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Morning Pole Position | 11th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
Local			
FBM KLCI	1,406.00	-14.43	-10.30
FBM Emas	10,050.79	-82.80	-11.12
FBM Syariah	10,071.30	-125.83	-17.87
FBM Small Cap	13,861.96	9.57	-12.05
FBM ACE	4,708.97	-34.69	-26.65
F4G BM	814.64	-7.31	-7.46
F4G BMS	831.32	-12.50	-15.39

Funds Flows	Net Buy (MYR'm)
Local Institutions	137.8
Local Retails	5.6
Foreign	-143.4

Foreign			
Dow Jones	29,202.88	-93.91	-19.64
S&P 500	3,612.39	-27.27	-24.21
Nasdaq	10,542.10	-110.3	-32.62
FTSE	6,959.31	-31.78	-5.76
Hang Seng	17,216.66	-523.39	-26.42
Nikkei	27,116.11	-195.19	-5.82
Shanghai CI	2,974.15	-50.25	-18.29
Strait Times	3,107.47	-38.34	-0.52

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6485	0.0110	11.61
GBP / MYR	5.2033	-0.0317	-7.59
JPY100 / MYR	3.2093	0.0033	-11.32
EUR/MYR	4.5565	-0.0291	-3.35
SGD / MYR	3.2535	-0.0016	5.45
CNY / MYR	3.5284	-0.0110	438.93
AUD / MYR	2.9829	-0.0220	-1.44

Bond Yield Movements

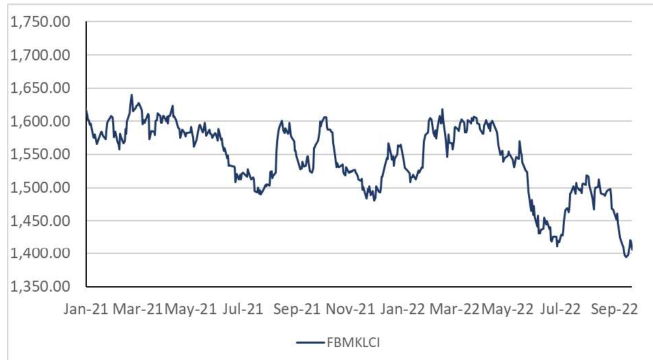
		Yield	Daily Change (bps)
MGS	3- year	3.86	4
	10- year	4.33	-5
GII	3- year	3.88	4
	10- year	4.37	3
UST	2- year	4.3	7
	10- year	3.89	6

Commodities

	Last	Daily chg	Daily chg %
CPO (3rd month)	3,876.00	139	3.72
Brent (1st month)	96.07	-1.85	-1.89
Gold (spot)	1,668.30	-28.56	-1.68

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover	
Vol (m shrs)	1,909
Value (MYR m)	1,433

Top 5 Value	Last	Daily chg %	Value (MYR m)
PBBANK	4.260	0.24	86.296
GENTING	4.490	-0.44	70.909
PCHEM	8.570	-0.81	68.593
TOPGLOV	0.645	-4.44	62.644
MYEG	0.910	0.55	60.634

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
CAP	0.010	100.00	0.010
FOCUS-PA	0.010	100.00	0.006
AEM	0.020	100.00	0.002
IMPIANA	0.020	33.33	0.000
XDL	0.020	33.33	0.000

Top 5 Losers	Last	Daily chg %	Value (MYR m)
DOLMITE	0.005	-50.00	0.007
FINTEC	0.005	-50.00	0.007
PHB	0.005	-50.00	0.006
VSOLAR	0.005	-50.00	0.005
PERMAJU-PA	0.005	-50.00	0.000

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
TWL	2.250	100.000	0.04
BORNOIL	0.146	43.000	0.025
MUIIND	1.689	33.783	0.1
GFM	3.500	25.000	0.15
UNITRAD	4.600	20.000	0.22

Market Pulse

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

The KLCI ended last week with a green spinning top after three red Marubozu, closing at 1,406.00 pts with +11.37 pts (+0.82%). KLCI's constituents saw 20 gainers and 10 losers with the top gainers of the week being Press Metal and MISC, gaining 7.67% and 4.14%, respectively. Albeit the index made a rebound in the Budget week, the sentiment on Friday (Budget 2023) itself was relatively weak with only 4 gainers and 22 losers with 4 remaining unchanged. Broad market shared the same sentiment as losers also overtook gainers by 485 to 308 while the remaining 382 are unchanged.

As for the U.S. market, it has been a volatile week as some economic data suggested that the economy was not slowing down enough to satisfy the Fed policymakers. Speculation of Fed Pivot surrounds investors' sentiment as some downside surprises in economic reports boosted sentiment in raising hopes that the Fed might slow its rate hikes to tame inflationary pressures. However, inflationary fears renew with OPEC+ announced a 2 million barrel per day cut, on top of signs of labour market strength. The economy added 263k jobs (consensus: 255k) in September, while the unemployment rate falls back to 3.5% but the drop-in participation rate to 62.3% cause a bit of a concern. Nevertheless, rising in wages appeared to be slowing with average hourly earnings continue to slow down to +5.0% YoY from the peak of +5.6% YoY in March.

Meanwhile, over to China, the Caixin services PMI fell to 49.3 last month from 55 in August, underscoring the consensus of 54.4, adding further evidence of the toll China's Zero Covid strategy is taking on consumer spending and the economy. A reading below 50 signals a contraction in activity. Fears of Shanghai lockdown start to ripple as China is stepping up efforts to contain the Covid outbreak ahead of its 20th National Congress of the Chinese Communist Party on 16th October.

For this week, we anticipate the KLCI trend sideways as investors digest the announcement on the dissolution of parliament yesterday. Sentiment may remain volatile with a downside bias since the Budget 2023 will need to be retabled as the Parliament has been dissolved prior to Bill approval. As GE15 is set to be held in 2022, we expect KLCI may rise to 1,571 points (Exhibit 1), 30 points higher than our year-end target if election play kicks in (Exhibit 1). Technically, the KLCI may trade between in between 1,408.83 pts and 1,379.44 pts level. Our Picks in Exhibit 2.

Exhibit 1: KLCI trend before and after GE

Source: Bloomberg, compiled by PRSB

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.94	2.45	26.29
Guan Chong	GUAN MK	Outperform	2.11	2.78	31.75
Technical					
QL Resources	QLG MK	Outperform	5.02	5.77	14.94
Opcom Holdings	OHB MK	Buy	0.815	1.24	52.15
KSL Holdings	KSL MK	Buy	0.785	0.96	22.29
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	1.67	1.73	3.59
Kelington Group	KGRB MK	Buy	1.31	1.71	30.53
Pentamaster Corporation	PENT MK	Buy	4.08	5.26	28.92
Formosa Prosonic Industries	FOR MK	Buy	2.97	3.92	31.99
Kerjaya Prospek Group	KPG MK	Outperform	1.16	1.39	19.83
MMS Ventures	MMSV MK	Buy	0.680	1.20	76.47
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	0.99	1.32	33.33
OSK Holdings	OSK MK	Buy	0.87	1.12	28.74
UWC	UWC MK	Buy	4.02	5.03	25.12
Dayang Enterprise	DEHB MK	Buy	1.17	1.44	23.08
Deleum	DLUM MK	Outperform	0.69	0.84	21.74

CTOS Digital	CTOS MK	Buy	1.34	1.78	32.84
Ancom Nylex	ANC MK	Buy	0.97	1.24	27.84
BP Plastics Holdings	BPP MK	Buy	1.41	1.80	27.66
CCK Consolidated Holdings	CCK MK	Outperform	0.65	0.71	9.23
Globetronics Bhd	GTB MK	Outperform	1.17	1.40	19.66
Inari Amertron Bhd	INRI MK	Outperform	2.57	3.11	20.82
Vitrox Corp Bhd	VITRO BHD	Buy	7.38	7.88	6.71
Pecca Group BHd	PECCA MK	Buy	0.85	1.16	35.88
Nova Wellness Group Bhd	NOVA MK	Outperform	0.92	1.07	16.39
Duopharma Biotech Bhd	DBB MK	Outperform	1.30	1.44	10.77
Mega First Corp	MFCB MK	Outperform	3.25	3.63	11.54
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	1.62	1.80	11.09
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.26	1.39	10.60
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.49	0.85	74.23
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.77	1.86	5.08

Note: Telekom was removed from our picks as it hits its respective cut loss price.
Source: Bursa, Bloomberg, PRSB, price as of 7th October 2022

Malaysian news highlights

- **PM announces parliament dissolution to make way for GE15.**
  The 14th Parliament was dissolved on Monday to make way for the 15th general election (GE15). Prime Minister Datuk Seri Ismail Sabri Yaakob announced the dissolution of the Parliament in a special announcement at Perdana Putra at 3pm on Monday, putting an end to the rumours and speculations that had grown stronger since the end of September. (Source: TheEdgeMarkets)

- **Malaysian economy will not be badly affected next year, says PM Ismail Sabri.**
  Prime Minister Datuk Seri Ismail Sabri Yaakob expressed confidence that the Malaysian economy will not be badly affected compared with other countries although there is a global economic slowdown. Ismail Sabri said his confidence brews from the fact that Malaysia is able to sustain its economic situation after the positive growth shown this year. He cited the country's positive GDP of 8.9% in the second quarter of 2022 compared with 5% in the first quarter of 2022. (Source: TheEdgeMarkets)

- **Malaysia's carbon tax will help achieve carbon neutrality by 2050.**
  Putrajaya's plan to introduce a carbon tax is a good move in the right direction for the nation in achieving carbon neutrality by 2050. "Although no specific implementation date has been announced, the government is evaluating the carbon pricing mechanism. Already introduced in various developed countries, the carbon tax will serve as a new source of government revenue and is certainly a step in the right direction to assist our nation in achieving carbon neutrality by 2050," KPMG Malaysia head of tax Soh Lian Seng said in a statement on Friday (Oct 7). With the government's intention to introduce a carbon tax to drive the environment, social and governance (ESG) agenda, Soh said sustainability was certainly a key focus in the Budget 2023 proposals. (Source: TheEdgeMarkets)

- **CPO futures end higher on strong external market sentiment.**
  Crude palm oil (CPO) futures contracts on Bursa Malaysia Derivatives ended higher on Friday after seeing seven straight sessions of rising, largely driven by external factors of higher crude oil and soybean oil prices. Singapore-based Palm Oil Analytics owner and co-founder Sathia Varqa told Bernama that palm oil made the most impressive gains in eight weeks, recovering all of the losses from the previous two weeks. Echoing him, palm oil trader David Ng said these factors have lifted the sentiment in the palm oil market. (Source: TheEdgeMarkets)

- **Ageing nation by 2050: Government continues to enhance ecosystem for senior citizens.**
  Cognisant of Malaysia becoming an ageing nation by 2050 when the population aged above 65 years old will be more than 15% of the population, the government will continue to enhance the ecosystem for senior citizens. According to the Economic Outlook 2023 report released by Finance Ministry on Friday, the Department of Statistics Malaysia projected that 7.3% of the total population will reach the age of 65 and above by 2022 when the ageing population in this country is growing at a faster rate than initially expected in 2030. (Source: TheEdgeMarkets)

- **Manufacturers laud Budget 2023's focus on rakyat, but call for more business recovery support.**
  The Federation of Malaysian Manufacturers (FMM) has commended Budget 2023's focus on the rakyat's well-being, but calls for more to be done on the business front to support its recovery. "We note that the budget is expansionary in nature with [a] focus on assisting the middle- and lower-income groups as well as the micro, small and medium enterprises (MSMEs) during the current challenging economic climate. "The development budget of RM95 billion, an increase from the previous RM75.6 billion, will certainly help to further stimulate domestic consumption which will have a spillover effect on the entire economy," it said. (Source: TheEdgeMarkets)

- **Multi-tiered levy system for foreign workers' recruitment not feasible for plantation sector, says MPOA.**
  The government's intention to implement a multi-tiered levy system for foreign workers' recruitment next year may not be feasible for the plantation sector, said the Malaysian Palm Oil Association

(MPOA). "While the plantation sector waits for details of the proposal, the growers are taken aback by the plan — if it is based on the ratio of foreign workers to local workers in order to reduce the dependency on foreign workers while promoting greater local participation of labour market. (Source: TheEdgeMarkets)

- **Malaysia expects crude palm oil price to average RM4,300 per tonne in 2023.**
  Malaysia on Friday forecast crude palm oil price would average RM4,300 (US$928.93) per tonne in 2023, down from RM5,000 this year. That is higher than the last 10-year average of RM2,685, as supply of global edible oils and fats is expected to remain tight, according to Malaysia's Economic Outlook report (Economic Report 2022/2023) released together with the 2023 budget. Malaysia is the world's second largest producer of crude palm oil. Benchmark prices on the Malaysian exchange rallied to a record high of RM7,268 early this year, as a labour crunch and the war in Ukraine triggered a global edible oil shortage. Prices have given up nearly half of those gains since then. (Source: TheEdgeMarkets)

Global news highlights

- **'No Possibility of Reconciliation' as US Slams China Chip.**
  The US Commerce Department on Friday unveiled sweeping regulations that limit the sale of semiconductors and chip-making equipment to Chinese customers, striking at the foundation of the country's efforts to build its own chip industry. The agency also added 31 organizations to its unverified list, including Yangtze Memory Technologies Co. and a subsidiary of leading chip equipment maker Naura Technology Group Co., severely limiting their ability to buy technology from abroad. (Source: Bloomberg)

- **US Consumer Borrowing Rises More Than Forecast on Credit Card Use.**
  Total credit increased $32.2 billion from the prior month, Federal Reserve figures showed Friday. The median forecast in a Bloomberg survey of economists called for a $25 billion advance. The figures aren't adjusted for inflation. (Source: Bloomberg)

- **US Jobs Rise While Unemployment Drops, Keeping Pressure on Fed.**
  Nonfarm payrolls increased 263,000 in September after a 315,000 gain in August, a Labor Department report showed Friday. The unemployment rate dropped to 3.5%, matching a five-decade low. Average hourly earnings rose firmly. (Source: Bloomberg)

- **ECB steps up pressure on banks to exercise bonus caution — sources.**
  The European Central Bank (ECB) is ratcheting up pressure on some banks to keep 2022 bonuses in check amid fears about the darkening economic outlook, according to people with knowledge of the matter. The euro area's top banking supervisor has told individual lenders recently that it expects restraint in variable pay and dividends as it is concerned the energy crunch could result in a wave of defaults, the people said, asking not to be identified as the discussions are private. The warnings have gained in urgency, with the ECB now seeing a sharper slowdown in Europe next year as a likely scenario, the people said. (Source: TheEdgeMarkets)

- **Bank of England Expands Emergency Support for UK Bond Market.**
  The Bank of England stepped up its support for the UK bond market rattled by the government's unfunded tax cuts, aiming to prevent a rout in a $1 trillion part used by the pensions industry from spreading. The UK central bank's move is designed to bring an orderly finish to emergency purchases at the end of this week and to provide longer-term support for a wider range of securities in the coming weeks. (Source: Bloomberg)

- **Lockdown Worries Return to Shanghai, China Covid Tally Rises.**
  China is stepping up efforts to contain Covid-19 outbreaks ahead of the Party Congress, with national cases climbing to the highest in almost two months and concerns about widening lockdowns rippling across the financial hub of Shanghai. The country reported 1,878 cases for Sunday, the highest since Aug. 20, as the week-long National Day holiday saw cases flare among returning travelers.

Shanghai posted 34 new local infections, the most in almost three months, with two infections found outside of its quarantine system. (Source: Bloomberg)

- **China Services Activity Drops as Covid Lockdowns Curb Spending.**
  The Caixin services purchasing managers' index fell to 49.3 last month from 55 in August, S&P Global said in a statement Saturday, far lower than the 54.4 median estimate in a Bloomberg survey of economists. A reading below 50 signals a contraction in activity. (Source: Bloomberg)

- **China's Holiday Spending Slumps as Consumer Demand in Asia Slows.**
  Tourism revenue declined 26% to 287 billion yuan ($40.3 billion) over the week-long holiday from a year ago. Compared with pre-pandemic levels in 2019, revenue was down nearly 56%, and even worse than last year's 40% decrease from 2019 levels, according to figures from the official social media account of the Ministry of Culture and Tourism. Roughly 422 million trips were taken, down 18% from last year and 39% from 2019 levels. (Source: Bloomberg)

- **Taiwan Exports 'Will Only Get Worse' After First Drop Since 2020.**
  Overseas shipments dropped 5.3% in September compared to a year earlier, according to a statement from the Finance Ministry in Taipei on Friday. That was the first drop in exports since June 2020, when the pandemic was in full swing and wreaking havoc on the world economy. It was the worst decline since January 2020. (Source: Bloomberg)

- **Philippine Peso's Slide Stops at Key Support Level as Central Bank Revs Up Support.**
  The Philippine peso is holding onto support near a record low as the central bank steps up its efforts to contain the currency's slide. The peso dropped Monday but is trading a fraction stronger than its current all-time low of 59 per dollar, a support level that has now held for almost two weeks. The currency has tumbled more than 13% this year, the worst performer in Asia after the yen and South Korean won. (Source: Bloomberg)

- **Indonesia Plans EV Purchase Subsidies in 2023 to Spur Sales.**
  Indonesia plans to begin subsidizing purchases of electric vehicles next year as the country aspires to have 2.5 million EV users by 2025 to boost demand and reduce air pollution. The government is deciding on the magnitude and its precise mechanism, said Transport Minister Budi Karya Sumadi in an interview on Thursday, promising that the new rule will become a "game changer" for the domestic industry. (Source: Bloomberg)

Corporate news

- **Petronas: Gas supply force majeure impacts MLNG Dua but other plants unaffected.**
  Petroliam Nasional Bhd (Petronas) has said its force majeure on gas supply for the production of liquefied natural gas (LNG) at the Petronas LNG Complex in Bintulu, Sarawak affected only the MLNG Dua production facility. In a statement, Petronas said the other LNG production facilities within the Petronas LNG Complex continue to operate as planned. (Source: TheEdgeMarkets)

- **Hartalega eyes M&A in diversification push.**
  Hartalega Holdings Bhd said it is eyeing mergers and acquisitions (M&A) in a planned diversification which will see the company explore opportunities to mitigate risks of being just an original equipment manufacturer (OEM) producer of gloves with plants only in Malaysia. Hartalega said it plans to diversify its customer base to reduce concentration risks and at the same time maintain a healthy "cash cow" and invest in the future growth of the company, which manufactures gloves at its factories within Selangor's Sepang and Bestari Jaya enclaves. "[Hartalega has a] healthy balance sheet and strong war chest to support key long-term business objectives moving forward," the rubber glove maker said in its latest corporate presentation. (Source: TheEdgeMarkets)

- **Hartalega forms partnership with US trading company.**
  Hartalega Holdings Bhd has formed a non-exclusive partnership with US-based United Global Trading Corp (UGTC) which will import and distribute Hartalega's nitrile or synthetic rubber gloves

tested for use with chemotherapy drugs and fentanyl, to meet the demands of the North American market, according to UGTC. In a statement on Thursday (Oct 6), UGTC said the partnership between UGTC and the rubber glove maker is a natural fit given both companies' commitment to quality and safety. "UGTC is determined to provide products and services that meet or exceed the highest safety standards, while Hartalega is known for its innovative glove design and manufacturing technology. (Source: TheEdgeMarkets)

- **All six telcos reach consensus on access agreement with DNB to lease 5G services.**
  The country's six mobile network operators (MNOs) have reached agreements on the terms in their respective access agreements (AAs) with Digital Nasional Bhd (DNB) to lease the latter's 5G network. The execution of AAs are subject to final board approvals, according to sources familiar with the telcos, by Oct 30. It is understood that the six telcos — including Maxis Bhd and U Mobile Sdn Bhd, both of whom have opted out of taking a stake in DNB — have ironed issues that they were facing earlier and have decided to subscribe to DNB's 5G network that is being rolled out nationwide. (Source: TheEdgeMarkets)

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Entitlements

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgement Date	Payment/ Cessation Date
3011	AMLEX	RM0.4000	Interim Dividend	11/10/2022	12/10/2022	21/10/2022
6017	SHL	RM9.0000	Interim Dividend	11/10/2022	12/10/2022	26/10/2022
6399	ASTRO	RM1.0000	Interim Dividend	11/10/2022	12/10/2022	25/10/2022
7811	SAPIND	RM3.4000	Interim Dividend	11/10/2022	12/10/2022	8/11/2022
45	SSB8	1 to 10	Consolidation	12/10/2022	13/10/2022	-
5293	AME	RM1.0000	Interim Dividend	12/10/2022	13/10/2022	28/10/2022
7033	HIGHTEC	RM2.0000	Interim Dividend	12/10/2022	13/10/2022	28/10/2022
182	LKL	1 to 10	Consolidation	13/10/2022	14/10/2022	-
5216	DSONIC	RM0.2500	Interim Dividend	13/10/2022	14/10/2022	28/10/2022
5248	BAUTO	RM3.0000	Interim Dividend	13/10/2022	14/10/2022	4/11/2022
5300	YENHER	RM15.0000	Interim Dividend	13/10/2022	14/10/2022	28/10/2022
5302	ATECH	RM1.5000	Interim Dividend	13/10/2022	14/10/2022	26/10/2022
6963	VS	RM0.4000	Interim Dividend	13/10/2022	14/10/2022	28/10/2022
7088	POHUAT	RM2.0000	Interim Dividend	13/10/2022	14/10/2022	28/10/2022
5139	AEONCR	RM28.5000	Interim Dividend	14/10/2022	17/10/2022	3/11/2022

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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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