



# PHILLIP RESEARCH SDN BHD

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## Morning Pole Position

| 18<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	1,386.27	3.80	-11.56
FBM Emas	9,864.06	5.74	-12.78
FBM Syariah	9,853.14	-1.65	-19.65
FBM Small Cap	13,653.74	-6.14	-13.37
FBM ACE	4,681.77	29.67	-27.07
F4G BM	798.19	0.28	-9.33
F4G BMS	809.00	-0.93	-17.67

### Funds Flows

### Net Buy (MYR'm)

Local Institutions	43.6
Local Retails	9.9
Foreign	-53.5

### Foreign

Dow Jones	30,185.82	550.99	-16.93
S&P 500	3,677.95	94.88	-22.83
Nasdaq	10,675.80	354.41	-31.76
FTSE	6,920.24	61.45	-6.29
Hang Seng	16,612.90	25.21	-29.00
Nikkei	26,775.79	-314.97	-7.00
Shanghai CI	3,084.94	12.96	-15.24
Strait Times	3,015.75	-23.86	-3.46

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7175	0.0145	13.27
GBP / MYR	5.3157	0.0124	-5.60
JPY100 / MYR	3.1722	-0.0123	-12.34
EUR/MYR	4.5944	0.0090	-2.54
SGD / MYR	3.3058	0.0032	7.15
CNY / MYR	0.6548	0.0010	0.02
AUD / MYR	2.9449	-0.0171	-2.70

### Bond Yield Movements

		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.94	1
	10- year	4.48	2
<b>GII</b>	3- year	3.96	0
	10- year	4.57	7
<b>UST</b>	2- year	4.45	-3
	10- year	4.02	2

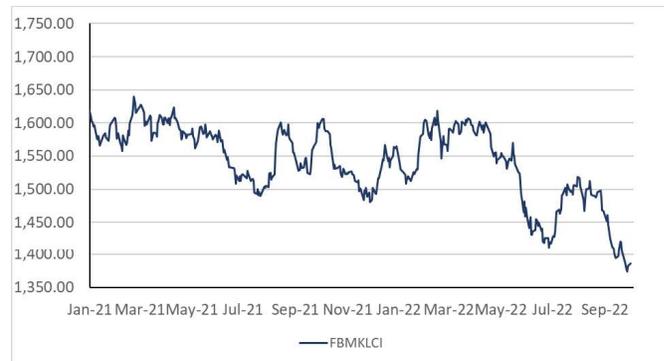
\*Data as at 12/10/2022 due to BNM website temporary down

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,887.00	21	0.54
Brent (1 <sup>st</sup> month)	91.98	-0.35	-0.38
Gold (spot)	1,651.08	3.51	0.21

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	1,976
Value (MYR m)	1,488

Top 5 Value	Last	Daily chg %	Value (MYR m)
GAMUDA	3.700	-5.13	81.823
TOPGLOV	0.740	7.25	81.735
MAYBANK	8.520	0.83	61.157
CIMB	5.300	0.00	53.607
PBBANK	4.200	0.00	52.414

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
PHB	0.010	100.00	0.002
AT	0.015	50.00	0.014
TALAMT	0.020	33.33	0.010
XDL	0.020	33.33	0.009
XOX	0.020	33.33	0.007

Top 5 Losers	Last	Daily chg %	Value (MYR m)
PASUKGB	0.015	-25.00	0.019
FOCUS	0.015	-25.00	0.017
MTRONIC	0.020	-20.00	0.111
MERIDIAN	0.025	-16.67	0.011
TECHNAX	0.025	-16.67	0.008

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
BORNOIL	5.005	455.000	0.025
CAELY-WB	0.268	53.612	0.06
SERBADK	0.750	50.000	0.02
CSH	0.969	32.303	0.03
WIDAD	7.518	23.275	0.42

## Market Pulse



Source: Chart created using [tradingview.com](https://tradingview.com)'s tools, PRSB

The KLCI closed with a green spinning top yesterday, indicating lack of direction. KLCI close at 1,386.27 pts with +3.80 pts (+0.27%) as it saw gainers overtook losers by 13 to 11 while remaining 6 were unchanged. The buying interest in glove stocks continued where Top Glove and Hartalega gained 7.25% and 3.19% to be the top gainers yesterday. Meanwhile the broader market sentiment was mixed, as decliners led advancers 443 to 363 while remaining 394 unchanged.

All three major U.S. indexes rose last night as investors anticipate corporate earnings seasons. Financial sector took the lead with improved sentiment as Bank of America posted lower earnings but better-than-expected earnings. Bank of America sees its U.S. consumer clients remained resilient with strong spending level albeit slower growth, while maintain elevated deposit amounts. Average loan balances rose 12% to USD1 trillion, led by a strong commercial loan growth as well as higher credit card balances. Although it is still too early to tell, at the very least, this may provide some relief to the investors as U.S. corporate earnings may not be as bad as expected.

Meanwhile the ongoing 20<sup>th</sup> National Party Congress continue to add uncertainty to investors as the publication of GDP was delayed a day before the report was scheduled for release today. Earlier, President Xi Jinping moves to defend Zero Covid Strategy during his opening speech offers less comfort to the global supply chain situation and China economy outlook.

Taking cues from the U.S. market relief last night, we think that KLCI may end up in green today. Investors may do bottom fishing today, albeit the local market sentiment is likely to remain weak as uncertainty continue to ensue on the local political front. Technically, we think that 1,378.37 level will serve as a strong support level for KLCI which is also supported by rebound on RSI. Thus, the KLCI may continue to trade in between 1,408.83 pts and 1,378.37 pts level. 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	1.90	2.45	28.95
Guan Chong	GUAN MK	Outperform	2.40	2.78	15.83

**Technical**

QL Resources	QLG MK	Outperform	5.05	5.77	14.26
Opcom Holdings	OHB MK	Buy	0.840	1.24	47.62
Gamuda	GAM MK	Outperform	3.70	4.30	16.22
Chin Well Holdings	CWH MK	Outperform	1.68	2.00	19.05
Supercomnet Technologies	SCT MK	Outperform	1.57	1.73	10.19
Pentamaster Corporation	PENT MK	Buy	3.70	5.26	42.16
Formosa Prosonic Industries	FOR MK	Buy	2.94	3.92	33.33
Kerjaya Prospek Group	KPG MK	Outperform	1.19	1.39	16.81
MMS Ventures	MMSV MK	Buy	0.640	1.20	87.50
FM Global Logistics Holdings	FMH MK	Buy	0.525	0.82	56.19
Hibiscus Petroleum	HIBI MK	Buy	0.92	1.32	43.48
OSK Holdings	OSK MK	Buy	0.86	1.12	30.23
UWC	UWC MK	Buy	3.48	5.03	44.54
Dayang Enterprise	DEHB MK	Buy	1.11	1.44	29.73
CTOS Digital	CTOS MK	Buy	1.32	1.78	34.85
Ancom Nylex	ANC MK	Buy	1.00	1.24	24.00
BP Plastics Holdings	BPP MK	Buy	1.40	1.80	28.57
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	16.39
Vitrox Corp Bhd	VITRO BHD	Buy	6.91	7.88	13.97
Pecca Group BHd	PECCA MK	Buy	0.83	1.16	40.00
Nova Wellness Group Bhd	NOVA MK	Outperform	0.90	1.07	18.99
Duopharma Biotech Bhd	DBB MK	Outperform	1.32	1.44	9.09
Mega First Corp	MFCB MK	Outperform	3.17	3.63	14.35

**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	1.64	1.80	9.73
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.15	1.39	21.17
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	1.90	1.86	-2.11

*Note: KSL was removed as it near its cut loss price.*

*Source: Bursa, Bloomberg, PRSB, price as of 17<sup>th</sup> October 2022*

## Malaysian news highlights

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- **Wee: Malaysia and China keen to complete Singapore-Kunming railway project.**  
Malaysia and China are both keen to complete the Singapore-Kunming Rail Link (SKRL) project, so that countries in the Asean region can benefit from an efficient public transport system in passenger or cargo services. Caretaker Transport Minister Datuk Seri Dr Wee Ka Siong stated this in the 21st Asean-China transport ministers' meeting in Bali, Indonesia. Malaysia is the permanent chairman of the SKRL working committee. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **Chip Delivery Times Shrink in Sign That Supply Crunch Is Easing.**  
Lead times -- the gap between when a chip is ordered and when it is delivered -- averaged 26.3 weeks in the period, according to research by Susquehanna Financial Group. That compares with nearly 27 weeks the prior month. (Source: [Bloomberg](#))
- **UK opens £40 bil emergency programme for strained energy firms.**  
The UK is opening applications for as much as £40 billion (US\$45.1 billion) of funding to energy traders to stave off a worsening liquidity crisis. Volatile European energy-market prices have meant companies face historically high levels of liquidity issues, meaning they have to tie up huge amounts of capital, locking up funds. The UK follows countries in Europe, as well as the European Securities and Markets Authority, in trying to help smooth conditions. (Source: [TheEdgeMarkets](#))
- **ECB Unity on Policy Path Is Fraying as Recession Danger Mounts.**  
The European Central Bank's unity over the size of monetary-policy moves risks unraveling in coming months as officials diverge on the pain they reckon the economy can handle in the depths of the energy crisis. With a window for public comments before the Oct. 27 decision about to close on Wednesday, the sum of multiple remarks in Washington in recent days by a spectrum of Governing-Council members point to underlying discord that is likely to become more pronounced as the year draws to a close. (Source: [Bloomberg](#))
- **Bank of England to resume corporate bond sales next week.**  
The Bank of England said it was restarting its corporate bond-selling, as it looks to return to normality in the wake of a sustained selloff in UK assets. The decision, announced in a statement on Monday, comes after the BOE paused sales in the wake of a run on UK gilts, following Liz Truss's government's ill-fated fiscal plan. It said it will resume sales via multi-stock auctions in the week beginning Oct 24. Active government bond sales are due to begin on Oct 31. (Source: [TheEdgeMarkets](#))
- **China's Unexpected GDP Delay Blamed by Analysts on Party Meeting.**  
Third-quarter GDP data and other monthly economic indicators were scheduled to be released by the bureau on Tuesday, in the middle of the ruling party's congress -- a twice-a-decade event that's expected to hand President Xi Jinping a third term as party chief. Pulling the data release unexpectedly "isn't a good look" as China's quarterly statistics are closely watched by investors around the world, said Jeremy Stevens, chief China economist at Standard Bank Group Ltd. (Source: [Bloomberg](#))
- **India Prices Seen Cooling From September Highs, RBI Report Says.**  
India's inflation will start falling from September highs due to easing food and fuel pressures, while contact-intensive sectors will lead a recovery in the economy, the Reserve Bank of India said in its monthly bulletin. Festival-related spending is boosting consumption and triggering other components of overall demand, according to the State of the Economy report, part of RBI's October bulletin released Monday. Deputy Governor Michael Patra is among the writers of the report. (Source: [Bloomberg](#))

- **EU signs accord with Southeast Asian bloc to expand flights.**  
The European Union finalised a deal with the Association of Southeast Asian Nations to expand flights between the two trading blocs, following negotiations that began six years ago. The deal, signed on Monday in Bali, Indonesia, will add passenger and cargo services between and beyond both regions, boosting connectivity as Asia reopens following Covid-19 restrictions, the EU said in a statement. (Source: [TheEdgeMarkets](#))

## Corporate news

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- **MyEG to establish sukuk wakalah programme of up to RM1 bil.**  
MyEG Services Bhd has made a lodgement with the Securities Commission Malaysia for the establishment of a sukuk wakalah programme of up to RM1 billion. “The sukuk wakalah programme is a perpetual programme which allows for the issuance of Sukuk Wakalah from time to time, provided that the aggregate outstanding nominal value of Sukuk Wakalah shall not exceed RM1 billion at any point in time,” said MyEG in a bourse filing on Monday (Oct 17). (Source: [TheEdgeMarkets](#))
- **Sapura Energy’s shareholders approve RM35 mil deal to sell drilling rigs.**  
Practice Note 17 (PN17) company Sapura Energy Bhd’s shareholders greenlighted the proposal on the disposal of three drilling rigs to UK-based NKD Maritime Ltd for US\$8.2 million (RM35.14 million) at the EGM. The oil and gas service provider said the resolution was duly passed after 489 shareholders who collectively hold 8.63 billion shares in Sapura Energy (representing 99.96% of voting shares) voted for the disposal. (Source: [TheEdgeMarkets](#))
- **UMW Group 3Q2022 automotive sales at 93,972 units, highest quarter YTD.**  
The UMW Group recorded automotive sales of 93,972 units for the third quarter of 2022 (3Q2022), representing the highest quarter of units delivered for the year. In 2Q2022, the group recorded sales of 89,183 units. In a statement, the group said that UMW Toyota Motor (UMWT) and UMW’s associate company Perodua, both saw higher sales in 3Q2022, as they continued to fulfil their outstanding bookings. (Source: [TheEdgeMarkets](#))

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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:

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