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Morning Pole Position

| 26th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBMKLCI	1,444.41	-2.01	-7.85
FBMEmas	10,228.39	7.49	-9.55
FBMSHA	10,212.12	14.72	-16.72
FBMSCAP	14,049.27	64.45	-10.86
FBMACE	4,830.60	29.33	-24.75
F4GBM	830.24	-0.17	-5.69
F4GBMS	842.44	-0.30	-14.26

Funds Flows	Net Buy (MYR'm)
Local Institutions	-15.2
Local Retails	-36.6
Foreign	51.8

<i>Foreign</i>			
Dow Jones	31,836.74	337.12	-12.39
S&P 500	3,859.11	61.77	-19.03
Nasdaq	11,199.12	246.5	-28.42
FTSE	7,013.48	-0.51	-5.02
Hang Seng	15,165.59	-15.1	-35.18
Nikkei	27,250.28	275.38	-5.35
Shanghai CI	2,976.28	-1.27	-18.23
Strait Times	2,984.15	14.20	-4.47

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7348	-0.0032	13.68
GBP / MYR	5.3602	0.0866	-4.81
JPY100 / MYR	3.1804	0.0413	-12.11
EUR/MYR	4.6670	0.0446	-1.00
SGD / MYR	3.3240	0.0078	7.74
CNY / MYR	0.6478	-0.0057	-1.05
AUD / MYR	2.9928	0.0304	-1.11

Bond Yield Movements

		Yield	Daily Change (bps)
MGS	3- year	3.93	0
	10- year	4.52	-5
GII	3- year	3.88	0
	10- year	4.57	-9
UST	2- year	4.42	-8
	10- year	4.1	-15

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,127.00	26	0.63
Brent (1 st month)	93.10	-0.33	-0.35
Gold (spot)	1,652.66	2.72	0.16

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,261
Value (MYR m)	1,762

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.590	1.085	130.611
MAYBANK	8.680	0.231	96.368
PBBANK	4.450	-1.111	83.538
PCHEM	8.840	-1.778	61.624
TM	5.440	1.115	42.447

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
ASIAPLY-PA	0.100	53.85	0.003
NIHSIN-PA	0.030	50.00	0.065
S&FCAP	0.080	33.33	0.012
FOCUS	0.020	33.33	0.027
IMPIANA	0.025	25.00	0.387

Top 5 Losers	Last	Daily chg %	Value (MYR m)
FOCUS-PA	0.005	-50.000	0.003
FINTEC-PA	0.005	-50.000	0.000
HSCEI-2XL	0.355	-25.263	0.004
BCMALL	0.015	-25.000	0.004
EDUSPEC	0.015	-25.000	0.993

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
SEM	10.000	5.000	2.11
HEXTECH	8.030	0.934	10.5
NCT	6.933	18.008	0.37
MYEG	4.980	6.000	0.83
HEXTAR	4.300	2.000	2.23

Market Pulse



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

KLCI took a breather yesterday to close slightly lower at 1,444.41, with -2.01 pts (-0.14%). In the KLCI constituents, losers outpaced gainers by 16 to 9 with the remaining 5 unchanged. 3 out top 5 losers of the day were dragged by Petronas Dagangan, Petronas Chemicals, and Petronas Gas, falling 1.97%, 1.78%, and 1.40%, respectively. Meanwhile, the broader market sentiment is mixed with slight negative as it has seen 445 losers, 420 gainers, and 384 counters unchanged for the day.

The U.S. market closed higher last night as the market cheered from stronger-than-expected third-quarter corporate earnings and a pullback in Treasury yields. A pullback in Treasury yields helped propel the major indexes higher, while stocks also benefited from the continued drumbeat of stronger-than-expected third-quarter corporate earnings. Companies are reporting earnings growth at 5.8% above consensus, compared with an average of 7% for the prior four quarters, according to Refinitiv data. Consumers related stocks namely Coca-Cola, 3M, and Visa shared insight on consumer spending resiliency on top of little moderation seen broad-based on inflationary pressure. Technology space gave mixed insight. Despite Microsoft's better-than-expected earnings result, its cloud-computing revenue slows down more than market consensus highlighting the weakening macroeconomic situation. Alphabet on the other hand, widely missed consensus as digital ad spending took a downturn.

Our local market sentiment on the other hand would still be heavily weighed by GE15. With GE15 working as the market catalyst, KLCI may continue to trend higher today, up to 0.382 Fibonacci level of 1,467.74. RSI has not reached an overbought level yet, despite strong buying activity recently, which indicates the buying trend may continue. On top of that, the double-bottom formation completed last week continues to give a strong bullish reversal signal to the market. Thus, we think KLCI may trade between 0.236 and 0.382 Fibonacci levels (1,431.67-1,467.74) with a bullish bias. Our Picks in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.87	2.45	31.02
Guan Chong	GUAN MK	Outperform	2.04	2.78	36.27
Technical					
QL Resources	QLG MK	Outperform	5.13	5.77	12.48
Opcom Holdings	OHB MK	Buy	0.915	1.24	35.52
Gamuda	GAM MK	Outperform	3.83	4.30	12.27
Chin Well Holdings	CWH MK	Outperform	1.54	2.00	29.87
Supercomnet Technologies	SCT MK	Outperform	1.59	1.73	8.81
Pentamaster Corporation	PENT MK	Buy	3.85	5.26	36.62
Formosa Prosonic Industries	FOR MK	Buy	3.09	3.92	26.86
Kerjaya Prospek Group	KPG MK	Outperform	1.19	1.39	16.81
MMS Ventures	MMSV MK	Buy	0.655	1.20	83.21
FM Global Logistics Holdings	FMH MK	Buy	0.550	0.82	49.09
Hibiscus Petroleum	HIBI MK	Buy	0.95	1.32	38.95
OSK Holdings	OSK MK	Buy	0.87	1.12	28.74
UWC	UWC MK	Buy	3.68	5.03	36.68
Dayang Enterprise	DEHB MK	Buy	1.18	1.44	22.03
CTOS Digital	CTOS MK	Buy	1.38	1.78	28.99
Ancom Nylex	ANC MK	Buy	0.96	1.24	29.17
BP Plastics Holdings	BPP MK	Buy	1.38	1.80	30.43
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	16.39
Vitrox Corp Bhd	VITRO BHD	Buy	6.95	7.88	13.31
Pecca Group Bhd	PECCA MK	Buy	0.84	1.16	37.50
Nova Wellness Group Bhd	NOVA MK	Outperform	0.88	1.07	21.71
Duopharma Biotech Bhd	DBB MK	Outperform	1.40	1.44	2.86
Mega First Corp	MFCB MK	Outperform	3.30	3.63	9.85
Malton Bhd	MALT MK	Buy	0.39	0.44	14.29
Maxis Bhd	MAXIS MK	Outperform	3.57	3.82	7.00
MyEG Services Bhd	MYEG MK	Outperform	0.83	0.94	13.25
WCT Holdings Bhd	WCT MK	Outperform	0.35	0.43	22.86
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.64	USD 1.93	17.84
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	0.36	0.85	138.03
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.87	1.86	-0.53

Source: Bursa, Bloomberg, PRSB, price as of 25th October 2022

Malaysian news highlights

- **Singapore, Sarawak to cooperate in carbon capture storage, carbon credits**
Singapore and Sarawak on Tuesday (Oct 25) announced that they will cooperate on mutual interests in carbon capture and storage as well as carbon credits. A joint workgroup will be set up for policy exchanges, and to identify potential projects for implementation, according to Singapore's Ministry of Trade and Industry. (Source: [TheEdgeMarkets](#))
- **Ringgit ends marginally higher against US dollar on Oct 25**
The ringgit closed marginally higher on Tuesday (Oct 25). However, it remained at an all-time low due to a lack of push factor for the ringgit as well as traders favouring the US dollar, a dealer said. At 6pm, the local note was slightly better versus the greenback at 4.7350/7375 from 4.7380/7395 chalked up last Friday (Oct 21). (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Consumer Confidence Falls to Three-Month Low**
US consumer confidence fell in October by more than expected to a three-month low as widespread inflation and growing concerns about the economic outlook weighed on Americans. The Conference Board's index decreased to 102.5 from a 107.8 reading in September, data out Tuesday showed. The median forecast in a Bloomberg survey of economists called for a drop to 105.9. (Source: [Bloomberg](#))
- **Housing Market Hits Brakes as US Prices Fall Most Since 2009**
A measure of prices in 20 large US cities in August fell 1.3% on a month-over-month basis, the most since March 2009, according to the S&P CoreLogic Case-Shiller index. That's the second-straight month of declines. The housing market has started to slump as the Federal Reserve hikes interest rates to curb the hottest inflation in decades. Even with the deceleration, prices remain high in many cities compared to last year. Coupled with mortgage rates that are edging closer to 7%, many would-be buyers have been shut out, while some sellers have retreated. (Source: [Bloomberg](#))
- **Bank of England Chief Economist Defends CPI as Inflation Target**
Bank of England Chief Economist Huw Pill launched a staunch defense of the current inflation target, saying that any goal had to reflect the everyday experience of the British public. Speaking at an Office for National Statistics event on Tuesday, Pill rejected calls for a switch to a measure that excludes volatile items such as energy and food, which have driven inflation into double digits over the past year. (Source: [Bloomberg](#))
- **China's Budget Deficit Nears Record \$1 Trillion as Economy Slows**
The deficit in the budgets for all levels of government was 7.16 trillion yuan (\$980 billion), according to Bloomberg calculations based on data released by the Ministry of Finance on Tuesday. That is a record for any comparable period and is almost three times the 2.6 trillion yuan shortfall in January-September last year. (Source: [Bloomberg](#))
- **Singapore's cost of having fun surges to highest in 40 years**
Households in Singapore are spending more on necessities and accommodation. It's getting costlier to have fun and relax too. Prices of recreational and cultural activities in Singapore in September soared the most in 40-years, according to the Department of Statistics on Tuesday. Keeping that pet puppy or turtle now costs 5.2% more than a year earlier, while holiday expenses rose by 8.4%. (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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The ratings are based on the forecast total return (including dividends) over the next 12 months.

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