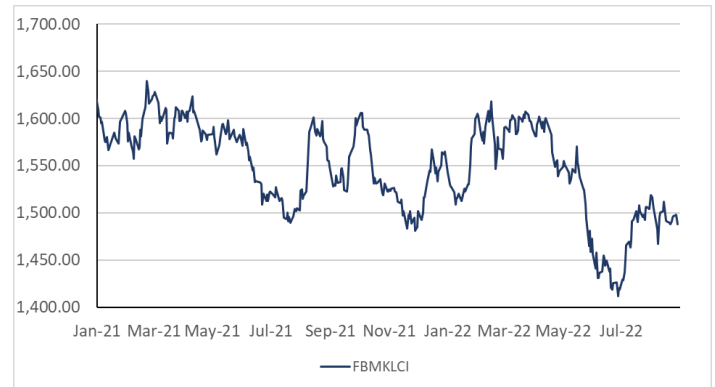
		Yield	Daily Change (bps)
MGS	3- year	3.36	3
	10- year	4.02	-4
GII	3- year	3.44	0
	10- year	4.06	-1
UST	2- year	3.75	17
	10- year	3.42	5

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,940.00	218	5.86
Brent (1 st month)	93.55	-0.71	-0.75
Gold (spot)	1,702.41	-21.66	-1.26

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,640
Value (MYR m)	1,738

Top 5 Value	Last	Daily chg %	Value (MYR m)
PBBANK	4.520	-3.83	95.004
MAYBANK	8.920	-0.78	72.974
CIMB	5.450	-0.37	68.926
HARTA	1.620	-4.14	57.308
MYEG	0.875	2.34	56.129

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
CLOUD	0.095	58.33	0.000
FOCUS	0.020	33.33	0.018
EDUSPEC	0.020	33.33	0.013
MERIDIAN	0.025	25.00	0.000
CYPARK	0.420	20.00	22.239

Top 5 Losers	Last	Daily chg %	Value (MYR m)
MLAB	0.015	-25.00	0.093
DGB	0.015	-25.00	0.003
IMPIANA	0.020	-20.00	1.014
BORNOIL	0.020	-20.00	0.226
MTRONIC	0.025	-16.67	7.714

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
BORNOIL	2.250	100.000	0.02
SAPNRG	2.241	54.667	0.045
BJFOOD	17.800	20.000	0.9
INGENIEU	2.700	18.000	0.12
T7GLOBAL	4.000	14.815	0.305

Market Pulse



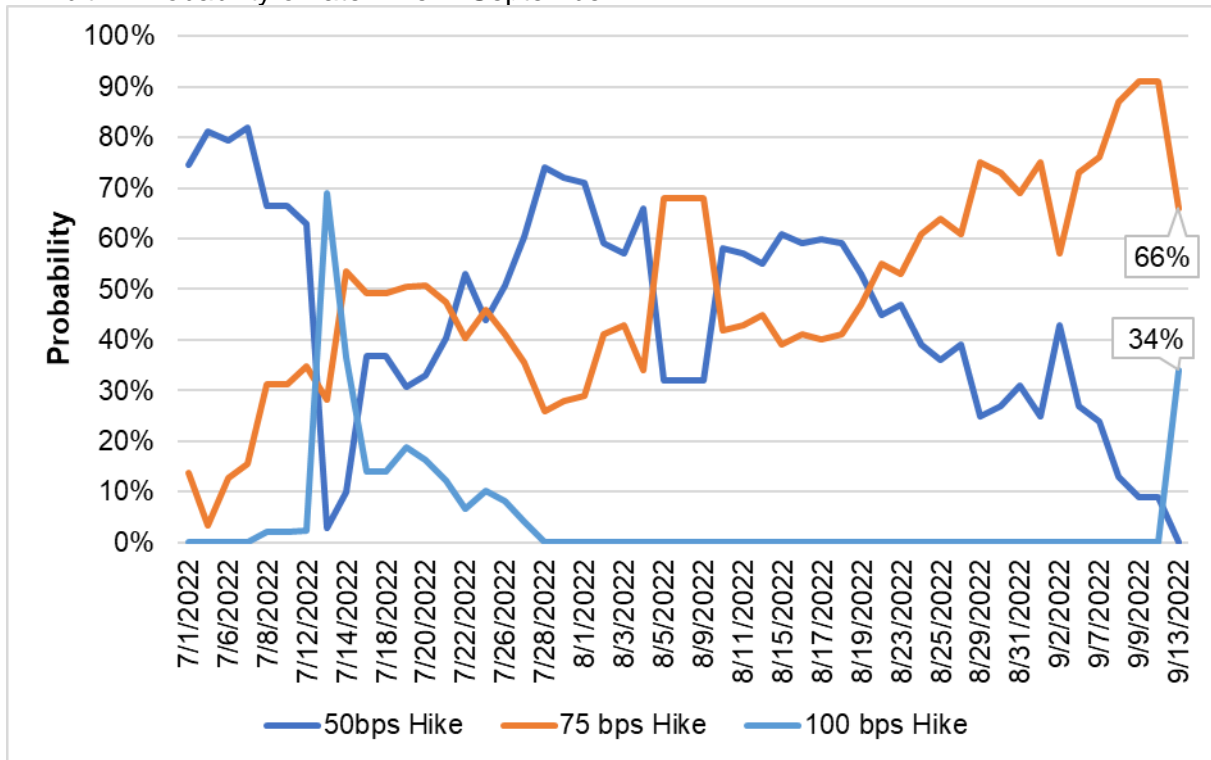
Source: Chart created using tradingview.com's tools, PRSB

The KLCI failed to break the 0.786 Fibonacci resistance, closing lower at 1,487.84 pts with -10.12 pts (-0.68%) compared to the previous day's session. This is in line with broad market sentiment as it saw losers outdid gainers with 450 to 351, while the remaining 449 are unchanged. However, KLCI's constituent showed mixed reaction as it saw 14 gainers, and 13 losers with remaining 3 unchanged for the day. The top gainers were Tenaga Nasional Bhd and IOI corp, seeing 1.94% and 1.48% gains, respectively for the day, meanwhile Hartalega and Public bank dragged the KLCI's performance with -4.14% and -3.83%, respectively.

The U.S CPI data released overnight spooked the U.S. market as some investors upped their bet that Fed will deliver 100bps next week (Exhibit 1) and another 75bps in November. August's CPI decelerated less than expected to 8.3% YoY (Consensus: 8.1% YoY) from July's 8.5% YoY. The core, after stripping out food and energy also surprised the market on the downside as it rose 6.3% YoY (Consensus: 6.1% YoY) (Exhibit 2). This marked the first acceleration in six months as all measures came in above forecasts with shelter, food and medical care taking the lead.

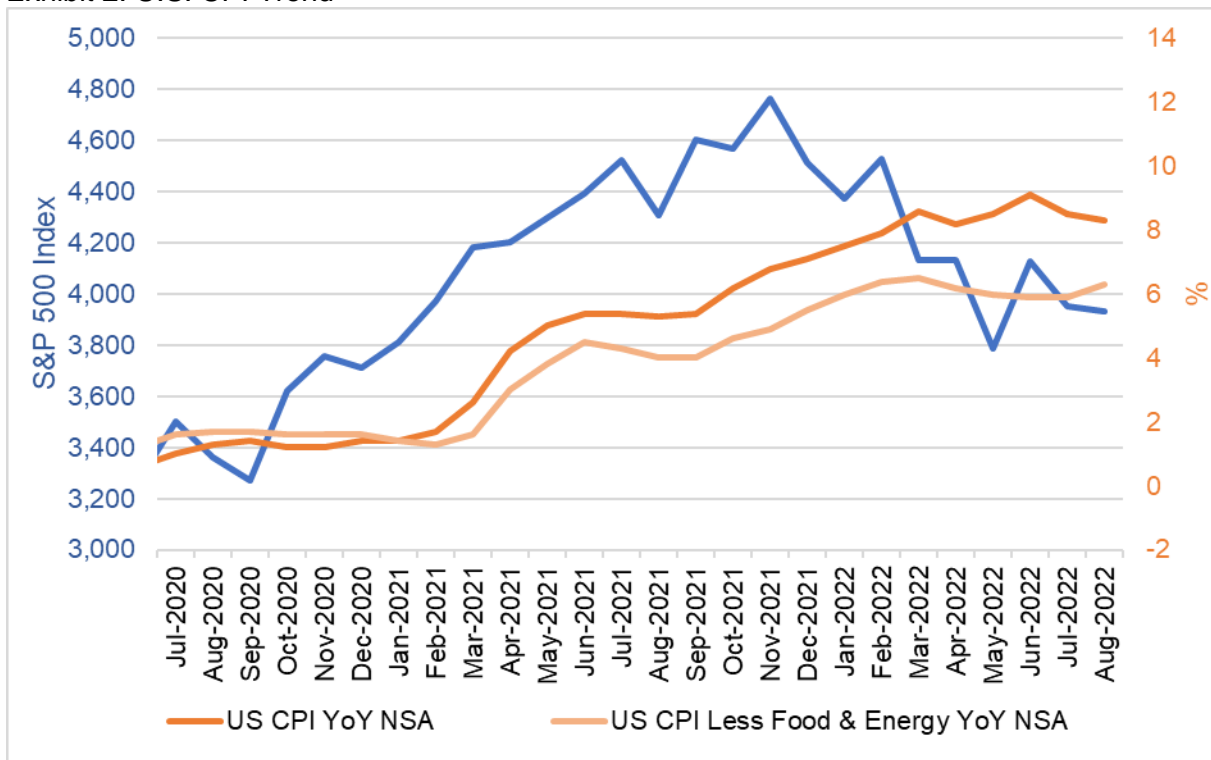
Although there are a number of disinflationary forces facing goods prices, including easing supply constraints, lower transportation costs, falling import prices, and inventory accumulation, owners' equivalent rent (OER) inflation accelerated. This underscores a high degree of stickiness of rent-related components, although we expect sticky CPI to peak in December. However, scenario 1 is still our base scenario, although it may now swing to the lower range at this moment until the 20th-21st September meeting (Exhibit 3).

Exhibit 1: Probability of rate Hike in September



Source: CME FEdWatch, compiled by PRSB

Exhibit 2: U.S. CPI Trend



Source: Bloomberg, US Bureau of Labor Statistics, PRSB

Exhibit 3: Four Possible Scenarios and Year-End Target

Scenarios	S&P 500	KLCI	US Long-term Rate
1) Disinflation Strong Economy	3,600-4,300	1,458-1,546	Sideway
2) Prolonged Inflation Strong Economy	3,300-3,800	1,420-1,483	Rising
3) Disinflation Recession	3,000-3,500	1,382-1,445	Falling Slightly
4) Stagflation	2,600-3,200	1,332-1408	Sideway to marginally increase

Source: Bloomberg, PRSB, compiled by PRSB

Taking cues from U.S. market performance last night, we anticipate the KLCI to decline today as confirmed by the downtick of the Momentum oscillator. Technically, the KLCI may test the immediate support at 1,468.34 pts and may fall lower to 1,454.29 pts. We set the resistance level at 1,512.05 pts. We keep our themes on 1) construction, 2) oil and gas, and 3) technology for Malaysia market and our picks in Exhibit 4.

Exhibit 4: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.86	2.45	31.72
Guan Chong	GUAN MK	Outperform	2.37	2.78	17.30
Technical					
Genting Malaysia	GENM MK	Outperform	2.92	3.21	9.93
Matrix Concept	MCH MK	Outperform	2.37	2.57	8.44
Ta Ann	TAH MK	Outperform	3.79	4.64	22.43
Telekom	T MK	Outperform	5.84	6.28	7.53
QL Resources	QLG MK	Outperform	5.05	5.77	14.26
CB Industrial Product Holding	CB MK	Buy	1.30	1.76	35.38
Opcom Holdings	OHB MK	Buy	0.835	1.24	48.50
KSL Holdings	KSL MK	Outperform	0.770	0.96	24.68
Gamuda	GAM MK	Outperform	3.95	4.30	8.86
Chin Well Holdings	CWH MK	Outperform	1.71	2.00	16.96
Supercomnet Technologies	SCT MK	Outperform	1.52	1.73	13.82
Kelington Group	KGRB MK	Buy	1.40	1.71	22.14
Pentamaster Corporation	PENT MK	Buy	4.14	5.26	27.05
AME Elite Consortium	AME MK	Buy	1.48	2.03	37.16
Formosa Prosonic Industries	FOR MK	Buy	3.10	3.92	26.45
IJM Corp Bhd	IJM MK	Outperform	1.73	2.06	19.08
Kerjaya Prospek Group	KPG MK	Outperform	1.16	1.39	19.83
MMS Ventures	MMSV MK	Buy	0.800	1.20	50.00
Dialog Group	DLG MK	Buy	2.29	2.95	28.82

FM Global Logistics Holdings	FMH MK	Buy	0.600	0.82	36.67
Solarvest Holdings	SOLAR MK	Buy	0.78	1.12	43.59
Hibiscus Petroleum	HIBI MK	Buy	1.00	1.32	32.00
OSK Holdings	OSK MK	Buy	0.94	1.12	19.79
Malakoff Corporation	MLK MK	Buy	0.70	0.86	22.86
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	4.35
CTOS Digital	CTOS MK	Buy	1.45	1.78	22.76
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	0.92	8.71
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.64	1.80	9.73
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

Source: Bursa, Bloomberg, PRSB, price as of 13th September 2022

Malaysian news highlights

- **SSP main reference for aviation industry service providers, says Wee.**
The Civil Aviation Authority of Malaysia (CAAM) on Tuesday (Sept 13) launched the “State Safety Programme” (SSP) as the main safety-related reference for service providers in the aviation industry. Transport Minister Datuk Seri Wee Ka Siong, who officiated the SSP here, said the document prepared by the CAAM contained policies, instructions, procedures, management control, the process of documenting information and corrective measures that were clear and organised. (Source: [TheEdgeMarkets](#))
- **Wee: Malaysia's air passenger traffic expected to reach 49 mil by end of 2022.**
Malaysia is expected to register air passenger traffic of between 32.6 million and 49 million by the end of the year following positive growth in the first five months of this year, said Transport Minister Datuk Seri Dr Wee Ka Siong. He said Malaysian Aviation Commission's statistics showed that the country's total air passenger traffic increased by 574.6% in the first five months of this year compared with the same period in 2021, reaching approximately 16.3 million passengers. (Source: [TheEdgeMarkets](#))
- **August net foreign inflow to Malaysian stocks spike to RM1.98b, over 11 times July's.**
Bursa Malaysia said on Tuesday (Sept 13) that net foreign inflow into Malaysian stocks increased significantly to RM1.98 billion in August, from RM175 million a month earlier, as the Covid-19 vaccine-driven economic reopening theme prompted foreign funds to shift their money to Asean markets. "On a par with most regional peers, Bursa saw a positive net foreign flow of RM1.98 billion in August, a significant increase from a net inflow of RM175 million in July, as foreign funds rotated to Asean markets driven by the reopening theme. (Source: [TheEdgeMarkets](#))
- **MITI confident Malaysia-China bilateral trade will cross US\$190 bil in 2022.**
The Ministry of International Trade and Industry (MITI) is confident that bilateral trade between Malaysia and China could surpass US\$190 billion (US\$1=RM4.50) this year based on current trends, and would move towards US\$200 billion. MITI deputy minister Datuk Lim Ban Hong said the industry players and relevant authorities will have to work hard on the target and keep the momentum going. He said trade with China in the first seven months of this year had expanded by 16.9%, compared to the same period of 2021. (Source: [TheEdgeMarkets](#))
- **Plantation companies call for revision of windfall profit levy, waiver of import duties on mechanisation.**
Local plantation companies are calling for effective measures to be implemented by the government in Budget 2023, which will be tabled in Parliament on Oct 7, towards eradicating forced labour and human trafficking elements, and to ensure compliance with the International Labour Organization's standards on migrant workers recruitment process, as part of its proposal to address shortage of labour. This is one of the five proposals under the Malaysian Palm Oil Association's (MPOA) wish list for Budget 2023. (Source: [TheEdgeMarkets](#))
- **MPIC proposes assistance for smallholders in Budget 2023.**
The Ministry of Plantation Industries and Commodities (MPIC) has proposed assistance for smallholders in the upcoming Budget 2023. Senior undersecretary (strategic planning and international division) Pubadi Govindasamy said the ministry has engaged with the Ministry of Finance (MOF) on the matter, particularly in helping them with the Malaysian Sustainable Palm Oil (MSPO) certification. “A priority for us in Budget 2023 is to protect the interest of smallholders, especially amid recovery post-pandemic,” he told Bernama on the sidelines of the 7th International Palm Oil Sustainability Conference (IPOSC) 2022 on Tuesday (Sept 13), after presenting a paper on “Navigating the Malaysian Palm Oil Industry towards Sustainability Stewardship”. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Fed Seen Being Aggressive for Longer After US Inflation Surprise.**
While cheaper gasoline held US headline consumer inflation to a 0.1% advance in August from the prior month, the core measure that excludes volatile food and energy prices jumped 0.6% -- double economists' expectations, Labor Department data showed Tuesday. Some investors wagered this could push them to deliver a 100 basis-point move when they meet next week, though that remained a minority view. (Source: [Bloomberg](#))
- **Summers Favors Full-Point Rate Hike Over Half at Next Week's Fed Meeting.**
Larry Summers, former Treasury Secretary and the President Emeritus of Harvard University, doesn't see inflation being fixed without rates going to close to 4%. He adds if he had to choose between 50-bps and 100-bps at the September FOMC meeting, he would pick "a 100 basis points move to reinforce credibility." (Source: [Bloomberg](#))
- **US Job Growth Projected to Slow This Decade as Labor Force Ages.**
The BLS projects that the overall labor force participation rate will drop to 60.1% in 2031, from 61.7% last year. And even though the pandemic was seen as spurring a wave of earlier retirements, the BLS expects that the share of older Americans in the labor force will keep climbing. By 2031, 9.1% of workers are expected to be at least 65 years old -- roughly triple the share three decades earlier. (Source: [Bloomberg](#))
- **New Chip Restrictions on China are Hitting US Companies Too.**
The White House is considering tighter tech restrictions against China than it's enacted before. New rules could place broad limitations on the shipment of chips used for developing artificial intelligence, in particular. That comes on top of earlier action by the government, which told Nvidia Corp. and Advanced Micro Devices Inc. they'll need permission to sell certain products to Chinese companies. (Source: [Bloomberg](#))
- **Germany plans US\$68 billion loan guarantees for energy firms.**
Germany is set to use a fund created to help companies cope with the economic hit from the pandemic to provide loan guarantees for struggling energy firms, according to a person familiar with the plan. State development bank KfW would oversee the mechanism and the volume of loan guarantees available would be around 67 billion euros (US\$67.9 billion), said the person, who asked not to be identified discussing confidential information. (Source: [TheEdgeMarkets](#))
- **Thailand Offers Oil Users More Relief to Tame Inflation Risk.**
Thailand will extend a tax cut on the nation's most-used fuel and subsidize electricity bills of some users to shield consumers from higher oil prices amid a forecast that the nation's sticky inflation may stay above the central bank forecast next year. The cabinet approved extending the excise tax rebate of 5 baht per liter on retail diesel prices for two months to Nov. 20, according to government spokeswoman Traisuree Taisaranakul. The move will cost the administration about 20 billion baht (\$551 million) in lost revenue, she said. (Source: [TheEdgeMarkets](#))

Corporate news

- **Airasia ride drivers offered full-time employment.**
Airasia Super App is offering a full-time employment programme for drivers of its e-hailing arm, airasia ride, a month after a similar offer was made to airasia food and airasia xpress delivery riders. The full-time employment option is an addition to airasia ride's existing independent drivers programme, said a statement issued by airasia Super App, which is part of Capital A Bhd. (Source: [TheEdgeMarkets](#))

- **Public Bank plans sustainability roadmap, says to raise profitability by focusing on areas of strength.**

Public Bank Bhd is planning to establish a sustainability roadmap in the near term. In addition, it will also focus on areas of strengths which comprise domestic consumer banking and small and medium-sized enterprises (SME) lending, wealth management, transactional services, capital market operations and international operations. "(We are) focusing on synergistic growth (and we plan to) explore the development of more green and sustainable banking solutions," Public Bank said in an Investor Presentation UBS APAC Financials & Fintech Virtual Conference on Tuesday. (Source: [TheEdgeMarkets](#))

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