



# PHILLIP RESEARCH SDN BHD

199001007125 (198695-X)

B-18-6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel No: 03-2783 0300

## Morning Pole Position

| 6<sup>th</sup> October 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,420.55	11.19	-9.38
FBM Emas	10,119.45	68.54	-10.52
FBM Syariah	10,169.91	100.37	-17.07
FBM Small Cap	13,824.03	38.60	-12.29
FBM ACE	4,734.27	25.27	-26.25
F4G BM	821.77	6.60	-6.65
F4G BMS	843.02	11.33	-14.20
<b>Funds Flows</b>			
		<b>Net Buy (MYR'm)</b>	
Local Institutions		101.1	
Local Retails		-33.0	
Foreign		-68.1	
<i>Foreign</i>			
Dow Jones	30,273.87	-42.45	-16.69
S&P 500	3,783.28	-7.65	-20.62
Nasdaq	11,148.64	-27.77	-28.74
FTSE	7,052.62	-33.84	-4.49
Hang Seng	18,087.97	1008.46	-22.69
Nikkei	27,120.53	128.32	-5.80
Shanghai CI	3,024.39	-16.81	-16.91
Strait Times	3,153.23	14.33	0.95

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6295	-0.0155	11.15
GBP / MYR	5.2883	0.0025	-6.08
JPY100 / MYR	3.2068	-0.0023	-11.38
EUR/MYR	4.6054	0.0185	-2.31
SGD / MYR	3.2546	0.0068	5.49
CNY / MYR	0.6506	-0.0022	-0.63
AUD / MYR	3.0008	-0.0198	-0.85

### Bond Yield Movements

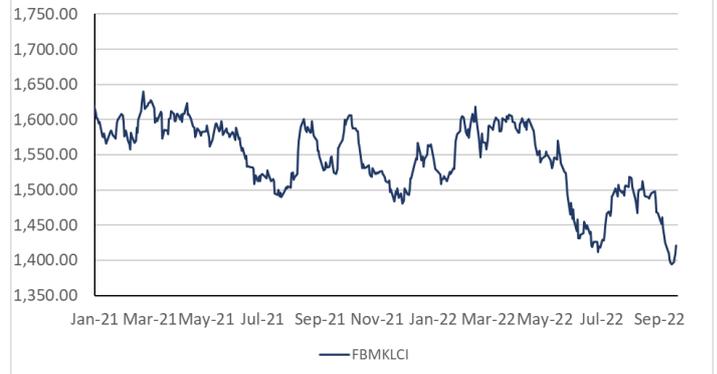
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.8	0
	10- year	4.32	-2
<b>GII</b>	3- year	3.77	-4
	10- year	4.34	-3
<b>UST</b>	2- year	4.15	5
	10- year	3.76	14

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,683.00	17	0.46
Brent (1 <sup>st</sup> month)	93.79	2.03	2.21
Gold (spot)	1,716.36	-9.88	-0.57

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	3,234
Value (MYR m)	1,720

Top 5 Value	Last	Daily chg %	Value (MYR m)
PBBANK	4.250	-0.47	89.924
HIBISCS	0.945	8.62	77.121
MAYBANK	8.700	0.23	65.638
CIMB	5.260	0.57	60.244
PMETAL	4.300	7.50	49.993

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
VSOLAR	0.010	100.00	0.018
EAH	0.010	100.00	0.001
SRIDGE	0.115	43.75	0.358
JOE	0.020	33.33	0.063
IQZAN	0.040	33.33	0.020

Top 5 Losers	Last	Daily chg %	Value (MYR m)
CAP	0.005	-50.00	0.004
NEXGRAM	0.005	-50.00	0.002
DGB	0.010	-33.33	0.004
MMAG	0.025	-28.57	22.729
XDL	0.015	-25.00	0.130

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
IVORY	2.000	80.000	0.075
PMCORP	6.450	43.000	0.17
HONGSENG	6.225	20.750	0.22
ENGTEX	8.800	20.000	0.6
SYCAL	1.166	10.500	0

## Market Pulse



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

Taking a cue from U.S. market optimism the previous night, KLCI took another leap to close at 1,420.55 pts with +11.19 (+0.79%). KLCI sentiment was largely positive as it saw 20 gainers and 9 losers with the remaining 1 unchanged for the day. Press Metal and Sime Darby Plantation took the best performer spot, gaining 7.50% and 3.96%, respectively. The broad market shares the same sentiment as gainers overtook losers by 518 to 350 while remaining 396 unchanged.

U.S. market took a break last night, as investors digesting positive economic data released that showed steady growth in private-sector jobs and the service sector. This indicates more scope for the Fed to continue to raise interest rates undermining the Fed Pivot sentiment we have seen recently. In short, the private-sector payrolls rose by 208k in September, outpacing the consensus expectation of 200k, and the ISM non-manufacturing PMI remained above the 50.0 threshold level at 56.7 and above the consensus of 56.0. At the same time, the U.S. trade deficit fell to USD67.4 billion (Consensus - USD67.7 billion), the lowest level since mid-2021, paving the way for a resumption of growth in the gross domestic product in the third quarter. Nonetheless, the talk of a Fed pivot would continue to linger amongst investors as they wait for more guidance during the November FOMC.

Hence, we anticipate KLCI to be trading in a rangebound as it rides along market sentiment improvement as we are heading for the Budget 2023 announcement tomorrow. Technically, KLCI will likely remain between 1408.83 pts to 1,431.30 pts. Our Picks in Exhibit 1.

### Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.91	2.45	28.27
Guan Chong	GUAN MK	Outperform	2.11	2.78	31.75
<b>Technical</b>					
Telekom	T MK	Outperform	5.46	6.28	15.02
QL Resources	QLG MK	Outperform	5.05	5.77	14.26
Opcom Holdings	OHB MK	Buy	0.805	1.24	54.04

KSL Holdings	KSL MK	Buy	0.775	0.96	23.87
Gamuda	GAM MK	Outperform	3.96	4.30	8.59
Chin Well Holdings	CWH MK	Outperform	1.66	2.00	20.48
Supercomnet Technologies	SCT MK	Outperform	1.64	1.73	5.49
Kelington Group	KGRB MK	Buy	1.32	1.71	29.55
Pentamaster Corporation	PENT MK	Buy	4.02	5.26	30.85
Formosa Prosonic Industries	FOR MK	Buy	3.00	3.92	30.67
Kerjaya Prospek Group	KPG MK	Outperform	1.14	1.39	21.93
MMS Ventures	MMSV MK	Buy	0.700	1.20	71.43
FM Global Logistics Holdings	FMH MK	Buy	0.535	0.82	53.27
Solarvest Holdings	SOLAR MK	Buy	0.73	1.12	53.42
Hibiscus Petroleum	HIBI MK	Buy	0.95	1.32	39.68
OSK Holdings	OSK MK	Buy	0.87	1.12	28.74
UWC	UWC MK	Buy	3.95	5.03	27.34
Dayang Enterprise	DEHB MK	Buy	1.15	1.44	25.22
Deleum	DLUM MK	Outperform	0.70	0.84	20.00
CTOS Digital	CTOS MK	Buy	1.33	1.78	33.83
Ancom Nylex	ANC MK	Buy	0.95	1.24	30.53
BP Plastics Holdings	BPP MK	Buy	1.40	1.80	28.57
CCK Consolidated Holdings	CCK MK	Outperform	0.64	0.71	11.81
Globetronics Bhd	GTB MK	Outperform	1.17	1.40	19.66
Inari Amertron Bhd	INRI MK	Outperform	2.56	3.11	21.29
Vitrox Corp Bhd	VITRO BHD	Buy	7.30	7.88	7.88
<b>ETF</b>					
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	1.19	1.39	17.10
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 5<sup>th</sup> October 2022

## Malaysian news highlights

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- **FMM: Implementation of CPTPP is timely for Malaysian businesses to recover.**

The much-awaited implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is very timely, enabling Malaysian businesses to leverage it as another trade recovery tool, said the Federation of Malaysian Manufacturers (FMM). President Tan Sri Soh Thian Lai said the federation commends the Ministry of International Trade and Industry (MITI) on its strong efforts in completing the domestic procedures following the mandate received from the Cabinet to enable the submission of Malaysia's instrument of ratification for the CPTPP with the depositary in New Zealand on Sept 30, 2022. (Source: [TheEdgeMarkets](#))
- **Moody's expects Malaysia's Islamic banking to continue to grow in 2022, 2023.**

Malaysia's Islamic finance industry is expected to grow faster than conventional banking, with growth driven by the retail segment in 2022 and 2023, Moody's Investors Service said. Analyst Li Tengfu said the credit rating agency maintains a projection of 4% to 5% growth for Malaysia's banking sector at this point. "We may see a few percentage points higher for the Islamic banking," he said at Moody's Investors Service Global Islamic Finance Industry Update media roundtable here on Wednesday (Oct 5). (Source: [TheEdgeMarkets](#))
- **Malaysia ratifies the CPTPP.**

Malaysia has ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This follows the government's submission of the instrument of ratification for the agreement to New Zealand, the CPTPP depositary, on Sept 30, 2022, said the International Trade and Industry Ministry (MITI). In a statement on Wednesday (Oct 5), MITI said the ratification comes after years of detailed deliberation, extensive consultations and careful assessment by the government. (Source: [TheEdgeMarkets](#))
- **Market condition remains orderly amid high volatility; household debt at 84.5% of GDP — BNM Financial Stability Review Report for 1H2022.**

Businesses continued to show improvement in their financial performance in the first half of 2022 (1H2022) in line with the full resumption of economic activities and reopening of international borders. Bank Negara Malaysia's (BNM) Financial Stability Review Report for 1H2022, however, indicated that recovery remains uneven and slower in certain economic sub-sectors. But overall business loan impairments remain low at 1.1% of total banking system loans. The share of business loans with higher credit risk has continued to decline to 14.4% of total business loans, in line with the gradual improvement in business conditions. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **US Services Growth Remains at Solid Pace, Price Pressures Ease.**

The Institute for Supply Management's gauge of services softened to 56.7 last month from 56.9 in August, according to data released Wednesday. Readings above 50 signal growth and the figure was slightly firmer than the median projection of 56 in a Bloomberg survey of economists. (Source: [Bloomberg](#))
- **US Trade Deficit Narrows for a Fifth Month to Smallest in a Year.**

The trade gap in goods and services narrowed by \$3.1 billion, or 4.3% from a month earlier, to \$67.4 billion, Commerce Department data showed Wednesday. The figure, which isn't adjusted for inflation, was in line with the \$67.7 billion median estimate in a Bloomberg survey of economists. (Source: [Bloomberg](#))
- **US Mortgage Rates Rise for Seventh Week to Highest in 16 Years.**

US mortgage rates jumped to a 16-year high of 6.75%, marking the seventh-straight weekly increase and spurring the worst slump in home loan applications since the depths of the pandemic. The contract rate on a 30-year fixed mortgage rose nearly a quarter percentage point in the last week of September, according to Mortgage Bankers Association data released Wednesday.

(Source: [Bloomberg](#))

- **US Companies Added 208,000 Jobs in September, ADP Data Show.**  
Businesses' payrolls rose 208,000 last month after an upwardly revised 185,000 gain in August, according to data from ADP Research Institute in collaboration with Stanford Digital Economy Lab. The median forecast in a Bloomberg survey of economists called for a 200,000 advance. (Source: [Bloomberg](#))
- **French Strikes Tighten European Diesel Supplies Even Further.**  
The European diesel market is tightening faster than usual as workers' strikes at French refineries choke off supplies. The continent's diesel sector -- which tightens during the heating season -- has been on edge since the invasion of Ukraine, with traders already shunning Russian barrels. That's now being exacerbated by French industrial action curbing fuel output just as routine maintenance starts at oil-processing facilities across Europe. (Source: [Bloomberg](#))
- **Philippine inflation quickens amid peso falling to record lows.**  
Philippine inflation quickened last month, as relentless dollar strength makes imports costlier and keeps pressure on the central bank to stick with its policy tightening. Consumer prices rose an annual 6.9% in September from a year ago, the statistics authority reported on Wednesday, in line with the median forecast in a survey, and the fastest since October 2018. That print marks the sixth straight month of inflation hovering above the central bank's 2%-4% target this year. (Source: [TheEdgeMarkets](#))

## Corporate news

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- **Axiata's tower arm edotco weighs US\$700 mil financing, sources say.**  
edotco Group Sdn Bhd, the wireless tower business of Malaysian telecommunications group Axiata Group Bhd, is considering raising as much as US\$700 million in loans, according to people familiar with the matter. The Kuala Lumpur-based company is asking banks to submit proposals for the financing, the people said, asking not to be identified because the matter is private. Funds from the loans could be used for capital expenditures and overseas expansion, one of the people said. (Source: [TheEdgeMarkets](#))

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