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Morning Pole Position

| 4th October 2022 |

All market data as at previous trading day

Market indices

| Indices | Last | Daily chg | YTD chg% |
|---------------|-----------|-----------|----------|
| <i>Local</i> | | | |
| FBM KLCI | 1,397.62 | 2.99 | -10.84 |
| FBM Emas | 9,967.40 | -9.46 | -11.86 |
| FBM Syariah | 9,995.10 | -12.93 | -18.49 |
| FBM Small Cap | 13,641.83 | -77.27 | -13.44 |
| FBM ACE | 4,652.11 | -5.76 | -27.53 |
| F4G BM | 807.89 | 0.98 | -8.23 |
| F4G BMS | 824.90 | 1.77 | -16.05 |

Funds Flows

Net Buy (MYR'm)

| | |
|--------------------|--------|
| Local Institutions | 103.1 |
| Local Retails | 9.3 |
| Foreign | -112.4 |

Foreign

| | | | |
|--------------|-----------|---------|--------|
| Dow Jones | 29,490.89 | 765.38 | -18.84 |
| S&P 500 | 3,678.43 | 92.81 | -22.82 |
| Nasdaq | 10,815.43 | 239.82 | -30.87 |
| FTSE | 6,908.76 | 14.95 | -6.44 |
| Hang Seng | 17,079.51 | -143.32 | -27.00 |
| Nikkei | 26,204.43 | 267.22 | -8.99 |
| Shanghai CI | 3,024.39 | -16.81 | -16.91 |
| Strait Times | 3,107.09 | -23.15 | -0.53 |

Currencies

| BNM Middle Rate (5pm) | Last | Daily chg | YTD % |
|-----------------------|--------|-----------|--------|
| USD / MYR | 4.6470 | 0.0130 | 11.57 |
| GBP / MYR | 5.2093 | 0.0111 | -7.49 |
| JPY100 / MYR | 3.2038 | -0.0086 | -11.47 |
| EUR/MYR | 4.5589 | 0.0016 | -3.29 |
| SGD / MYR | 3.2400 | 0.0011 | 5.01 |
| CNY / MYR | 0.6530 | -0.0001 | -0.26 |
| AUD / MYR | 2.9969 | -0.0217 | -0.98 |

Bond Yield Movements

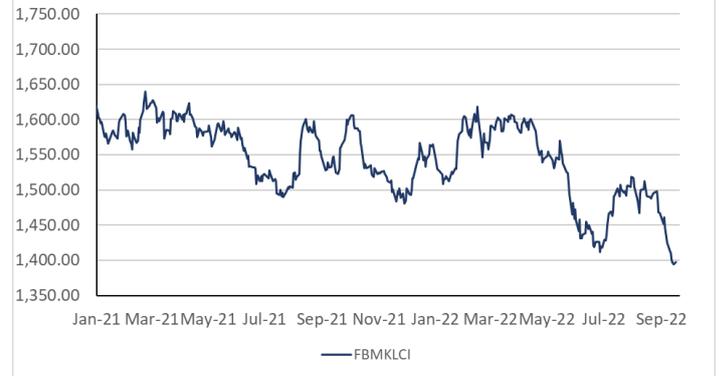
| | | Yield | Daily Change (bps) |
|------------|----------|-------|--------------------|
| MGS | 3- year | 3.8 | 3 |
| | 10- year | 4.45 | 4 |
| GII | 3- year | 3.81 | 1 |
| | 10- year | 4.46 | 4 |
| UST | 2- year | 4.12 | -10 |
| | 10- year | 3.67 | -16 |

Commodities

| | Last | Daily chg | Daily chg % |
|-------------------------------|----------|-----------|-------------|
| CPO (3 rd month) | 3,467.00 | 7 | 0.20 |
| Brent (1 st month) | 88.70 | 0.75 | 0.85 |
| Gold (spot) | 1,699.77 | 35.53 | 2.13 |

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

| | |
|---------------|-------|
| Vol (m shrs) | 1,789 |
| Value (MYR m) | 1,449 |

Top 5 Value

| | Last | Daily chg % | Value (MYR m) |
|---------|-------|-------------|---------------|
| CIMB | 5.120 | -0.19 | 121.482 |
| PBBANK | 4.250 | 0.47 | 94.779 |
| GAMUDA | 3.900 | -0.76 | 54.667 |
| MAYBANK | 8.600 | 0.23 | 54.572 |
| TOPGLOV | 0.595 | -4.80 | 46.701 |

Top 5 Gainers

| | Last | Daily chg % | Value (MYR m) |
|---------|-------|-------------|---------------|
| NEXGRAM | 0.010 | 100.00 | 0.028 |
| PHB | 0.010 | 100.00 | 0.003 |
| AT | 0.015 | 50.00 | 0.029 |
| MTRONIC | 0.020 | 33.33 | 0.204 |
| PRIVA | 0.100 | 25.00 | 0.722 |

Top 5 Losers

| | Last | Daily chg % | Value (MYR m) |
|----------|-------|-------------|---------------|
| FOCUS-PA | 0.005 | -50.00 | 0.019 |
| VSOLAR | 0.005 | -50.00 | 0.007 |
| CAP | 0.005 | -50.00 | 0.004 |
| MNC | 0.005 | -50.00 | 0.003 |
| SCABLE | 0.060 | -42.86 | 0.214 |

Top 5 DBT

| | Value (MYR m) | Volume (m shares) | Price (MYR) |
|------------|---------------|-------------------|-------------|
| SLVEST | 103.280 | 129.100 | 0.715 |
| INGENIEU | 0.750 | 15.000 | 0.095 |
| GPACKET-WB | 0.100 | 10.000 | 0 |
| HONGSENG | 3.084 | 6.950 | 0.315 |
| BAHVEST | 1.800 | 6.000 | 0.305 |

Market Pulse



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

The KLCI ended with a green spinning top, closing at 1,397.62 pts with +2.99 (+0.21%) but indecisiveness is still apparent as the day closed with a spinning top. KLCI saw gainers overtake losers by 15 to 11, while the remaining 4 unchanged but the broad market sentiment was still weak. The broad market saw losers overtake gainers by 530 to 285, while the remaining 383 unchanged. KLCI's performance was supported by Petronas Dagangan and Digi, both gaining 3.40% and 2.37%, respectively.

In the meantime, the U.S. market staging a comeback with all three of its main indices gaining more than 2.0% overnight. It appears that U.S. stocks seemed to benefit from the bad-news-is-good-news dynamic where ISM manufacturing PMI came at 50.9, albeit still above the threshold but still below the consensus of 52.2. Thus, the buying activities appear to be fuelled by speculation of the Fed pause after the December FOMC meeting as growing warnings about a potential U.S. recession were accompanied by renewed chatter about the possibility of a Fed pivot. This again, suggests a risk that investors may be underestimating the Fed's resolve as it seeks to tackle inflation. Nevertheless, it is still too soon to tell based on a single-day rebound.

Hence for today, we anticipate KLCI to be trading in a rangebound as market sentiment remains volatile pending the Budget 2023 announcement this Friday. Malaysia's manufacturing PMI also came in below the 50.0 mark, at 49.1 as demand showed signs of waning and firms scaled back their productions and purchasing activity accordingly. Technically, the KLCI may trade in between yesterday's high, 1,401.82 pts and 1,378.37 pts level while being supported at 1,394.28 pts by the 0.618 Fibonacci level. Our Picks in Exhibit 1.

Exhibit 1: Our Picks

| Company | Ticker | Rating | Price (MYR) | TP (MYR) | Upside (%) |
|--------------------|----------|------------|-------------|----------|------------|
| Fundamental | | | | | |
| Bermaz Auto | BAUTO MK | Buy | 1.85 | 2.45 | 32.43 |
| Guan Chong | GUAN MK | Outperform | 2.15 | 2.78 | 29.30 |
| Technical | | | | | |
| Telekom | T MK | Outperform | 5.48 | 6.28 | 14.60 |
| QL Resources | QLG MK | Outperform | 5.00 | 5.77 | 15.40 |
| Opcom Holdings | OHB MK | Buy | 0.790 | 1.24 | 56.96 |

| | | | | | |
|--|-------------|------------|----------|----------|-------|
| KSL Holdings | KSL MK | Buy | 0.770 | 0.96 | 24.68 |
| Gamuda | GAM MK | Outperform | 3.90 | 4.30 | 10.26 |
| Chin Well Holdings | CWH MK | Outperform | 1.66 | 2.00 | 20.48 |
| Supercomnet Technologies | SCT MK | Outperform | 1.67 | 1.73 | 3.59 |
| Kelington Group | KGRB MK | Buy | 1.29 | 1.71 | 32.56 |
| Pentamaster Corporation | PENT MK | Buy | 3.97 | 5.26 | 32.49 |
| Formosa Prosonic Industries | FOR MK | Buy | 2.95 | 3.92 | 32.88 |
| Kerjaya Prospek Group | KPG MK | Outperform | 1.11 | 1.39 | 25.23 |
| MMS Ventures | MMSV MK | Buy | 0.685 | 1.20 | 75.18 |
| FM Global Logistics Holdings | FMH MK | Buy | 0.535 | 0.82 | 53.27 |
| Solarvest Holdings | SOLAR MK | Buy | 0.72 | 1.12 | 56.64 |
| Hibiscus Petroleum | HIBI MK | Buy | 0.85 | 1.32 | 55.29 |
| OSK Holdings | OSK MK | Buy | 0.87 | 1.12 | 28.74 |
| UWC | UWC MK | Buy | 3.89 | 5.03 | 29.31 |
| Dayang Enterprise | DEHB MK | Buy | 1.13 | 1.44 | 27.43 |
| Deleum | DLUM MK | Outperform | 0.68 | 0.84 | 24.44 |
| CTOS Digital | CTOS MK | Buy | 1.32 | 1.78 | 34.85 |
| Ancom Nylex | ANC MK | Buy | 0.93 | 1.24 | 33.33 |
| BP Plastics Holdings | BPP MK | Buy | 1.38 | 1.80 | 30.43 |
| CCK Consolidated Holdings | CCK MK | Outperform | 0.64 | 0.71 | 10.94 |
| Globetronics Bhd | GTB MK | Outperform | 1.15 | 1.40 | 21.74 |
| Inari Amertron Bhd | INRI MK | Outperform | 2.47 | 3.11 | 25.71 |
| Vitrox Corp Bhd | VITRO BHD | Buy | 7.20 | 7.88 | 9.38 |
| ETF | | | | | |
| MyETF Dow Jones U.S. Titans 50 | METFUS50 MK | Buy | USD 1.67 | USD 1.93 | 15.72 |
| MyETF MSCI SEA Islamic Dividend | MEMSID MK | Buy | 0.79 | 0.92 | 16.28 |
| Principal FTSE ASEAN 40 Malaysia ETF | CIMBA40 MK | Buy | 1.61 | 1.80 | 12.12 |
| Principal FTSE China 50 ETF | CIMBC25 MK | Buy | 1.22 | 1.39 | 14.22 |
| TradePlus HSCEI Daily (2x) Leveraged Tracker | HSCEI2XL MK | Strong Buy | 0.49 | 0.85 | 74.23 |
| TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker | FANG1XI MK | Buy | 1.77 | 1.86 | 5.08 |

Note: Malakoff was removed from our picks as it hits its respective cut loss price.

Source: Bursa, Bloomberg, PRSB, price as of 3rd October 2022

Malaysian news highlights

- **Building operators call on EC to reduce bank guarantee requirement on power usage.**
Shopping mall operators and building managements have called on the government and the Energy Commission (EC) to review the requirement for a bank guarantee on their electricity usage, which they said could reach millions of ringgit. In a joint press conference by Malaysia Shopping Malls Association (PPK), Building Management Association of Malaysia (BMAM), and Malaysian REIT Managers Association, the associations proposed for the bank guarantee requirement to be replaced by a standard bank guarantee of RM100,000 instead. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Global Manufacturing Index Contracts for First Time Since 2020.**
The JPMorgan global manufacturing purchasing managers gauge fell for a fourth consecutive month, to 49.8 last month, according to data released Monday. Readings below 50 signal contraction and the latest figure is the lowest since June 2020. (Source: [Bloomberg](#))
- **Barkin Says Dollar Contagion a Risk But Fed Focus Is US Economy.**
Federal Reserve Bank of Richmond President Thomas Barkin said the strength of the dollar has potential spillover implications for the global economy, but at the end of the day the central bank is focused on the US economy. (Source: [Bloomberg](#))
- **US Manufacturing Downshifts as Orders Shrink, ISM Data Show.**
A gauge of US manufacturing stumbled in September to a more than two-year low, moving closer to outright stagnation as orders contracted for the third time in four months. The Institute for Supply Management's gauge of factory activity dropped nearly 2 points to 50.9, the lowest since May 2020, according to data released Monday. A reading of 50 separates expansion and contraction, and the September result was weaker than the median projection of 52 in a Bloomberg survey of economists. (Source: [Bloomberg](#))
- **UK energy regulator warns of 'significant risk' of gas shortage.**
The UK faces a "significant risk" of gas shortages this winter and could enter an emergency that would see power stations switched off, according to regulator the Office of Gas and Electricity Markets (Ofgem). A second stage of a network gas supply emergency would enforce "load shedding" on the largest users such as gas-fired stations, Ofgem's head of wholesale market management, Grendon Thompson, said in a letter accepting a request by generator SSE plc that the regulator should urgently address the risk of possible insolvencies. (Source: [TheEdgeMarkets](#))
- **Europe's factory slump heightens recession risk as Asia mixed.**
The manufacturing industry deteriorated further across Europe last month because of the impact of the war in Ukraine, while factories in Asia painted a mixed picture. The purchasing managers index for the 19-nation euro zone, a gauge of private-sector activity, fell to 48.4 from 49.6 in August. That's slightly worse than S&P Global's initial reading and marks the third consecutive month below the 50 threshold that separates expansion from contraction. (Source: [TheEdgeMarkets](#))
- **New Zealand Firms Downbeat Amid Slowing Demand, Labor Shortage.**
New Zealand businesses are less pessimistic about the outlook for the economy but remain downbeat about their own trading prospects, according to a third-quarter survey by the New Zealand Institute of Economic Research. A net 42% of firms expect the economy to deteriorate in the next 12 months, down from 62% in the second quarter, the institute said Tuesday in Wellington. However, a net 14% expect their own trading will get worse in the fourth quarter. (Source: [Bloomberg](#))
- **New Zealand Poised for Fifth Half-Point Rate Hike as Fed Sinks Kiwi Dollar.**
The RBNZ has been at the forefront of global rate hikes but the Fed has closed the gap with three 75-point moves, causing the greenback to surge against most other currencies. The New Zealand

dollar's 7.8% slump the past month to a 13-year low may fan inflation by making imports more expensive. (Source: [Bloomberg](#))

- **India jobless rate drops to four-year low before festival season.**

India's unemployment rate dropped to the lowest in more than four years in September, buoyed by a strong rise in new jobs, according to a private research firm. The jobless rate sharply fell to 6.43%, data from the Centre for Monitoring Indian Economy Pvt showed. The reading is the lowest since August 2018 and compares with a one-year high of 8.3% in August. The decline comes as nearly 10 million jobs got added during the month, defying the trend in August when workers who entered the job market could not find work. In rural areas, the unemployment rate declined to 5.8% from 7.7% in August, while in urban areas it stood at 7.7%, lower than 9.6% in the previous month. (Source: [TheEdgeMarkets](#))

- **Indonesia's inflation hits new seven-year high after fuel price hike.**

Indonesia's inflation rate in September accelerated to its highest since October 2015 due to higher transportation costs following a fuel price hike, statistics bureau data showed on Monday (Oct 3). The headline annual inflation rate rose to 5.95% in September, up from 4.69% in August, but came in slightly lower than a 6% rate expected in a Reuters poll. The annual core inflation rate, which excludes government-controlled prices and volatile food prices, picked up pace in September to 3.21%, compared with 3.04% in August and 3.6% forecast by analysts. (Source: [TheEdgeMarkets](#))

Corporate news

- **TH Plantations refinances RM650m of RM1.2b debts via Islamic medium term notes.**

TH Plantations Bhd's unit has issued RM650 million of Islamic debt paper to refinance its existing Sukuk Murabahah programme of up to RM1.2 billion in nominal value. TH Plantations said this round of issuances comes under its unrated Islamic medium term notes programme of up to RM1.08 billion in nominal value based on the Shariah principle of Wakalah BI Al-Istithmar. (Source: [TheEdgeMarkets](#))

Regional company reports

Sunview Group Bhd (IPO Note).

- The group's revenue CAGR was at 55.5% (FY2020 to FY2022), mainly attributed to its EPCC division).
- The group's profit after tax (PAT) CAGR was at 52% (FY2020 to FY2022), with the PAT margin ranging from around 9% to 13.4%).
- Its ongoing EPCC projects have aggregated contract value of MYR685.29 million with the majority coming from constructing Large Scale Solar projects (LSS). The unbilled sales were MYR558.34 million providing them feasible earnings until FY2024).
- Taking reference to Samaiden Group Berhad which is currently trading at 22.7x historical PE where its PAT margin stood at 11%, as Sunview Group is looking at a 9% PAT margin for the current year, we think that the 15.3x historical PE for its indicative IPO price is justifiable.

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