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Morning Pole Position

| 26th September 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,424.98	-14.18	-9.09
FBM Emas	10,197.38	-96.17	-9.83
FBM Syariah	10,238.20	-120.02	-16.51
FBM Small Cap	14,208.38	-42.86	-9.85
FBM ACE	4,766.63	-52.02	-25.75
F4G BM	826.57	-7.74	-6.10
F4G BMS	844.22	-10.62	-14.08

Funds Flows

Net Buy (MYR'm)

Local Institutions	147.9
Local Retails	70.1
Foreign	-218.0

Foreign

Dow Jones	29,590.41	-486.27	-18.57
S&P 500	3,693.23	-64.76	-22.51
Nasdaq	10,867.93	-198.88	-30.53
FTSE	7,018.60	-140.92	-4.96
Hang Seng	17,933.27	-214.68	-23.35
Nikkei	27,153.83	-159.3	-5.69
Shanghai CI	3,088.37	-20.54	-15.15
Strait Times	3,263.07	1.28	4.46

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5775	0.0105	9.90
GBP / MYR	5.1154	-0.0572	-9.15
JPY100 / MYR	3.2040	-0.0103	-11.46
EUR/MYR	4.4644	-0.0478	-5.30
SGD / MYR	3.2140	-0.0078	4.17
CNY / MYR	0.6431	-0.0025	-1.77
AUD / MYR	3.0134	-0.0241	-0.43

Bond Yield Movements

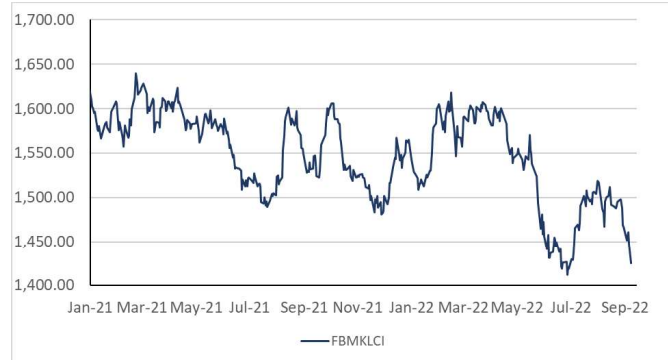
		Yield	Daily Change (bps)
MGS	3- year	3.66	10
	10- year	4.27	3
GII	3- year	3.77	10
	10- year	4.38	8
UST	2- year	4.2	9
	10- year	3.69	-1

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,736.00	-90	-2.35
Brent (1 st month)	86.65	-3.68	-4.07
Gold (spot)	1,643.57	-29.23	-1.75

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	1,843
Value (MYR m)	1,574

Top 5 Value

	Last	Daily chg %	Value (MYR m)
CIMB	5.390	0.19	113.183
PCHEM	8.350	-1.76	95.603
PBBANK	4.340	-1.14	94.909
IHH	5.800	-3.33	58.256
TOPGLOV	0.650	3.17	57.365

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
MLAB	0.015	50.00	0.019
AT	0.015	50.00	0.017
MNC	0.015	50.00	0.002
MTRONIC	0.020	33.33	0.287
IMPIANA	0.020	33.33	0.000

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
FINTEC	0.005	-50.00	0.001
ANZO	0.010	-33.33	0.000
XOX	0.015	-25.00	0.076
EDUSPEC	0.015	-25.00	0.004
MJPERAK	0.250	-21.88	0.110

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
SAPNRG	2.000	50.000	0.04
TM	210.000	37.500	5.7
TANCO	9.090	28.000	0.285
RUBEREX	12.060	22.333	0.395
BJFOOD	13.172	14.800	0.93

Market Pulse

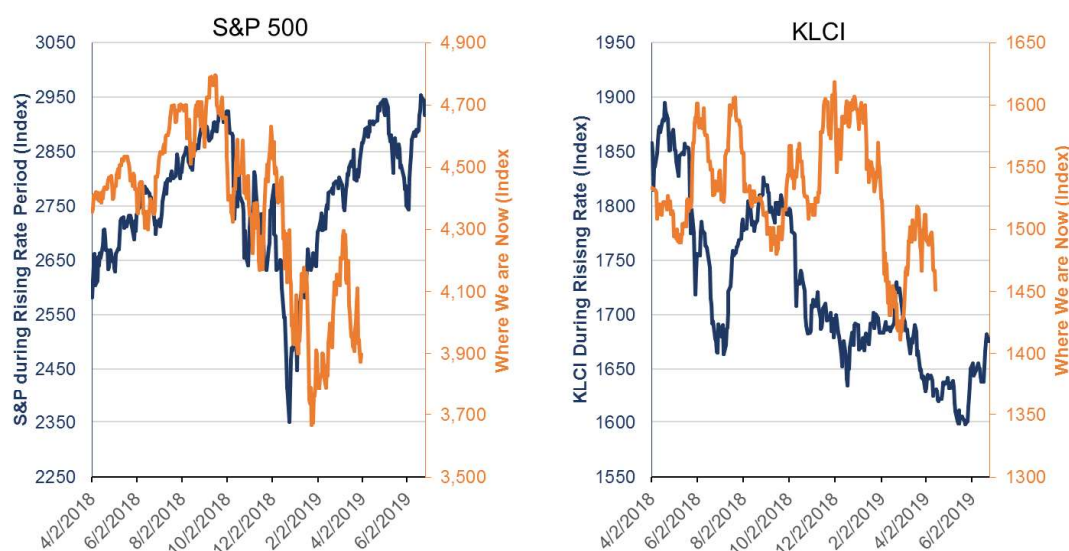


Source: Chart created using tradingview.com's tools, PRSB

The KLCI ended last week with Red Marubozu, closing at 1,424.98 pts with -42.33 pts (-2.88%) as CIMB came up as the only gainer, inching up 0.37%. The worst performers were Press Metal and Top Glove, falling 15.04% and 15.03%, respectively, for last week.

Similarly, the U.S. market also recorded losses for the second consecutive week after the Fed revealed they expected short-term interest rates will continue to go higher over the next several months. The dot plot revealed policymakers expect to end the year at a 4.50% terminal rate (vs 4.00% previously) and stay at a similar level for 2023. Fed's continued hawkish stance is not conducive for Malaysia equities (Exhibit 1) because a stronger USD means Malaysia will either have to use foreign reserves or tighten policy to stem MYR declines or accept currency depreciation – all scenarios that are not positive for foreign equity investors. On top of this, geopolitical risks around Russia/Ukraine appear to have increased with Russia ordering partial mobilisation of troops and the newly elected far-right Italy prime minister which raises questions about the country's alliances in Europe as the continent enters a winter likely dominated by high energy prices and its response to Russian aggression in Ukraine.

Exhibit 1: Déjà vu 2018



Source: Bloomberg, compiled by PRSB

Although current volatility and uncertainty make it hard for businesses to make plans, we do agree that there is merit to have this kind of interest rate hike over and done sooner. In the near term, we expect the market to remain volatile as participants are recovering from a coma after last week and assessing one of the four possible scenarios (Exhibit 2). We still believe 1) is the most likely outcome, maintaining our year-end KLCI target at 1,541 KLCI at 14.8x PE. We will review our scenario post Budget 2023, which is scheduled to be announced on 7th October.

For this week, we anticipate the KLCI to drop this week as confirmed by the downtick of the RSI. Technically, the KLCI may test the immediate support at 1,408.83 pts and may fall lower to 1,379.44 pts. We set the resistance level at 1,466.33 pts. Our Picks in Exhibit 3.

Exhibit 2: 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

Exhibit 3: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.89	2.45	29.63
Guan Chong	GUAN MK	Outperform	2.27	2.78	22.47
Technical					

Telekom	T MK	Outperform	5.70	6.28	10.18
QL Resources	QLG MK	Outperform	5.02	5.77	14.94
CB Industrial Product Holding	CB MK	Buy	1.27	1.76	38.58
Opcom Holdings	OHB MK	Buy	0.810	1.24	53.09
KSL Holdings	KSL MK	Buy	0.795	0.96	20.75
Gamuda	GAM MK	Outperform	3.96	4.30	8.59
Chin Well Holdings	CWH MK	Outperform	1.69	2.00	18.34
Supercomnet Technologies	SCT MK	Outperform	1.63	1.73	6.13
Kelington Group	KGRB MK	Buy	1.39	1.71	23.02
Pentamaster Corporation	PENT MK	Buy	4.19	5.26	25.54
AME Elite Consortium	AME MK	Buy	1.45	2.03	40.00
Formosa Prosonic Industries	FOR MK	Buy	3.03	3.92	29.37
Kerjaya Prospek Group	KPG MK	Outperform	1.14	1.39	21.93
MMS Ventures	MMSV MK	Buy	0.745	1.20	61.07
Dialog Group	DLG MK	Buy	2.15	2.95	37.21
FM Global Logistics Holdings	FMH MK	Buy	0.595	0.82	37.82
Solarvest Holdings	SOLAR MK	Buy	0.77	1.12	46.41
Hibiscus Petroleum	HIBI MK	Buy	0.90	1.32	46.67
OSK Holdings	OSK MK	Buy	0.89	1.12	25.84
Malakoff Corporation	MLK MK	Buy	0.69	0.86	25.55
UWC	UWC MK	Buy	4.01	5.03	25.44
Dayang Enterprise	DEHB MK	Buy	1.12	1.44	28.57
Deleum	DLUM MK	Outperform	0.76	0.84	10.53
CTOS Digital	CTOS MK	Buy	1.37	1.78	29.93
Ancom Nylex	ANC MK	Buy	1.01	1.24	22.77
BP Plastics Holdings	BPP MK	Buy	1.48	1.80	21.62
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	16.39
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.77	USD 1.93	9.18
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.81	0.92	14.11
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.64	1.80	9.73
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.23	1.39	13.29
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.52	0.85	63.13
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.71	1.86	8.77

Note: Genting Malaysia and IJM were removed from our picks as it hits its respective cut loss price.

Source: Bursa, Bloomberg, PRSB, price as of 23rd September 2022

- **Stimulus packages, reopening of economic sector reduce impact of Covid-19, says PM.**

Various measures taken by the government in implementing the stimulus packages and reopening the economic sector in phases have reduced the significant impact of the Covid-19 pandemic crisis, and supported economic growth recovery, said Prime Minister Datuk Seri Ismail Sabri Yaakob. He said the country's economy continued to strengthen with the gross domestic product (GDP) registering a stronger growth of 8.9% in the second quarter of 2022, compared to the 5.0% recorded in the first quarter. (Source: [TheEdgeMarkets](#))
- **Budget 2023: Govt should develop gig economy framework, says MDEC.**

The Malaysia Digital Economy Corporation (MDEC) has urged the government to focus on the development of a gig economy framework or high-value partnerships in Budget 2023, to enable gig workers to receive appropriate guidance. Digital Adoption Department, Ecosystem Development Division director Mohd Redzuan Affandi Abdul Rahim said MDEC hopes that this would enable experienced gig workers and new graduates entering the field to better understand how to work online. (Source: [TheEdgeMarkets](#))
- **Malaysia still has 54% forested areas — PM.**

At a time when the world is facing serious climate change and forest degradation due to development, Malaysia still has 54% of forested areas across the country. Prime Minister Datuk Seri Ismail Sabri Yaakob is confident that the percentage will increase following ongoing aggressive reforestation measures. He said as one of only 17 bio-diverse countries in the world, Malaysia is aware of its responsibility to maintain and preserve its natural resources for future generations. (Source: [TheEdgeMarkets](#))
- **As fiscal constraints grow ever tighter, right balance needed in Budget 2023.**

In just two weeks on Oct 7, the Finance Ministry will unveil Budget 2023, which will be closely watched given the many potential headwinds ahead. And as the 15th general election (GE15) is set to take place no later than July next year, many are anticipating that pre-election giveaways are a given. On the economic front, uncertainties continue to abound two years after the Covid-19 pandemic, with key economies — including China and Europe — anticipating slower growth ahead as consumer demand slows amid the continuing war between Russia and Ukraine. (Source: [TheEdgeMarkets](#))
- **Weakening crude oil, soybean oil prices pressure CPO futures to close lower.**

Crude palm oil futures contracts on Bursa Malaysia Derivatives ended lower on Friday pressured by weakening crude oil and soybean oil prices, a dealer said. He said that the weaker global sentiment also contributed to the negative sentiment. “Besides that, the escalating palm oil supply outlook led by rising Indonesia exports and peak production in Malaysia and Indonesia has depressed the crude palm oil futures for two successive days,” another dealer added. (Source: [TheEdgeMarkets](#))
- **Tengku Zafrul: Malaysia on the right track towards sustainability by 2050.**

Malaysia is on the right track towards sustainability by 2050 and to date, at least 44 out of 54 Sustainable and Responsible Investment Funds (SRI) have been approved by Securities Commission Malaysia (SC) within two years. Minister of Finance Tengku Datuk Seri Zafrul Tengku Abdul Aziz said the government is committed to implement development projects and programmes that prioritise environmental, social and governance (ESG) principles, in line with the United Nations' Sustainable Development Goals (SDGs). (Source: [TheEdgeMarkets](#))

- **Powell Says Economy May Be Entering ‘New Normal’ After Pandemic.**
“We continue to deal with an exceptionally unusual set of disruptions,” Powell told business and community leaders Friday at a Fed Listens event in Washington. “As policy makers we’re committed to using our tools to help see the economy through what has been a uniquely challenging period.” (Source: [Bloomberg](#))
- **US Business Activity Gauge Improves, But Still Shows Contraction.**
The S&P Global flash composite purchasing managers output index increased 4.7 points to a three-month high of 49.3, the group reported Friday. Readings below 50 indicate contraction. The composite measure of orders at service providers and manufacturers rose to a four-month high. The improvement in bookings suggests demand is holding up yet remains tenuous as customers of service providers adjust to still-elevated prices and higher interest rates. (Source: [Bloomberg](#))
- **Pump Prices in US Soar as Supply Cracks Outweigh Weak Demand.**
Soaring fuel prices on the ground are in sharp contrast to what’s playing out in the futures markets for both oil and gasoline, where traders are focused on a worsening global economic outlook. The signs of a slowing economy -- from weak fuel demand to collapsing freight markets -- are hard to ignore, not to mention the spate of additional interest rate hikes this week designed to rein in inflation that will no doubt also stunt growth. For the consumer already weighed down by historic costs, rising pump prices are another burden they must bear. (Source: [Bloomberg](#))
- **Europe’s First Cold Snap Is Early Test for Continent in Crisis.**
An Arctic chill that’s blowing across western Europe through next week will be the first test of how willing people are to delay switching on the heating in a bid to save energy and ease household budgets. (Source: [Bloomberg](#))
- **Britain Ramping Up Low-Tax Zones to Help Save It From Stagnation.**
The British government’s £220 billion blueprint for juicing a stagnant economy includes creating “investment zones” around the nation where companies can take advantage of sweeping tax breaks and pared-down planning regulations. (Source: [Bloomberg](#))
- **Britain sends investors fleeing with historic tax cuts and borrowing.**
Britain’s new finance minister Kwasi Kwarteng unleashed historic tax cuts and huge increases in borrowing on Friday in an economic agenda that floored financial markets, with sterling and British government bonds in freefall. Kwarteng scrapped the country’s top rate of income tax, cancelled a planned rise in corporate taxes and for the first time put a price tag on the spending plans of Prime Minister Liz Truss, who wants to double Britain’s rate of economic growth. (Source: [TheEdgeMarkets](#))
- **Southeast Asia far from inflation victory amid deceleration sign.**
In the worldwide quest to conquer the inflation peak, Southeast Asian central bankers appear to be better off than most, though still far from declaring victory. Three of the region’s six-biggest economies have registered tentative deceleration in their latest consumer-price growth data. Singapore’s all-items CPI surged to 7.5% in August from a year earlier, the highest in more than 14 years, and Malaysia’s jumped by 4.7%, the fastest pace in more than five years, according to reports released on Friday. (Source: [TheEdgeMarkets](#))
- **Singapore overtakes Hong Kong in world financial centers ranking.**
Singapore has overtaken Hong Kong to become Asia’s top financial center ‘ and the third in the world ‘ according to a new report that puts New York and London in the first and second spots. Hong Kong slipped to fourth place, battered by strict Covid restrictions and an exodus of talent, while San Francisco moved up two spots to round out the Global Financial Centres Index’s top five. (Source: [TheEdgeMarkets](#))

- **Thailand to Boost Per Capita Income Near \$10,000 in Five Years.**
Thailand aims to lift the average per capita income by about a third in five years by tailoring its economic and social policies to generate more wealth, even as it battles near record household debt and high cost of living. Southeast Asia's second-largest economy wants to lift per capita income to \$9,300 in the fiscal year starting Oct. 1, 2026 from \$7,097 in 2021, according to the National Economic and Social Development Council. (Source: [Bloomberg](#))

Corporate news

- **TNB Research, Sedania to explore harnessing energy from Johor dam.**
Tenaga Nasional Bhd's (TNB) wholly-owned subsidiary TNB Research Sdn Bhd (TNBR) has partnered with Sedania Technologies Sdn Bhd (STSB) to evaluate the potential of harnessing energy from excess water in dams and water reservoirs throughout Malaysia. Under the partnership, STSB — Sedania Innovator Bhd's (Sedania) sustainable energy arm — will deploy energy-efficient micro-hydropower turbines developed by TNBR to generate electricity from water released from dams, TNB and STSB said in a joint statement on Sunday (Sept 25). (Source: [TheEdgeMarkets](#))
- **AirAsia bags World's Best Low-Cost Airline award for 13th straight year.**
AirAsia has been crowned the World's Best Low-Cost Airline at the Skytrax World Airline Awards 2022 for the 13th consecutive year. Capital A Bhd chief executive officer Tan Sri Tony Fernandes said the year 2022 feels more special than previous years as voters supported the company despite the most difficult past few years triggered by Covid-19. "Finally, I see blue skies ahead once again. We have survived, we have rebuilt and we are recovering to deliver greater value and choice than ever before," he said in a statement on Saturday (Sept 24). (Source: [TheEdgeMarkets](#))
- **Sime Darby announces further offloading of Malaysian Vision Valley land, earmarks up to 15% of proceeds for dividend payments.**
Sime Darby Bhd has proposed the sale of another parcel of land in Malaysian Vision Valley (MVV) as part of its move to monetise its assets in the Negeri Sembilan-based economic region. In a bourse filing, Sime Darby said its indirect wholly owned subsidiary Kumpulan Sime Darby Bhd (KSDB) has agreed to sell the 1,282-acre parcel for RM445 million. (Source: [TheEdgeMarkets](#))

Regional company reports

Malaysia Export Update - Sniping with Quant and Technical.

- A knee-jerk reaction from Fed rising rate is weakening MYR as MYR to USD traded above MYR4.55.
- Weaker MYR will benefit export-oriented companies, and this gave us an opportunity to snipe companies using quant and technical analysis prior to next BNM's MPC November meeting.
- We have identified 13 companies based on our Quant, which was later screened further using technical analysis, where four companies stood out as either technical Buy or Outperform, namely Globetronics Technology, Inari Amertron, Pentamaster Corp and Vitrox.

Corporate Actions/ Entitlements

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgement Date	Payment/ Cessation Date
5305	SENHENG	RM0.0050	Interim Dividend	26/9/2022	27/9/2022	14/10/2022
0084	FAST	1 to 6	Share Consolidation	27/9/2022	28/9/2022	-
4383	JTIASA	RM0.0280	Interim Dividend	27/9/2022	28/9/2022	18/10/2022
7087	MAGNI	RM0.0220	Interim Dividend	27/9/2022	28/9/2022	12/10/2022
1023	CIMB	RM0.1300	Interim Dividend	28/9/2022	29/9/2022	28/10/2022
5264	MALAKOF	RM0.0280	Interim Dividend	28/9/2022	29/9/2022	27/10/2022
5125	PANTECH	RM0.0150	First Interim Dividend	29/9/2022	30/9/2022	21/10/2022
5288	SIMEPROP	RM0.0100	First Interim Dividend	29/9/2022	30/9/2022	19/10/2022
5347	TENAGA	RM0.2000	Interim Dividend	29/9/2022	30/9/2022	14/10/2022
5878	KPJ	RM0.0055	Interim Dividend	29/9/2022	30/9/2022	21/10/2022
7034	TGUAN	RM0.0125	Second Interim Dividend	29/9/2022	30/9/2022	18/10/2022
7210	FM	RM0.0200	Thrid Interim Dividend	29/9/2022	30/9/2022	7/10/2022
4324	HENGYUAN	RM0.1000	Interim Dividend	30/9/2022	3/10/2022	25/10/2022
5062	HUAYANG	1 Right Shares to 4 Shares	Right Entitlement of Shares	30/9/2022	3/10/2022	-
7155	SKPRES	RM0.0555	Final Interim Dividend	30/9/2022	3/10/2022	28/10/2022
7169	DOMINAN	RM0.0100	First Interim Dividend	30/9/2022	3/10/2022	27/10/2022

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Equity:

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

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

U-PF: Total expected return positive but below market return;

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.

ETFs (Criteria applies to rating assignments from 16th December 2019):

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.

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;

O-PF: Total return is positive and above peers' average but has higher risk factors; SELL: Total return is negative.

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