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## Morning Pole Position

| 20<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	1,451.52	-15.79	-7.40
FBM Emas	10,361.24	-113.34	-8.38
FBM Syariah	10,451.47	-127.35	-14.77
FBM Small Cap	14,248.81	-143.36	-9.59
FBM ACE	4,759.40	-74.35	-25.86
F4G BM	839.75	-8.82	-4.61
F4G BMS	862.98	-10.47	-12.17
<b>Funds Flows</b>			
		<b>Net Buy (MYR'm)</b>	
Local Institutions		-52.2	
Local Retails		69.6	
Foreign		-17.4	
<b>Foreign</b>			
Dow Jones	31,019.68	197.26	-14.64
S&P 500	3,899.89	26.56	-18.18
Nasdaq	11,535.02	86.62	-26.27
FTSE	7,236.68	-45.39	-2.00
Hang Seng	18,565.97	-195.72	-20.65
Nikkei	27,567.65	-308.26	-4.25
Shanghai CI	3,115.60	-10.8	-14.40
Strait Times	3,256.31	-11.98	4.25

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5500	0.0150	9.24
GBP / MYR	5.1713	-0.0566	-8.16
JPY100 / MYR	3.1713	0.0096	-12.37
EUR/MYR	4.5400	0.0082	-3.70
SGD / MYR	3.2257	-0.0008	4.55
CNY / MYR	0.6482	-0.0017	-0.99
AUD / MYR	3.0378	-0.0247	0.37

### Bond Yield Movements

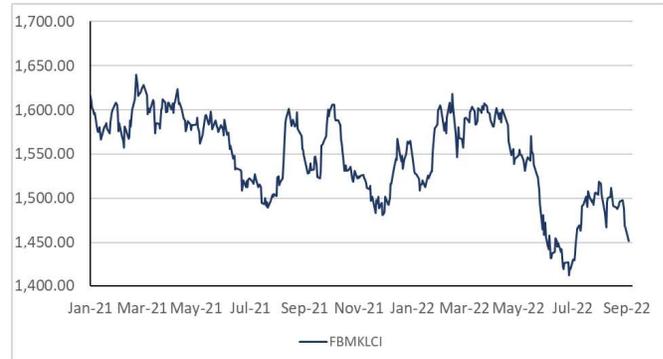
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.31	-5
	10- year	4.2	7
<b>GII</b>	3- year	3.51	0
	10- year	4.17	1
<b>UST</b>	2- year	3.95	10
	10- year	3.49	4

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,700.00	-83	-2.19
Brent (1 <sup>st</sup> month)	91.76	-0.17	-0.18
Gold (spot)	1,675.77	-2.24	-0.13

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	2,185
Value (MYR m)	1,763

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.420	0.93	148.794
PBBANK	4.450	-0.45	96.997
MAYBANK	8.630	-2.60	90.761
TOPGLOV	0.705	-7.84	78.050
HARTA	1.490	-6.88	61.525

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
VSOLAR	0.010	100.00	0.012
XOX-PA	0.020	100.00	0.003
EATECH	0.070	55.56	1.154
ANZO	0.015	50.00	0.037
XOX	0.020	33.33	0.988

Top 5 Losers	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.005	-50.00	0.003
FOCUS-PA	0.005	-50.00	0.003
PHB	0.005	-50.00	0.001
AT	0.010	-33.33	0.017
IMPIANA	0.015	-25.00	0.010

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
MRDIY	88.110	44.500	2.03
BJFOOD	31.300	35.000	0.91
TWL	0.185	30.000	0.05
MYNEWS	7.784	17.691	0.46
MYEG	8.028	9.500	0.825

**Market Pulse**



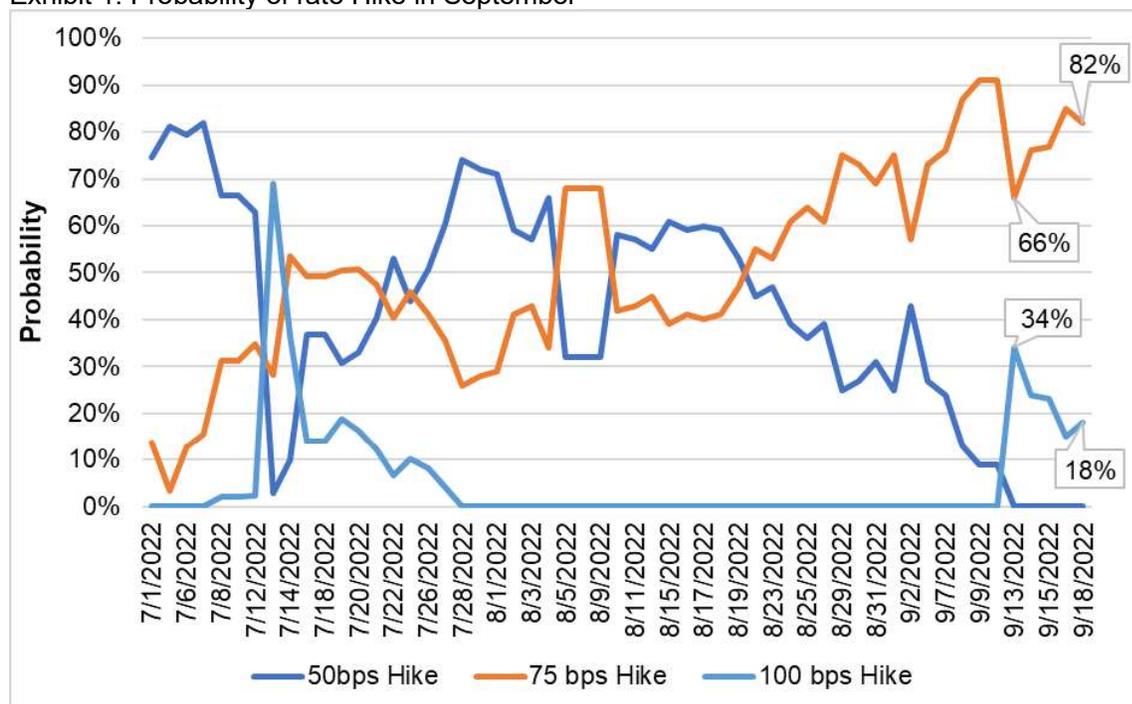
Source: Chart created using tradingview.com's tools, PRSB

The KLCI extended its declines, closing lower at 1,451.52 pts with -15.79 pts (-1.08%) compared to the previous day's session. It was dragged by 18 losers, namely Top Glove (-7.84%) and Hartalega (-6.88%) while being supported by 11 gainers. Broad market sentiment also took the same hit with 706 losers, 217 gainers, and the remaining 349 unchanged. We believe investors are taking more cautious positioning ahead of the Fed's decision.

Although the U.S. market landed in positive territory last night as stocks found upward momentum in the final hour of trading. Nevertheless, markets are still focused on this week Fed's policy setting FOMC meeting. A rate hike of three-quarters of a point is expected (Exhibit 1), and attention will be put on the accompanying monetary path projection (Exhibit 2). Although we believe that the market has discounted 75bps, any upwards divergent from the expected monetary path projection in Exhibit 2 will still be a shock to the market.

Hence, despite weak market sentiment, we anticipate the KLCI to rebound today as confirmed by the oversold signal of the Stochastic oscillator. Some investors may take the opportunity to accumulate some stocks at the dips. Technically, the Index may test the immediate resistance at 1,464.83 pts and may go higher to 1,480.55 pts. We set the support level at 1,427.78 pts. Our picks in Exhibit 3.

Exhibit 1: Probability of rate Hike in September



Source: CME FEdWatch, compiled by PRSB

Exhibit 2: Fed Monetary Path

FOMC	Rate Hike (%)	FF Upper Limit	QT (USD b)
4/5/2022	+0.50	1.00	
15/6/2022	+0.75	1.75	47.5
27/7/2022	+0.75	2.50	47.5
	Jackson Hole Economic Symposium		47.5
21/9/2022	+0.75	3.25	95
	No FOMC		95
2/11/2022	+0.50	3.75	95
	8/11 Mid-term Election		
14/12/2022	+0.25	4.00	95
1/2/2023	+0.25	4.25	95

Source: Fed, compiled by PRSB

Exhibit 3: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.94	2.45	26.29
Guan Chong	GUAN MK	Outperform	2.30	2.78	20.87
<b>Technical</b>					
Genting Malaysia	GENM MK	Outperform	2.85	3.21	12.63

Matrix Concept	MCH MK	Outperform	2.38	2.57	7.98
Ta Ann	TAH MK	Buy	3.62	4.64	28.18
Telekom	T MK	Outperform	5.79	6.28	8.46
QL Resources	QLG MK	Outperform	5.06	5.77	14.03
CB Industrial Product Holding	CB MK	Buy	1.29	1.76	36.43
Opcom Holdings	OHB MK	Buy	0.800	1.24	55.00
KSL Holdings	KSL MK	Buy	0.795	0.96	20.75
Gamuda	GAM MK	Outperform	3.95	4.30	8.86
Chin Well Holdings	CWH MK	Outperform	1.70	2.00	17.65
Supercomnet Technologies	SCT MK	Outperform	1.52	1.73	13.82
Kelington Group	KGRB MK	Buy	1.42	1.71	20.42
Pentamaster Corporation	PENT MK	Buy	4.05	5.26	29.88
AME Elite Consortium	AME MK	Buy	1.45	2.03	40.00
Formosa Prosonic Industries	FOR MK	Buy	3.07	3.92	27.69
IJM Corp Bhd	IJM MK	Outperform	1.68	2.06	22.62
Kerjaya Prospek Group	KPG MK	Outperform	1.14	1.39	21.93
MMS Ventures	MMSV MK	Buy	0.740	1.20	62.16
Dialog Group	DLG MK	Buy	2.24	2.95	31.70
FM Global Logistics Holdings	FMH MK	Buy	0.575	0.82	42.61
Solarvest Holdings	SOLAR MK	Buy	0.75	1.12	49.33
Hibiscus Petroleum	HIBI MK	Buy	0.97	1.32	36.08
OSK Holdings	OSK MK	Buy	0.89	1.12	25.84
Malakoff Corporation	MLK MK	Buy	0.71	0.86	21.99
UWC	UWC MK	Buy	4.10	5.03	22.68
Dayang Enterprise	DEHB MK	Buy	1.14	1.44	26.32
Deleum	DLUM MK	Outperform	0.76	0.84	11.26
CTOS Digital	CTOS MK	Buy	1.41	1.78	26.24
Ancom Nylex Berhad	ANC MK	Buy	0.98	1.24	27.18
<b>ETF</b>					
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	0.81	0.92	13.41
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.65	1.80	9.07
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 19<sup>th</sup> September 2022

## Malaysian news highlights

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- **CPO futures ends lower on concern over rising output, Chicago soybean oil weakness.**  
The concern over rising output in the country coupled with the weakness in the Chicago bean oil market has dragged crude palm oil (CPO) futures contract on Bursa Malaysia Derivatives (BMD) lower on Monday (Sept 19). The Peninsula Palm Oil Millers' Association (SPPOMA) estimated that production for Sept 1-15 rose by 7.50%, against Aug 1-15, while fresh fruit bunches for the period improved 7.32% on a month-on-month comparison. (Source: [TheEdgeMarkets](#))
- **National Energy Policy signals industry players to participate in transition.**  
The National Energy Policy 2022-2040 launched on Monday (Sept 19) sends a clear signal to oil and gas services and equipment (OGSE) companies to participate in energy transition as the government prioritises environmental sustainability. Malaysia Petroleum Resources Corporation (MPRC) president and chief executive officer Mohd Yazid Ja'afar said the National Energy Policy's low-carbon nation aspiration sets the stage for oil and gas (O&G) industry operators to inject more clean and renewable sources into the country's primary energy mix. (Source: [TheEdgeMarkets](#))
- **Mavcom: Take heed of consumer complaints as air travel picks up.**  
The Malaysian Aviation Commission (Mavcom) has on Monday (Sept 19) advised the aviation industry to take heed of consumer complaints as air travel picks up on a Covid-19 vaccine-driven air travel recovery from the impact of movement restrictions due to the pandemic, which began in early 2020. In a statement issued in conjunction with the publication of the 12th issue of Mavcom's bi-annual consumer report for the first half of 2022 (1H22), Mavcom said the regulator had in 1H22 received 1,251 complaints, of which 1,240 were related to airlines while 11 were related to airports. (Source: [TheEdgeMarkets](#))
- **Budget 2023: Shipowners hope for funds, tax breaks to tame pandemic effects.**  
The domestic shipping industry hopes that the government will look closely at including sufficient financing and tax exemptions for shipowners in Budget 2023. Malaysia Shipowners' Association (MASA) chairman Mohamed Safwan Othman said funding and financial aid are crucial for the local players in view of the prevailing conditions surrounding the shipping industry, particularly for shipowners struggling for survival following the economic downturn and slowdown in the shipping industry due to the Covid-19 pandemic. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **The Global Race to Hike Rates Tilts Economies Toward Recession.**  
About 90 central banks have raised interest rates this year, and half of them have hiked by at least 75 basis points in one shot. Many did so more than once, in what Bank of America Corp. chief economist Ethan Harris labels "a competition to see who can hike faster." The result is the broadest tightening of monetary policy for 15 years — a decisive departure from the cheap-money era ushered in by the 2008 financial crisis, which many economists and investors had come to view as the new normal. (Source: [Bloomberg](#))
- **No. 2 US Port Sees Consumer Demand Easing From Covid-Era Surge.**  
The head of the second-biggest US port expects the pandemic-era surge in consumer demand that snarled supply chains will start to cool, with evidence of a deceleration already reflected in weaker inbound container arrivals. Imports into Long Beach have now fallen for two months. Meanwhile, the neighboring port of Los Angeles registered the biggest decline in inbound cargo since the early days of the Covid-19 pandemic in August. Together, the twin operations handle about 40% of containerized trade with Asia. (Source: [Bloomberg](#))
- **US Homebuilder Sentiment Falls for a Ninth Month in Record Slide.**  
The National Association of Home Buyers/Wells Fargo gauge decreased by three points to 46, figures showed Monday. Homebuilder sentiment has fallen every month this year, the longest

stretch of declines in data back to 1985. (Source: [Bloomberg](#))

- **EU proposes supply chain emergency powers, spooking business.**  
Europe-based companies could be made to prioritise production of key products and stockpile goods under draft European Union rules that would give Brussels emergency powers to tackle supply chain crises. The Single Market Emergency Instrument put forward by the EU executive on Monday is a response to bottlenecks caused by the Covid-19 pandemic and Russia's Ukraine invasion. (Source: [TheEdgeMarkets](#))
- **Bank of England Weighs Biggest Interest-Rate Rise in 33 Years.**  
The Bank of England this week will consider whether to push through the biggest interest-rate increase in 33 years to respond to surging inflation and weakening confidence in British assets. With prices rising five times faster than the UK central bank's 2% target and the pound falling almost daily, policy makers led by Governor Andrew Bailey are under pressure to step up the pace of monetary tightening. (Source: [Bloomberg](#))
- **After Russian Flows Dry Up, India Pays Up to Double Price for Gas.**  
India purchased some of the nation's most expensive liquefied natural gas shipments ever after vital Russian deliveries were canceled. AIL India Ltd. bought several LNG cargoes for delivery between October and November at more than double the price it paid around this time last year. The New Delhi-based company is struggling to replace supply from the former trading arm of Gazprom PJSC, which was nationalized by Germany earlier this year and is paying contractual fines rather than delivering fuel. (Source: [Bloomberg](#))

## Corporate news

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- **UEM Sunrise completes issuance of RM295 mil Islamic medium term notes.**  
UEM Sunrise Bhd on Monday (Sept 19) said it has completed the issuances of a total of RM295 million in nominal value of Islamic medium term notes (IMTNs). The group said the IMTN programme comes together with an Islamic commercial papers programme, and together they have a combined aggregate limit of up to RM4 billion in nominal value, based on the shariah principle of murabahah via tawarruq arrangement. The new IMTNs have tenures of three years, which will mature on Sept 19, 2025; and five years, which will mature on Sept 17, 2027, said the property developer in a Bursa Malaysia filing. (Source: [TheEdgeMarkets](#))
- **S&P: Macao licence may shift Genting's focus to debt-fuelled growth from deleveraging.**  
International credit rating agency S&P Global Rating said that the bid for a Macao gaming licence could shift Genting Bhd group's focus to debt-funded growth, from the rating agency's earlier expectation that the group is deleveraging. In a report on Sept 19, S&P Global Ratings stated that if the group managed to secure the Macao gaming licence, the group might shift its focus from one that is deleveraging, to one fuelled with debt, which could then change the rating agency's expectation on the group's credit quality. (Source: [TheEdgeMarkets](#))

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