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Morning Pole Position

| 12th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,386.82	-19.18	-11.53
FBM Emas	9,900.87	-149.92	-12.45
FBM Syariah	9,910.78	-160.52	-19.18
FBM Small Cap	13,607.29	-254.67	-13.66
FBM ACE	4,652.84	-56.13	-27.52
F4G BM	802.57	-12.07	-8.83
F4G BMS	817.83	-13.49	-16.77
Funds Flows			
		Net Buy (MYR'm)	
Local Institutions		81.2	
Local Retails		59.1	
Foreign		-140.3	
<i>Foreign</i>			
Dow Jones	29,239.19	36.31	-19.54
S&P 500	3,588.84	-23.55	-24.70
Nasdaq	10,426.19	-115.91	-33.36
FTSE	6,885.23	-74.08	-6.76
Hang Seng	16,832.36	-384.3	-28.06
Nikkei	26,401.25	-714.86	-8.30
Shanghai CI	2,979.79	5.65	-18.13
Strait Times	3,105.00	-2.47	-0.60

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6730	0.0245	12.20
GBP / MYR	5.1620	-0.0413	-8.33
JPY100 / MYR	3.2074	-0.0019	-11.37
EUR/MYR	4.5370	-0.0195	-3.76
SGD / MYR	3.2456	-0.0079	5.20
CNY / MYR	0.6508	-0.0024	-0.60
AUD / MYR	2.9297	-0.0532	-3.20

Bond Yield Movements

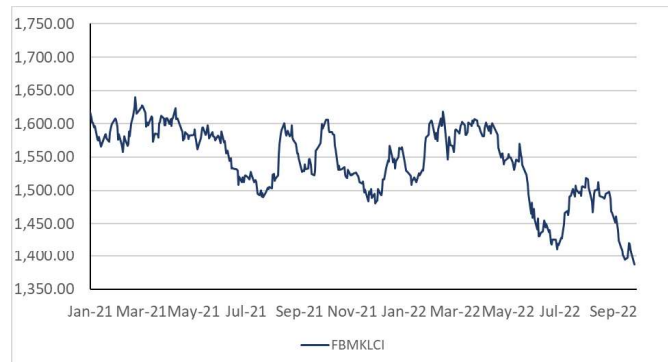
		Yield	Daily Change (bps)
MGS	3- year	3.88	2
	10- year	4.43	10
GII	3- year	3.88	0
	10- year	4.48	11
UST	2- year	4.3	0
	10- year	3.93	4

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,726.00	-150	-3.87
Brent (1 st month)	93.86	-2.21	-2.30
Gold (spot)	1,666.37	-1.59	-0.10

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,349
Value (MYR m)	1,858

Top 5 Value

	Last	Daily chg %	Value (MYR m)
MAYBANK	8.440	-2.43	115.274
CIMB	5.290	0.76	104.399
PBBANK	4.200	-1.41	89.039
IHH	5.650	-1.91	82.754
PCHEM	8.590	0.23	62.245

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
VSOLAR	0.010	100.00	0.023
FINTEC	0.010	100.00	0.000
AT	0.015	50.00	0.141
DGB	0.015	50.00	0.010
FOCUS	0.020	33.33	0.256

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
COMPUT	0.010	-33.33	0.003
MLAB	0.010	-33.33	0.001
EDUSPEC	0.015	-25.00	0.003
IMPIANA	0.015	-25.00	0.000
CFM	1.230	-24.54	17.377

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
EDUSPEC	1.500	50.000	0.015
ENGTEX	9.300	20.000	0.6
WIDAD	3.866	12.885	0.375
PCHEM	94.600	11.000	8.59
TAWIN	0.383	7.660	0.045

Market Pulse



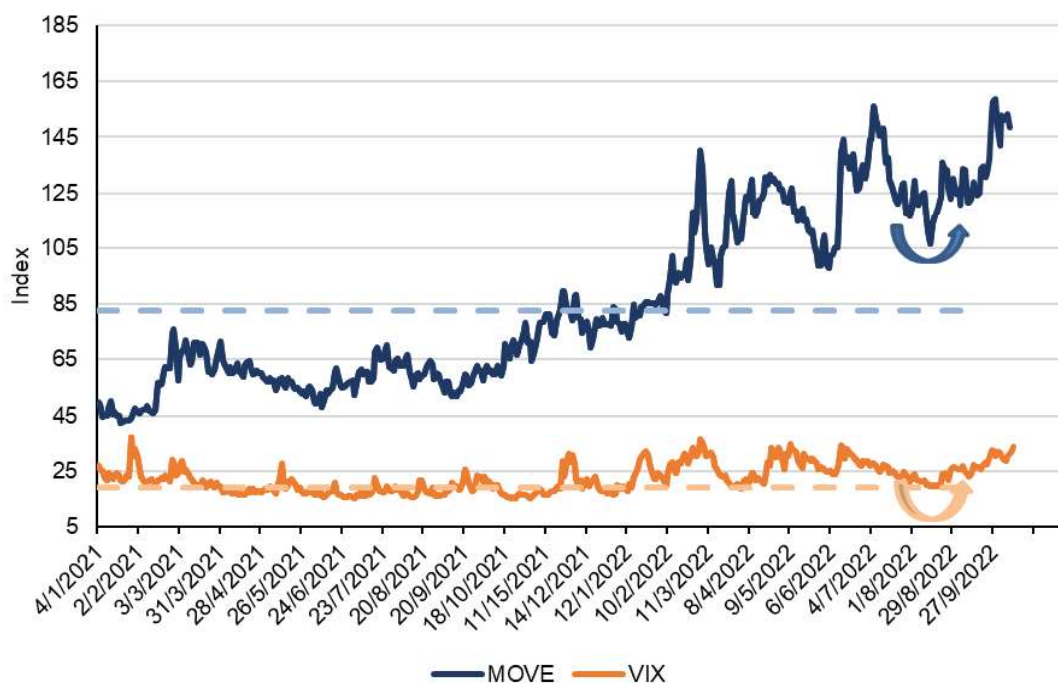
Source: Chart created using tradingview.com's tools, PRSB

The KLCI ended the 1st trading day after the dissolution of the Parliament in red, closing at 1,386.82 pts with -19.18 pts (-1.36%). KLCI saw 26 losers dragging its performance, while 4 gainers provide midget support. The selling was broad based with the top losers of the day being Inari Amertron and Press Metal Aluminium, shredding 3.89% and 3.68%, respectively. Similarly, the broader market shared the same weak sentiment as losers overtook gainers with 787 to 197, while 302 were unchanged.

As for the U.S. market, volatility continued to ensue as investors continue to assess recession risk while keeping the Fed in check (Exhibit 1). IMF cut its forecast global growth next year to 2.7% (vs 2.9% in July), adding that it sees a 25% probability that growth will slow to less than 2%. On top of that, IMF expects a third of the global economy to be at risk of contraction next year, with the US, Europe, and China continue to stall. Meanwhile, the third-quarter corporate earnings reporting season is about to begin, keeping investors on their toes for corporate guidance for next year.

For today, albeit some political-linked counter saw spiked in trading volume yesterday, we anticipate the KLCI trend sideways with a downside bias as investors weigh the potential of a hung parliament forming. Technically, the KLCI may trade between in between 1,408.83 pts and 1,379.44 pts level. Although we expect KLCI may rise to 1,571 points by year-end if election play kicks in and UMNO manage to maintain the majority. Our Picks in Exhibit 2.

Exhibit 1: VIX index



Source: Bloomberg, compiled by PRSB

Exhibit 2: 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	2.06	2.78	34.95
Technical					
QL Resources	QLG MK	Outperform	5.11	5.77	12.92
Opcom Holdings	OHB MK	Buy	0.795	1.24	55.97
KSL Holdings	KSL MK	Buy	0.785	0.96	22.29
Gamuda	GAM MK	Outperform	3.97	4.30	8.31
Chin Well Holdings	CWH MK	Outperform	1.66	2.00	20.48
Supercomnet Technologies	SCT MK	Outperform	1.59	1.73	8.81
Kelington Group	KGRB MK	Buy	1.26	1.71	35.71
Pentamaster Corporation	PENT MK	Buy	3.95	5.26	33.16
Formosa Prosonic Industries	FOR MK	Buy	2.95	3.92	32.88
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.660	1.20	81.82
FM Global Logistics Holdings	FMH MK	Buy	0.520	0.82	57.69
Solarvest Holdings	SOLAR MK	Buy	0.70	1.12	60.00
Hibiscus Petroleum	HIBI MK	Buy	0.94	1.32	40.43
OSK Holdings	OSK MK	Buy	0.87	1.12	29.48
UWC	UWC MK	Buy	3.94	5.03	27.66
Dayang Enterprise	DEHB MK	Buy	1.10	1.44	30.91
Deleum	DLUM MK	Outperform	0.67	0.84	25.37
CTOS Digital	CTOS MK	Buy	1.32	1.78	34.85

Ancom Nylex	ANC MK	Buy	0.96	1.24	29.17
BP Plastics Holdings	BPP MK	Buy	1.36	1.80	32.35
CCK Consolidated Holdings	CCK MK	Outperform	0.62	0.71	14.52
Globetronics Bhd	GTB MK	Outperform	1.12	1.40	25.00
Inari Amertron Bhd	INRI MK	Outperform	2.47	3.11	25.71
Vitrox Corp Bhd	VITRO BHD	Buy	7.17	7.88	9.83
Pecca Group BHD	PECCA MK	Buy	0.82	1.16	41.72
Nova Wellness Group Bhd	NOVA MK	Outperform	0.92	1.07	16.39
Duopharma Biotech Bhd	DBB MK	Outperform	1.29	1.44	11.63
Mega First Corp	MFCB MK	Outperform	3.21	3.63	12.93

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	1.60	1.80	12.48
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.24	1.39	12.38
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.48	0.85	77.89
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.77	1.86	5.08

Source: Bursa, Bloomberg, PRSB, price as of 11th October 2022

Malaysian news highlights

- **Unemployment rate unchanged at 3.7% in August.**

The unemployment rate in Malaysia remained at 3.7% in August, compared to the previous month, according to the Department of Statistics Malaysia (DOSM). The DOSM, in a statement on Tuesday (Oct 11), however, said the number of unemployed recorded a drop of 1.4% to 612,000 people in August, compared with 620,700 people in the previous month. On the labour force, the department said, it was recorded at 16.63 million people in August, compared with 16.6 million in the previous month, while for the working population, it was 16.02 million people in August, from 15.98 million people in July. (Source: [TheEdgeMarkets](#))

Global news highlights

- **IMF Warns ‘Worst is Yet to Come’ as Steps to Slow Inflation Raise Risks.**

The IMF cut its forecast for global growth next year to 2.7%, from 2.9% seen in July and 3.8% in January, adding that it sees a 25% probability that growth will slow to less than 2%. The risk of policy miscalculation has risen sharply as growth remains fragile and markets show signs of stress, the IMF said Tuesday in its World Economic Outlook. About one third of the global economy risks contracting next year, it said, with the US, European Union and China all continuing to stall. (Source: [Bloomberg](#))

- **US Consumers’ Inflation Views Ease for Next Year But Worsen for Long Term.**

Median one-year ahead inflation expectations fell to 5.44% in September, down from 5.75% in the prior month and the lowest in a year, the regional Fed bank said in a report Tuesday. Three years from now, they see prices climbing 2.91%, up from 2.76% in August. Inflation views for five years ahead also rose. (Source: [Bloomberg](#))

- **US Retailers Looking Past China for Suppliers See Costs Jump 30%.**

Even though Mexico’s manufacturing costs are as much as 30% higher than China’s for Returnity, the absence of tariffs and the speed of trucks give its customers a rarity in today’s disorderly arena of global commerce: more certainty about when their delivery will arrive. Newman plans to keep a significant portion of production in Mexico over the longer term. (Source: [Bloomberg](#))

- **UK urged to slash spending after crisis of investor confidence.**

Britain is facing calls to slash public spending by an amount twice as big as the annual defence budget to stabilise the public finances and halt a snowballing market rout. The influential Institute for Fiscal Studies (IFS) estimated Chancellor of the Exchequer Kwasi Kwarteng will need to find savings of at least £60 billion (RM310.33 billion) to shore up confidence by the time he presents his fiscal plan on Oct 31. (Source: [TheEdgeMarkets](#))

- **UK unemployment rate drops unexpectedly to lowest since 1974.**

UK unemployment fell unexpectedly to the lowest since 1974 as people dropped out of the workforce at a record rate. The government said 3.5% of adults were looking for work in the three months through August, down from 3.6% the month before and a rate last lower in 1974. Economists had expected no change. The figures add to concerns about labour shortages, which are making it harder for companies to find the staff they need to expand. It’s also fanning wage increases and inflation, which the Bank of England has vowed to fight with higher interest rates. (Source: [TheEdgeMarkets](#))

- **Market Chaos Throws Doubt on BOE’s Plan to Flip to Selling Bonds.**

The Bank of England may be forced to push back a long-awaited plan to start selling bonds this month after a fresh bout of market panic. The central bank has already postponed a so-called active quantitative tightening program to the end of the month and has had to start buying debt to prop up the market. Many investors and analysts are now betting bond sales will be delayed even longer. (Source: [Bloomberg](#))

- **Thailand targets 'revenge spenders' to fire up tourism revival.**
Thailand is betting on "revenge spending" by tourists and a rush of travellers from Europe and the US looking to trade harsh winter at home for tropical weather to accelerate a recovery in its tourism industry. The Southeast Asian nation expects a 30% increase in average spending per trip next year, according to Yuthasak Supasorn, governor of the Tourism Authority of Thailand. Tourists spent an average 55,000 baht (RM6,736) per trip in the second quarter of this year, up 17% from 47,000 baht seen before the pandemic. (Source: [TheEdgeMarkets](#))

Corporate news

- **DRB-Hicom's vehicle hub development talks with China's Geely and Perak govt still ongoing.**
Six months after DRB-Hicom Bhd inked memorandums of understanding (MOUs) with China's Zhejiang Geely Holding Group Co Ltd and the Perak government in regard to the development of the Automotive HiTech Valley (AHTV) in Tanjong Malim, no definitive agreement has been produced. In a bourse filing, DRB-Hicom said the six-month validity period of its MOU with Geely was about to lapse, and it was in talks with the Chinese automotive group to extend the duration. "DRB-Hicom wishes to inform that DRB-Hicom and Geely are in discussion to extend the duration of the MOU," the group said in an update on the MOU. (Source: [TheEdgeMarkets](#))
- **Pestech bags RM11m job from TNB to supply smart meters.**
Integrated electrical power technology company Pestech International Bhd has bagged an RM11.1 million contract from Tenaga Nasional Bhd (TNB) to supply 60,000 units of single-phase smart meters for advanced metering infrastructure. In a bourse filing on Tuesday (Oct 11), Pestech said its wholly-owned subsidiary Pestech Sdn Bhd (PSB) on Oct 6 received a letter of award from TNB for the provision of the smart meters. Pestech added that PSB will execute the contract together with its other subsidiary Pestech Energy Sdn Bhd, which is spearheading the digitalisation business segment of the group. (Source: [TheEdgeMarkets](#))

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The ratings are based on the forecast total return (including dividends) over the next 12 months.

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