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Morning Pole Position

| 20th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBMKLCI	1,415.10	14.74	-9.72
FBMEmas	10,043.97	69.07	-11.18
FBMSHA	10,044.94	10.16	-18.09
FBMSCAP	13,874.29	65.13	-11.97
FBMACE	4,724.95	-28.22	-26.40
F4GBM	813.96	7.25	-7.54
F4GBMS	826.80	1.38	-15.85

Funds Flows

Net Buy (MYR'm)

Local Institutions	60.3
Local Retails	-6.3
Foreign	-54.0

Foreign

Dow Jones	30,423.81	-99.99	-16.28
S&P 500	3,695.16	-24.82	-22.47
Nasdaq	10,680.51	-91.89	-31.73
FTSE	6,924.99	-11.75	-6.22
Hang Seng	16,511.28	-403.3	-29.43
Nikkei	27,257.38	101.24	-5.33
Shanghai CI	3,044.38	-36.58	-16.36
Strait Times	3,022.80	-3.08	-3.23

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7240	0.0090	13.42
GBP / MYR	5.3211	-0.0036	-5.50
JPY100 / MYR	3.1615	0.0029	-12.64
EUR/MYR	4.6376	0.0032	-1.62
SGD / MYR	3.3193	0.0006	7.58
CNY / MYR	0.6542	-0.0008	-0.08
AUD / MYR	2.9752	0.0147	-1.70

Bond Yield Movements

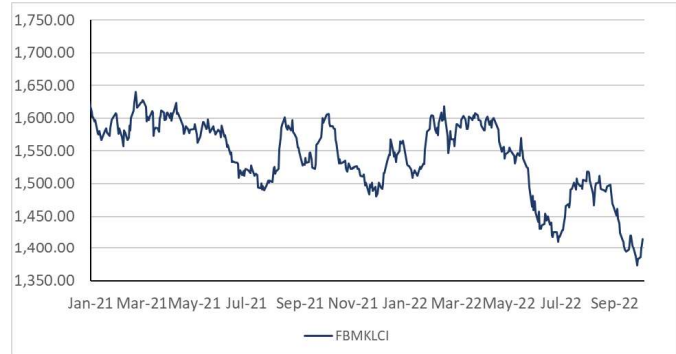
		Yield	Daily Change (bps)
MGS	3- year	3.94	4
	10- year	4.45	-1
GII	3- year	3.88	-8
	10- year	4.57	1
UST	2- year	4.55	12
	10- year	4.14	13

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,118.00	107	2.67
Brent (1 st month)	92.57	2.39	2.65
Gold (spot)	1,629.16	-22.85	-1.38

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,234
Value (MYR m)	1,717

Top 5 Value	Last	Daily chg %	Value (MYR m)
IHH	6.100	2.18	91.750
PCEM	8.630	0.94	89.184
PBBANK	4.340	3.33	72.971
CIMB	5.390	2.67	63.611
TOPGLOV	0.725	-2.03	52.932

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
PERMAJU-PA	0.010	100.00	0.001
CAP	0.010	100.00	0.121
VSOLAR	0.010	100.00	0.006
DOLPHIN	0.020	33.33	0.000
KEYASIC	0.045	28.57	0.329

Top 5 Losers	Last	Daily chg %	Value (MYR m)
EAH	0.005	-50.00	0.013
FOCUS-PA	0.005	-50.00	0.002
EDUSPEC	0.010	-33.33	0.368
XDL	0.015	-25.00	0.006
SERBADK	0.015	-25.00	0.039

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
CHINHIN	99.998	41.666	2.7
UMW	28.135	8.500	3.33
HLBANK	19.817	0.950	20.86
IJM	10.990	7.000	1.55
RAPID	4.896	0.360	14.78

Market Pulse



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

The KLCI index continued its rally to close at 1,415.10 pts with +14.74 pts (+1.05%). KLCI constituents saw 19 gainers and 11 losers, with Public Bank and CIMB gaining 3.33% and 2.67%, respectively. On the broader market, sentiment is mixed as gainers slightly outpaced losers 437 to 426, while 382 counters were unchanged.

Meanwhile, the U.S. market snapped its two-day rally as positive news on company earnings was offset by a renewed rise in bond yields and a poorly received US 20-year Treasury auction.

With Morgan Stanley and Nomura calling a bottom in Asian stocks in the next few weeks, we believe foreign funds will flow into Malaysia. Although local investors' sentiment may continue to be mixed today pending the announcement of the polling date, KLCI breached the 1,408.83 level yesterday which now becomes the support level for today. Should the buying momentum continue, KLCI may reach 0.236 Fibonacci level at 1,431.67, which is supported by the rising RSI. However, we think KLCI will close with an indecisive candle today as investors continue to seek market directions ahead of GE15. Our Picks in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.93	2.45	26.94
Guan Chong	GUAN MK	Outperform	2.12	2.78	31.13
Technical					
QL Resources	QLG MK	Outperform	5.06	5.77	14.03
Opcom Holdings	OHB MK	Buy	0.820	1.24	51.22
Gamuda	GAM MK	Outperform	3.65	4.30	17.81
Chin Well Holdings	CWH MK	Outperform	1.68	2.00	19.05
Supercomnet Technologies	SCT MK	Outperform	1.60	1.73	8.12

Pentamaster Corporation	PENT MK	Buy	3.81	5.26	38.06
Formosa Prosonic Industries	FOR MK	Buy	2.98	3.92	31.54
Kerjaya Prospek Group	KPG MK	Outperform	1.20	1.39	15.83
MMS Ventures	MMSV MK	Buy	0.660	1.20	81.82
FM Global Logistics Holdings	FMH MK	Buy	0.525	0.82	56.19
Hibiscus Petroleum	HIBI MK	Buy	0.88	1.32	50.00
OSK Holdings	OSK MK	Buy	0.86	1.12	30.23
UWC	UWC MK	Buy	3.57	5.03	40.90
Dayang Enterprise	DEHB MK	Buy	1.11	1.44	29.73
CTOS Digital	CTOS MK	Buy	1.31	1.78	35.88
Ancom Nylex	ANC MK	Buy	0.98	1.24	27.18
BP Plastics Holdings	BPP MK	Buy	1.40	1.80	28.57
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	17.36
Vitrox Corp Bhd	VITRO BHD	Buy	7.05	7.88	11.70
Pecca Group Bhd	PECCA MK	Buy	0.84	1.16	38.32
Nova Wellness Group Bhd	NOVA MK	Outperform	0.87	1.07	22.41
Duopharma Biotech Bhd	DBB MK	Outperform	1.37	1.44	5.11
Mega First Corp	MFCB MK	Outperform	3.29	3.63	10.18
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

Source: Bursa, Bloomberg, PRSB, price as of 19th October 2022

Malaysian news highlights

- **Slower export growth expected ahead as base effect dissipate in September, say economists.**

Malaysia's total export rose 30.1% year-on-year (y-o-y) in September to RM144.31 billion, supported by external demand for electrical and electronics (E&E) and oil and gas products. However, the figure was below *Bloomberg* consensus forecast of 31.5% and also below the 31.2% growth expected by economists polled by *Reuters*. It was also lower than the export growth achieved in August of 48.2%. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Fed Says Economy Grew Modestly But Recession Worry Dims Outlook.**

"Outlooks grew more pessimistic amidst growing concerns about weakening demand," the Fed said Wednesday in its Beige Book report, published two weeks before each meeting of the policy-setting Federal Open Market Committee. "Several Districts reported a cooling in labor demand, with some noting that businesses were hesitant to add to payrolls amid increased concerns of an economic downturn." (Source: [Bloomberg](#))

- **Mortgage Rates in US Extend Climb to 6.94%, Highest Since 2002.**

The contract rate on a 30-year fixed mortgage jumped another 13 basis points to 6.94% in the week ended Oct. 14, marking the ninth-straight increase, according to Mortgage Bankers Association data released Wednesday. (Source: [Bloomberg](#))

- **A £52 Billion Jump in Mortgage Costs Fuels Risk for UK Lenders.**

A surge in bad loans awaits UK banks as higher interest rates saddle homeowners with an estimated £52 billion (\$58.6 billion) of added mortgage payments over the next three years, an analyst warned as he downgraded his ratings on several lenders. The jump in costs will help push the personal debt service burden toward about 10% of post-tax income and further into the "dangerous territory" traditionally associated with large increases in impairments, Keefe, Bruyette & Woods analyst Ed Firth wrote in a note to clients on Wednesday. (Source: [Bloomberg](#))

- **Philippine Central Bank Ready to Use Tools to Smooth Peso Swings.**

The Philippine central bank stands ready to use other tools to curb the peso's volatility, according to an official, as the authority's intervention in the currency market is less than its peers. Bangko Sentral ng Pilipinas is "prepared to utilize other tools to respond to fluctuations in exchange rate and to ensure that legitimate demand for foreign currency is satisfied," Senior Assistant Governor Iuminada Sicat told lawmakers at a Senate hearing Wednesday. (Source: [Bloomberg](#))

Corporate news

- **Axis REIT 3Q income jumps 12.5%, declares 2.45 sen DPU.**

Axis Real Estate Investment Trust's (REIT) net property income (NPI) in the third quarter ended Sept 30, 2022 (3QFY22), climbed 12.54% to RM61.49 million from RM54.64 million a year earlier, on the back of rental income from newly-acquired properties. A third interim income distribution of 2.45 sen per unit will be paid on Nov 30, Axis REIT said in a bourse filing on Wednesday (Oct 19). Together with the 2.42 sen per unit and 2.55 sen per unit distributed for 1Q and 2QFY22, the company's year-to-date distribution per unit (DPU) stands at 7.42 sen. (Source: [TheEdgeMarkets](#))

- **Eight rail stations designated as emergency response centres, says Prasarana.**

Prasarana Malaysia Bhd has designated eight rail stations as emergency response centres under its Rapid KL Safety Point (RSP) pilot project. The selected stations will provide emergency assistance for those who need it. The eight rail stations are the Kampung Batu MRT station, Pasar Seni LRT and MRT stations, Masjid Jamek LRT station (Kelana Jaya and Ampang routes), KL Sentral LRT station, KLCC LRT station and Bukit Bintang MRT station. (Source: [TheEdgeMarkets](#))

- **Bursa seeks public feedback on proposed amendments to Main Market Listing Requirements on REITs and ETFs with waqf.**

Bursa Malaysia Securities Bhd seeks public feedback on the proposed amendments to the Main Market Listing Requirements in relation to listed real estate investment trusts (REITs) and exchange-traded funds (ETFs) with waqf feature. In a statement on Wednesday (Oct 19), the regulator said the proposed waqf amendments are meant to complement the Securities Commission Malaysia's initiatives to broaden the range of Islamic capital market products which support socio-economic development, greater public good and wealth distribution in the Malaysian capital market. (Source: [TheEdgeMarkets](#))

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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.

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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;

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