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Morning Pole Position

| 5th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,409.36	11.74	-10.09
FBM Emas	10,050.91	83.51	-11.12
FBM Syariah	10,069.54	74.44	-17.89
FBM Small Cap	13,785.43	143.60	-12.53
FBM ACE	4,709.00	56.89	-26.65
F4G BM	815.17	7.28	-7.40
F4G BMS	831.69	6.79	-15.36
Funds Flows			
		Net Buy (MYR'm)	
Local Institutions			-33.0
Local Retails			-26.6
Foreign			59.6
<i>Foreign</i>			
Dow Jones	30,316.32	825.43	-16.57
S&P 500	3,790.93	112.5	-20.46
Nasdaq	11,176.41	360.97	-28.56
FTSE	7,086.46	177.7	-4.04
Hang Seng	17,079.51	-143.32	-27.00
Nikkei	26,992.21	776.42	-6.25
Shanghai CI	3,024.39	-16.81	-16.91
Strait Times	3,138.90	31.81	0.49

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6450	-0.0020	11.52
GBP / MYR	5.2858	0.0765	-6.13
JPY100 / MYR	3.2091	0.0053	-11.32
EUR/MYR	4.5869	0.0280	-2.70
SGD / MYR	3.2478	0.0078	5.27
CNY / MYR	0.6528	-0.0002	-0.29
AUD / MYR	3.0206	0.0237	-0.19

Bond Yield Movements

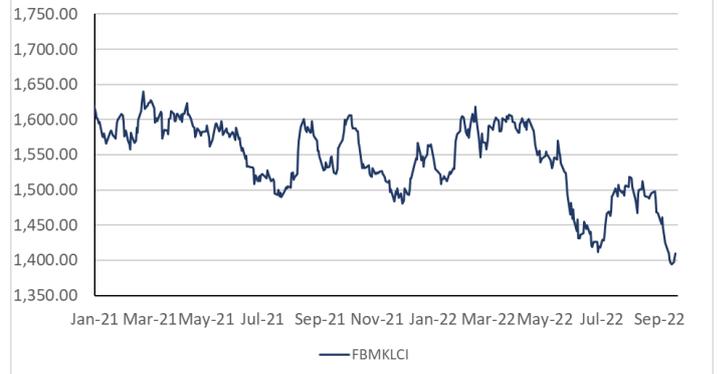
		Yield	Daily Change (bps)
MGS	3- year	3.8	0
	10- year	4.34	-11
GII	3- year	3.81	0
	10- year	4.37	-9
UST	2- year	4.1	-2
	10- year	3.62	-5

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,671.00	208	6.01
Brent (1 st month)	91.76	3.06	3.45
Gold (spot)	1,725.29	24.14	1.42

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	1,916
Value (MYR m)	1,455

Top 5 Value

	Last	Daily chg %	Value (MYR m)
PBBANK	4.270	0.47	96.016
MAYBANK	8.680	0.93	64.633
PCCHEM	8.390	0.00	47.796
CIMB	5.230	2.15	43.310
KLK	20.500	-1.44	39.577

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
MNC	0.010	100.00	0.005
CAP	0.010	100.00	0.002
JOE	0.015	50.00	0.103
COMPUGT	0.015	50.00	0.057
MLAB	0.015	50.00	0.006

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
EAH	0.005	-50.00	0.000
ANZO	0.010	-33.33	0.014
DOLMITE	0.010	-33.33	0.001
GOCEAN	0.010	-33.33	0.000
SCABLE	0.045	-25.00	0.207

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
BJCORP	8.855	38.500	0.235
CITAGLB	2.200	10.000	0.265
MYEG	4.208	4.864	0.86
HUBLINE	0.150	3.650	0.04
YINSON-WA	1.470	3.000	0.49

Market Pulse



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

Taking a cue from U.S. market optimism the previous night, KLCI took a leap to close at 1,409.36 pts with +11.74 (+0.84%) and effectively caused the upward turn on RSI. KLCI sentiment was largely positive as it saw 23 gainers and 6 losers with the remaining 1 unchanged for the day. Maxis and Petronas Dagangan took the best performer spot, gaining 5.13% and 4.93%, respectively. Other notable gainers for the day were Mr. D.I.Y and Top Glove, raising 4.66% and 4.20%, respectively. The broad market shares the same sentiment as gainers overtook losers by 568 to 280 while remaining 330 unchanged.

Overnight, the U.S. market continued its speculation of Fed pivot momentum as all three of its main indices gained more than 2.0%. The bad news is good news also continue to manifest with the latest example of U.S. job openings fell sharply to 10.053 million (Consensus 10.775 million) in August. This suggests that the labour market start to cool off which is in line with our expectation of normalization post-Covid. Nevertheless, it would be best to wait for this Friday to hear more on labour market as nonfarm payroll data would be released alongside ADP's private payroll reports and weekly jobless claims. Nonetheless, the talk on Fed pivot suggests a risk that investors may be underestimating the Fed's resolve as it seeks to tackle inflation which we will continue to monitor.

Hence, we anticipate KLCI to be trading in a rangebound despite improving in market sentiment as we head for the Budget 2023 announcement this Friday. Technically, the 1,400 psychological line proves to be strong support for KLCI, should the positive sentiment continue to fuel bargain-hunting activity today, KLCI may trade up to the 1,431.30 level. Our Picks in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.89	2.45	29.63
Guan Chong	GUAN MK	Outperform	2.12	2.78	31.13
Technical					
Telekom	T MK	Outperform	5.45	6.28	15.23
QL Resources	QLG MK	Outperform	5.07	5.77	13.81

Opcom Holdings	OHB MK	Buy	0.820	1.24	51.22
KSL Holdings	KSL MK	Buy	0.780	0.96	23.08
Gamuda	GAM MK	Outperform	3.91	4.30	9.97
Chin Well Holdings	CWH MK	Outperform	1.70	2.00	17.65
Supercomnet Technologies	SCT MK	Outperform	1.69	1.73	2.37
Kelington Group	KGRB MK	Buy	1.29	1.71	32.56
Pentamaster Corporation	PENT MK	Buy	4.10	5.26	28.29
Formosa Prosonic Industries	FOR MK	Buy	3.00	3.92	30.67
Kerjaya Prospek Group	KPG MK	Outperform	1.13	1.39	23.01
MMS Ventures	MMSV MK	Buy	0.695	1.20	72.66
FM Global Logistics Holdings	FMH MK	Buy	0.535	0.82	53.27
Solarvest Holdings	SOLAR MK	Buy	0.74	1.12	51.35
Hibiscus Petroleum	HIBI MK	Buy	0.87	1.32	51.72
OSK Holdings	OSK MK	Buy	0.88	1.12	27.27
UWC	UWC MK	Buy	3.97	5.03	26.70
Dayang Enterprise	DEHB MK	Buy	1.15	1.44	25.22
Deleum	DLUM MK	Outperform	0.71	0.84	19.15
CTOS Digital	CTOS MK	Buy	1.36	1.78	30.88
Ancom Nylex	ANC MK	Buy	0.94	1.24	31.91
BP Plastics Holdings	BPP MK	Buy	1.42	1.80	26.76
CCK Consolidated Holdings	CCK MK	Outperform	0.65	0.71	10.08
Globetronics Bhd	GTB MK	Outperform	1.18	1.40	18.64
Inari Amertron Bhd	INRI MK	Outperform	2.50	3.11	24.20
Vitrox Corp Bhd	VITRO BHD	Buy	7.27	7.88	8.32
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.65	USD 1.93	17.12
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

Source: Bursa, Bloomberg, PRSB, price as of 4th October 2022

Malaysian news highlights

- **FMBA urges govt to extend enforcement of businesses' Covid-19 special protections.**
The Federation of Malaysian Business Associations (FMBA) has called on the government to extend the enforcement of the Temporary Measures for Reducing the Impact of Coronavirus Diseases (Covid-19) Act 2020, and introduce a special moratorium to give businesses space to financially recover. (Source: [TheEdgeMarkets](#))
- **Average monthly salaries, wages of employees up 3.5% in 2021, says DOSM.**
The average monthly salaries and wages received by employees in Malaysia increased by 3.5% in 2021 to RM3,037, compared to RM2,933 in 2020, according to the 2021 Salary and Wage Survey Report released by the Statistics Department (DOSM) on Tuesday (Oct 4). Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the number of salary and wage earners in Malaysia was 9.7 million people in 2021, an increase of 3.4% compared to 9.4 million people in 2020. (Source: [TheEdgeMarkets](#))
- **BNM: Malaysia's foreign currency outflow seen at US\$9.4b over next 12 months.**
Bank Negara Malaysia (BNM) said Malaysia's pre-determined short-term foreign currency outflow is seen at US\$9.4 billion (about RM43.69 billion) over the next 12 months. "Projected foreign currency inflows amount to US\$2.04 billion (USD2,044.9 million) in the next 12 months," BNM said in an updated statement which was initially issued on Friday (Sept 30) on the detailed disclosure of Malaysia's international reserves as at end-August 2022. BNM's latest projection of Malaysia's pre-determined foreign currency outflow at US\$9.4 billion over the next 12 months is higher than the previous estimate announced on Aug 30, 2022. (Source: [TheEdgeMarkets](#))
- **Low inflation rate driven by Govt's proactive measures, says minister.**
The country's low inflation rate is driven by the Government's initiatives and proactive measures in providing subsidies and ensuring Keluarga Malaysia (Malaysian Family) members are not overly burdened by the cost of living. Domestic Trade and Consumer Affairs Minister Datuk Seri Alexander Nanta Linggi said the inflation rate could have reached up to 10.6% if there was no intervention from the Government and the effects of implementing subsidies, adding that the strategies under the National Monetary Policy have resulted in the country's inflation rate remaining at a manageable level. (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Job Openings Drop to 10.1 Million, Lowest Since June 2021.**
The number of available positions decreased to about 10.1 million in the month from 11.2 million in July, the Labor Department's Job Openings and Labor Turnover Survey, or JOLTS, showed Tuesday. The August level was lower than all estimates in a Bloomberg survey of economists. The 1.1 million decline in vacancies was the biggest since April 2020 and is consistent with moderating labor demand, reflective of shifting consumption patterns, rapidly rising interest rates and a darkening economic outlook. (Source: [Bloomberg](#))
- **EU eyes joint debt as German fiscal force worries allies.**
Two top European Union officials called for the use of common spending to tackle the energy crisis as member states ratcheted up criticism of German plans for a giant borrowing programme to cap power prices. EU internal market chief Thierry Breton and Paolo Gentiloni, the bloc's economy czar, said the current situation requires solidarity among member states, including the issuance of joint-guaranteed debt similar to what was done during the Covid pandemic. (Source: [TheEdgeMarkets](#))

- Japan Department Store Rally Shows Reopening Optimism Trumps CPI.**
 Demand from international tourists may help offset weakness in domestic appetite as living costs increase. Inflation in Tokyo accelerated for a fourth month to rise at the fastest pace since 1992 excluding the impact of tax hikes. The faster pace of price growth may add pressure for the Bank of Japan to eventually tighten its policies although the lender is unlikely to do so in the near term. (Source: [Bloomberg](#))
- Naver Sinks After Announcing \$1.2 Billion Poshmark Deal.**
 Shares of South Korean internet giant Naver Corp. fell the most in seven years after the company agreed to buy online secondhand-fashion marketplace Poshmark Inc. in a deal valued at about \$1.2 billion. Naver will buy all of Poshmark's shares for \$17.90 each, a 15% premium to Monday's closing price. After the deal is completed, Poshmark would become a standalone US subsidiary of Naver, and it would continue to be led by Chief Executive Officer Manish Chandra and his management team, the companies said. (Source: [Bloomberg](#))
- Worst Thai flooding in years damages crops, risks tourism revival.**
 Thailand is battling the worst flooding in years with a large swathe of its crop land inundated by seasonal storms and swollen rivers, threatening to fuel food prices and hinder a nascent tourism recovery. Popular tourism destinations such as Bangkok and Chiang Mai in the country's northeast have reported flooding of streets this week after heavy rains triggered by typhoon Noru saw water level in the Chao Phraya and Ping rivers rising. An estimated 1.2 million rai (160,000 hectares) of agricultural land was hit by flooding with almost 82,000 houses damaged across 510 districts in 72 provinces, according to official data. (Source: [TheEdgeMarkets](#))

Corporate news

- Hibiscus pays RM85.7 mil sales tax to Sabah govt.**
 Hibiscus Petroleum Bhd, which had previously questioned the imposition of state sales tax (SST) on its two units operating in Sabah, has proceeded to pay the tax amounting to RM85.7 million. The SST was imposed on revenues from petroleum products sold by SEA Hibiscus Sdn Bhd under the North Sabah production sharing contract (PSC) and Hibiscus Oil & Gas Malaysia Ltd (previously known as Repsol Oil & Gas Malaysia Ltd) under the 2012 Kinabalu Oil PSC. (Source: [TheEdgeMarkets](#))
- Hibiscus proposes capital reduction to erase RM690.6 mil losses from balance sheet.**
 Hibiscus Petroleum Bhd has proposed to undertake an RM800 million capital reduction to eliminate RM690.6 million in accumulated losses as of June 30, 2022. The proposed exercise entails a reduction of the issued share capital of Hibiscus via the cancellation of the company's paid-up capital of RM966.01 million. The credit arising from the cancellation will be used to offset the accumulated losses. Less the estimated expenses for the exercise of RM880,000, the remaining RM108.53 million will be credited to the retained earnings of the company, which will be used to facilitate a proposed share buy-back. (Source: [TheEdgeMarkets](#))
- Econpile wins RM25m sub-structure job for service suites in KL.**
 Piling specialist Econpile Holdings Bhd has bagged a RM24.6 million contract from Berjaya Construction Bhd to undertake sub-structure work for a proposed 41-storey block of service suites in Jalan Imbi here. In a Bursa Malaysia filing, Econpile said its wholly owned subsidiary Econpile (M) Sdn Bhd had on Tuesday (Oct 4) received a letter of appointment from Berjaya Construction for the proposed project. Econpile added that the project, which will be completed within 13 months, is expected to contribute positively to its earnings from the financial year ending June 30, 2023. (Source: [TheEdgeMarkets](#))

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SELL: Total return expected to be negative.

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