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Morning Pole Position

| 27th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,454.98	10.57	-7.18
FBM Emas	10,297.54	69.15	-8.94
FBM Syariah	10,326.11	113.99	-15.80
FBM Small Cap	14,111.81	62.54	-10.46
FBM ACE	4,869.04	38.44	-24.15
F4G BM	835.82	5.58	-5.05
F4G BMS	853.53	11.09	-13.13

Funds Flows	Net Buy (MYR'm)
Local Institutions	-19.6
Local Retails	-62.8
Foreign	82.4

<i>Foreign</i>			
Dow Jones	31,839.11	2.37	-12.38
S&P 500	3,830.60	-28.51	-19.63
Nasdaq	10,970.99	-228.12	-29.88
FTSE	7,056.07	42.59	-4.45
Hang Seng	15,317.67	152.08	-34.53
Nikkei	27,431.84	181.56	-4.72
Shanghai CI	2,999.50	23.22	-17.59
Strait Times	3,008.38	24.23	-3.69

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7180	-0.0168	13.28
GBP / MYR	5.4731	0.1129	-2.80
JPY100 / MYR	3.2094	0.0290	-11.31
EUR/MYR	4.7364	0.0694	0.47
SGD / MYR	3.3561	0.0321	8.78
CNY / MYR	0.6577	0.0099	0.46
AUD / MYR	3.0629	0.0701	1.20

Bond Yield Movements

		Yield	Daily Change (bps)
MGS	3- year	3.87	-6
	10- year	4.39	-13
GII	3- year	3.88	0
	10- year	4.51	-6
UST	2- year	4.39	-3
	10- year	4.04	-6

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,121.00	-6	-0.15
Brent (1 st month)	96.02	2.92	3.14
Gold (spot)	1,664.41	11.75	0.71

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,608
Value (MYR m)	1,799

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.550	-0.716	121.507
TOPGLOV	0.755	5.594	85.687
HARTA	2.070	11.892	65.413
MYEG	0.840	1.205	46.330
MAYBANK	8.700	0.230	42.643

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
VSOLAR	0.010	100.00	0.008
BARAKAH	0.030	50.00	0.004
PASUKGB	0.020	33.33	0.022
EDUSPEC	0.020	33.33	0.066
BCMALL	0.020	33.33	0.029

Top 5 Losers	Last	Daily chg %	Value (MYR m)
DGB	0.010	-33.333	0.004
GOCEAN	0.010	-33.333	0.002
NIHSIN-PA	0.020	-33.333	0.009
FOCUS	0.015	-25.000	0.010
PUC	0.025	-16.667	0.003

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
BJFOOD	18.000	20.000	0.965
SEG	15.600	26.000	0.63
AJIYA	10.294	9.358	1.21
MICROLN	9.000	12.000	0.87
NGGB	7.000	8.750	0.775

Market Pulse



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

KLCI extended its gain yesterday to close in green at 1,454.98 with +10.57 pts (+0.73%), taking a cue from the U.S. market yesterday. The KLCI constituents saw gainers outpacing losers by 21 to 8 with the remaining 1 unchanged. Hartalega and Top Glove gained 11.89% and 5.59%, respectively, to be the top gainers of the day, while there are also notable buying interests amongst the telecommunication names. Similarly, the broader market shared similar positive sentiment as gainers trounced losers 519 to 354, while 376 counters were unchanged.

The U.S. market was weak last night as investors digested disappointing results from Microsoft and Alphabet as highlighted yesterday. Some investors also took the time to reassess the Fed's path after the Bank of Canada delivered a smaller-than-expected rate hike. We maintained our view of aggressive Fed with a 75 bps rate hike during FOMC November (2nd November) and a 50 bps rate hike in FOMC December (15th December) as we believe inflation will peak in December. Meanwhile, META released its disappointing result aftermarket hour as both its sales and earnings missed consensus. META blamed a weak macro economy, geopolitical tension, supply chain issues, increased competition from TikTok and Apple for changing its mobile operating system which makes it more difficult for apps to track consumers in ads. However, some investors viewed that there are too many directions for its social media, as the metaverse and Reels facing competition from TikTok is a factor for the Facebook web page to experience a 13% decline in traffic in September.

As for our local market sentiment today, it may be affected by weak sentiment resulting from disappointing tech behemoth (Microsoft, Alphabet and META) results. Hence, KLCI may trend sideways today, albeit RSI has not reached an overbought level yet. We think KLCI may trade between 0.236 and 0.382 Fibonacci levels (1,431.67-1,467.74) with a slight bullish bias as GE15 works as a market catalyst. Our Picks in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.92	2.45	27.60
Guan Chong	GUAN MK	Outperform	2.04	2.78	36.27
Technical					
QL Resources	QLG MK	Outperform	5.11	5.77	12.92
Opcom Holdings	OHB MK	Buy	0.910	1.24	36.26
Gamuda	GAM MK	Outperform	3.85	4.30	11.69
Chin Well Holdings	CWH MK	Outperform	1.55	2.00	29.03
Supercomnet Technologies	SCT MK	Outperform	1.66	1.73	4.22
Pentamaster Corporation	PENT MK	Buy	3.91	5.26	34.53
Formosa Prosonic Industries	FOR MK	Buy	3.18	3.92	23.27
Kerjaya Prospek Group	KPG MK	Outperform	1.20	1.39	15.83
MMS Ventures	MMSV MK	Buy	0.675	1.20	77.78
FM Global Logistics Holdings	FMH MK	Buy	0.555	0.82	47.75
Hibiscus Petroleum	HIBI MK	Buy	0.94	1.32	41.18
OSK Holdings	OSK MK	Buy	0.88	1.12	28.00
UWC	UWC MK	Buy	3.60	5.03	39.72
Dayang Enterprise	DEHB MK	Buy	1.17	1.44	23.08
CTOS Digital	CTOS MK	Buy	1.35	1.78	31.85
Ancom Nylex	ANC MK	Buy	0.96	1.24	29.17
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	16.39
Vitrox Corp Bhd	VITRO BHD	Buy	7.01	7.88	12.34
Pecca Group Bhd	PECCA MK	Buy	0.86	1.16	34.30
Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	19.66
Duopharma Biotech Bhd	DBB MK	Outperform	1.39	1.44	3.60
Mega First Corp	MFCB MK	Outperform	3.32	3.63	9.19
Malton Bhd	MALT MK	Buy	0.39	0.44	14.29
Maxis Bhd	MAXIS MK	Outperform	3.69	3.82	3.52
MyEG Services Bhd	MYEG MK	Outperform	0.84	0.94	11.90
WCT Holdings Bhd	WCT MK	Outperform	0.35	0.43	24.64
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	1.62	1.80	11.43
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.14	1.39	22.24
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 26th October 2022

- **Gasoline Prices Are Falling Ahead of Midterm Elections**
The national average price for a gallon of gasoline is now in its third week of declines and has fallen by \$1.25 since the June peak of more than \$5, leading administration officials like White House Chief of Staff Ron Klain to highlight the declines. (Source: [Bloomberg](#))
- **Paying the Bills Gets Harder in Key Battleground US States**
The share of US families struggling to pay everyday bills rose to a fresh record this month, underscoring the toll of inflation on budgets with only two weeks to go until the midterm elections. Almost 41% of households said it has been somewhat or very difficult to cover usual household expenses in the latest US Census Bureau household survey, the highest since the question was first asked in August 2020. (Source: [Bloomberg](#))
- **The US Is Exporting Record Oil and Fuel Even as East Coast Faces Shortages**
Total petroleum shipments reached 11.4 million barrels a day, according to the Energy Information Administration, with exports of gasoline and diesel jumping to two-week highs. At the same time, domestic fuel inventories are at historic seasonal lows with pockets along the East Coast running out of -- or rationing -- supplies. (Source: [Bloomberg](#))
- **US New-Home Sales Decline as Rising Mortgage Rates Sap Demand**
Purchases of new single-family homes decreased 10.9% to a 603,000 annualized pace following an unexpected gain in August, government data showed Wednesday. The median estimate in a Bloomberg survey of economists called for a 580,000 rate. (Source: [Bloomberg](#))
- **ECB is told green loans are better inflation fix than rate hikes**
Climate activists told the European Central Bank that speeding up the energy transition through a green lending programme may be more effective than interest-rate hikes in taming inflation. One day before the Governing Council is expected to double its key rate to 1.5%, activists sent a letter to President Christine Lagarde and her colleagues, arguing that price pressures in Europe will only subside once the energy crisis is fixed. (Source: [TheEdgeMarkets](#))
- **Europe Risks Diesel Supply Shock as Russia Oil Sanctions Near**
The European Union's 200-million-barrel-a-year diesel trade with Russia, a vital supply-line to a fuel-hungry continent, is poised to halt in coming months. From early February, EU sanctions will ban the delivery of almost all seaborne refined petroleum products -- including diesel-type fuel -- from Russia, the region's single biggest external supplier. (Source: [Bloomberg](#))

Corporate news

- **AirAsia X mulls alternative fundraising plans**
AirAsia X Bhd (AAX), the medium haul, low-cost affiliate of Capital A Bhd, said it is in the midst of formulating a comprehensive proposed plan to regularise its Practice Note 17 (PN17) condition. This follows the lapse of an extension of time granted by Bursa Securities on Wednesday (Oct 26) for AAX to complete the implementation of its corporate exercises announced in May last year, which entail raising up to RM116 million via a one-for-one rights offering and a special issue to raise RM50 million. (Source: [TheEdgeMarkets](#))
- **Capital A's 3Q passenger demand up 36% q-o-q; reaches 54% of pre-pandemic levels**
Passengers carried by Capital A Bhd's operating joint ventures across Indonesia, Malaysia, the Philippines and Thailand rose 36% to 9.9 million in the third quarter of this year (3Q2022) from the previous quarter, which was 54% of pre-pandemic levels in 2019. On a year-on-year (y-o-y) basis, total passenger traffic growth was higher at 2,189%. In 3Q2022, Capital A, formerly known as AirAsia Group Bhd, operated a total of 103 aircraft. Thus, capacity in 3Q2022, measured by available seat-kilometres, was 11,417 million — 44% of pre-pandemic levels. (Source: [TheEdgeMarkets](#))

- **CIMB Niaga's 9MFY22 PBT rises 22.5% y-o-y to 5 tril rupiah on strong business growth, better cost control**

CIMB Group Holdings Bhd's 92.5%-owned PT CIMB Niaga Tbk's announced that its unaudited consolidated profit before tax (PBT) for the nine months ended Sept 30, 2022 (9MFY22) rose 22.5% year-on-year (y-o-y) to 5.02 trillion rupiah (RM1.52 billion) from 4.1 trillion rupiah. This translated into higher earnings per share of 154.13 rupiah from 126.38 rupiah, according to CIMB Group's filing with Bursa Malaysia on Wednesday (Oct 26). (Source: [TheEdgeMarkets](#))

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- The group registered a record high revenue and PAT of MYR374 million and MYR45.4 million respectively.
- The operation capacity utilization rate in FY2021 and FPE2022 are only at 32.3% and 32% respectively.
- They are reliant on the completion of the new one stop centre in FY2025 where they can manage their storage more efficiently and increase utilization rate of their existing machines.

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