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Morning Pole Position

| 28th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,454.09	-0.89	-7.24
FBM Emas	10,313.57	16.03	-8.80
FBM Syariah	10,346.73	20.62	-15.63
FBM Small Cap	14,245.41	133.60	-9.61
FBM ACE	4,863.19	-5.85	-24.24
F4G BM	836.55	0.73	-4.97
F4G BMS	854.66	1.13	-13.02

Funds Flows	Net Buy (MYR'm)
Local Institutions	-99.1
Local Retails	-25.8
Foreign	124.9

<i>Foreign</i>			
Dow Jones	32,033.28	194.17	-11.85
S&P 500	3,807.30	-23.3	-20.12
Nasdaq	10,792.67	-178.32	-31.02
FTSE	7,073.69	17.62	-4.21
Hang Seng	15,427.94	110.27	-34.06
Nikkei	27,345.24	-86.6	-5.02
Shanghai CI	2,982.90	-16.6	-18.05
Strait Times	3,015.24	6.86	-3.47

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7150	-0.0030	13.21
GBP / MYR	5.4649	-0.0082	-2.95
JPY100 / MYR	3.2307	0.0213	-10.72
EUR/MYR	4.7438	0.0074	0.63
SGD / MYR	3.3517	-0.0044	8.63
CNY / MYR	0.6525	-0.0052	-0.34
AUD / MYR	3.0497	-0.0132	0.77

Bond Yield Movements

	Yield	Daily Change (bps)
MGS	3- year	3.85
	10- year	4.33
GII	3- year	3.86
	10- year	4.48
UST	2- year	4.3
	10- year	3.96

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,147.00	26	0.63
Brent (1 st month)	96.68	0.66	0.69
Gold (spot)	1,662.16	-2.25	-0.14

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,530
Value (MYR m)	1,870

Top 5 Value

	Last	Daily chg %	Value (MYR m)
BETA	0.580	-18.310	104.176
CIMB	5.600	0.901	90.821
MAYBANK	8.680	-0.230	84.432
PCHEM	8.790	-0.227	78.845
TOPGLOV	0.775	2.649	72.135

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
FOCUS-PA	0.010	100.00	0.014
DGB	0.015	50.00	0.065
GOCEAN	0.015	50.00	0.032
ANZO	0.015	50.00	0.005
FOCUS	0.020	33.33	0.003

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
PHB	0.005	-50.000	0.004
FINTEC	0.005	-50.000	0.011
AT	0.010	-33.333	0.006
EDUSPEC	0.015	-25.000	0.013
JOE	0.015	-25.000	0.002

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
TANCO-WC	13.935	111.500	0.185
TANCO	11.040	32.000	0.345
CHINHIN	5.695	2.230	2.74
BJFOOD	4.650	5.000	0.96
HEXTAR	3.990	2.100	2.2

Market Pulse



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

KLCI closed lower at 1,454.09 or -0.89 pts (-0.16%) as it struggled to keep in green yesterday after opening at 1,457.96. The KLCI constituents saw losers outpacing gainers by 14 to 9 with the remaining 7 unchanged. The losers are led by Axiata Group Bhd and Sime Darby Plantation Bhd shredding 1.78% and 1.33%, respectively. The broader market on the other hand maintained a positive sentiment with gainers surpassing losers 505 to 325, while 395 counters were unchanged.

The U.S. market ended in mixed with Dow Jones continuing to trend higher but S&P500 and NASDAQ were down. The U.S. market saw some support after the 3Q GDP gained 2.6% YoY, well above the consensus of 2.3% YoY gain. Personal consumption, the biggest part of the economy, climbed at a 1.4% pace, better than forecast but still a slowdown from the prior quarter. Albeit consumption decelerated, growth is still present which highlights U.S. economy resiliency. Other data showed durable-goods orders rising 0.4% in September, but the latest weekly initial jobless claims data showed a 3,000 gain to 217,000.

However, Tech Behemoth's disappointment continues to weigh on investors' sentiments. META attempted transformation to a metaverse platform was not well received by the market, which left investors nervously eyeing the earnings of Apple and Amazon.com, due after the closing bell. Although Apple beats on earnings thanks to stronger-than-expected sales of Macs in the back-to-school quarter, but it still missed on iPhone (Actual USD42.6 billion vs consensus USD43.0 billion). Amazon.com on the other hand slightly missed consensus due to the strengthening of USD and weakness in its AWS cloud-computing business.

We think there may be some selling pressure on the local technology counter taking a cue from disappointing Apple results. GE15 may remain to be a market catalyst, which led us to believe KLCI to trend sideways today. On top of that, RSI has not reached an overbought level yet. Thus, KLCI may trade between 0.236 and 0.382 Fibonacci levels (1,431.67-1,467.74). 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	2.14	2.78	29.91
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	3.93	4.30	9.41
Chin Well Holdings	CWH MK	Outperform	1.58	2.00	26.58
Supercomnet Technologies	SCT MK	Outperform	1.64	1.73	5.49
Pentamaster Corporation	PENT MK	Buy	3.85	5.26	36.62
Formosa Prosonic Industries	FOR MK	Buy	3.10	3.92	26.45
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	0.550	0.82	49.09
Hibiscus Petroleum	HIBI MK	Buy	0.98	1.32	35.38
OSK Holdings	OSK MK	Buy	0.88	1.12	27.27
UWC	UWC MK	Buy	3.65	5.03	37.81
Dayang Enterprise	DEHB MK	Buy	1.21	1.44	19.01
CTOS Digital	CTOS MK	Buy	1.34	1.78	32.84
Ancom Nylex	ANC MK	Buy	0.95	1.24	31.22
BP Plastics Holdings	BPP MK	Buy	1.40	1.80	28.57
CCK Consolidated Holdings	CCK MK	Outperform	0.63	0.71	13.60
Vitrox Corp Bhd	VITRO BHD	Buy	7.26	7.88	8.47
Pecca Group Bhd	PECCA MK	Buy	0.87	1.16	33.53
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	3.28	3.63	10.52
Malton Bhd	MALT MK	Buy	0.39	0.44	14.29
Maxis Bhd	MAXIS MK	Outperform	3.80	3.82	0.53
MyEG Services Bhd	MYEG MK	Outperform	0.87	0.94	8.67
WCT Holdings Bhd	WCT MK	Outperform	0.35	0.43	22.86
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.67	USD 1.93	15.72
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	1.16	1.39	20.13
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 27th October 2022

Malaysian news highlights

- **Malaysian Furniture Council: Furniture exports up 18% to RM8.5 billion.**
Malaysia's January-July 2022 furniture exports have recorded an increase versus a year ago despite the many challenges facing the industry, the Malaysian Furniture Council (MFC) said. Its president Khoo Yeow Chong told Bernama at the Reka Interiors Exhibition (RiX) 2022 at the Kuala Lumpur Convention Centre on Thursday that total overall furniture exports, including wooden furniture, stood at RM8.5 billion against RM7.2 billion for the same period in 2021. (Source: [TheEdgeMarkets](#))
- **At least 148 additional flights planned in November for GE15, says Mavcom.**
Airlines have increased scheduled flights beginning next month and have kept airfares at affordable levels to facilitate the 15th General Election (GE15) on Nov 19, said the Malaysian Aviation Commission (Mavcom). The commission said on Thursday (Oct 27) that the extra flights included 45 from Kuala Lumpur International Airport (KLIA) and 30 from Sultan Abdul Aziz Shah Airport (Subang) to selected locations within Peninsular Malaysia. In a statement, it also said that 68 extra flights have been planned for flights between Peninsular Malaysia and East Malaysia. (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Economy Rebounds as Consumers, Businesses Show Resilience.**
Gross domestic product rose at a 2.6% annualized rate in the July to September period after falling for the first two quarters, the Commerce Department's preliminary estimate showed Thursday. Personal consumption, the biggest part of the economy, climbed at a 1.4% pace, better than forecast but still a slowdown from the prior quarter. (Source: [Bloomberg](#))
- **US Mortgage Rates Soar Past 7% for First Time in Two Decades.**
The average for a 30-year, fixed loan rose to 7.08% from 6.94% last week, Freddie Mac said in a statement Thursday. That's the first time the measure has climbed past 7% since April 2002. Mortgage rates have more than doubled this year, throwing cold water on the frenzied housing market of the pandemic. The affordability crunch has sidelined potential buyers, sending home sales falling. Prices have started to drop from their Covid-era peaks. (Source: [Bloomberg](#))
- **ECB Doubles Rate to Most in Over a Decade Despite Recession Fear.**
The European Central Bank doubled its key interest rate to the highest level in more than a decade, intensifying its broadside against record inflation in the face of a likely recession. Officials in Frankfurt delivered a second straight three-quarter-point hike on Thursday -- as economists expected -- while dropping a prior reference to increases continuing for "several meetings." (Source: [Bloomberg](#))
- **BOE Rate Bets Point to Growing Doubts of a Big November Hike.**
UK traders are scaling down expectations for interest rates as the government charts a course for austerity to fix public finances. Money markets are wagering on less than 75 basis points of hikes next week, according to interest-rate swaps tied to BOE policy dates, marking a sharp turnaround from a month ago when traders bet on as much as two percentage points of increases. The bank rate is expected to peak below 5% next year compared to over 6.25% last month. (Source: [Bloomberg](#))
- **China's Xi Sends Joe Biden an Olive Branch.**
Xi said China is willing to work with the US to find ways to get along and encouraged better communication between the countries for the sake of global peace. That message comes weeks before the leaders may have their first in-person meeting since Biden became president when they're expected to attend the Group of 20 summit in Indonesia. (Source: [Bloomberg](#))
- **India's Rate-Setting Panel to Hold Surprise Meet Next Week.**
The monetary policy committee of the Reserve Bank of India will hold a surprise off-cycle meeting next week, one full month before it was due to deliver on an interest-rate decision. The additional monetary policy committee meeting will likely be held to discuss the content of the letter that the

Reserve Bank of India must write to the government explaining why it missed its inflation mandate, and the roadmap to bring it back within its 2%-6% aim, said a person familiar with the matter. (Source: [Bloomberg](#))

Corporate news

- **Divfex secures TM contract worth RM71.8 mil.**
Divfex Bhd's wholly-owned subsidiary Diversified Gateway Bhd has clinched a RM71.82 million contract from Telekom Malaysia Bhd (TM). The information and communications technology solutions provider said under the agreement, it will plan, design, install, test, commission, maintain and provide support services for TM's dense wavelength division multiplexing (DWDM). The contract, spanning nearly 17 years, runs from Aug 1, 2022, until March 15, 2039, it said in a filing with Bursa Malaysia on Thursday. (Source: [TheEdgeMarkets](#))
- **Bursa Malaysia approves listing, quotation of Digi's 3.96 billion new shares for Celcom-Digi merger.**
Bursa Malaysia Securities Bhd has approved the listing of and quotation for 3.96 billion new ordinary shares in Digi.com Bhd to be issued pursuant to the proposed merger with Celcom Axiata Bhd. In a filing with Bursa Malaysia, Digi said it must first fully comply with the relevant provisions under the listing requirements pertaining to the implementation of the proposed merger. (Source: [TheEdgeMarkets](#))
- **Maybank: Competition for deposits to intensify as interest rates rise.**
Malayan Banking Bhd is expecting competition for deposits to intensify among industry peers as interest rates go up, but the bank is going to refrain from competing irrationally, said group president and chief executive officer Datuk Khairussaleh Ramli. "We are [already] seeing some form of competition, potentially towards the end of the year, that will get a bit more intense," he told reporters after announcing Maybank's M25+ midterm strategy on Thursday (Oct 27). (Source: [TheEdgeMarkets](#))
- **Maybank revises midterm ROE target down to 11%-12% by 2025, from 13%-15%.**
Malayan Banking Bhd (Maybank) has revised its return on equity (ROE) target down to 11%-12% by 2025 in its latest midterm strategy, dubbed M25+, from 13%-15% previously, on expectations of higher investment and growing uncertainties in global economy. "[The revision is] primarily premised on the environment that we see globally. We mentioned about post-pandemic, but we also see the geopolitical uncertainties globally," said Maybank's group president and chief executive officer Datuk Khairussaleh Ramli at a media briefing after announcing M25+ on Thursday (Oct 27). (Source: [TheEdgeMarkets](#))
- **CTOS Digital's 3Q earnings almost doubles.**
CTOS Digital Bhd posted a 95% surge in net profit to RM22.76 million for the third quarter ended Sept 30, 2022 (3QFY2022), up from RM11.67 million a year earlier, driven by higher revenue and share of profit from associates. The credit reporting group's revenue for the quarter surged 37% to RM52.85 million from RM38.57 million, as revenue from its Malaysian operations rose 28.7% to RM47.65 million from RM37.01 million, while revenue from its international operations ballooned to RM5.2 million from RM1.56 million. (Source: [TheEdgeMarkets](#))
- **Gamuda clinches RM2.13 bil railway job from Taiwanese govt.**
Gamuda Bhd has bagged a NT\$14.5 billion (RM2.13 billion) contract to construct an underground rail track and commuter station in Taiwan's TaoYuan city, jointly with a local company. Gamuda said it was appointed as the main contractor for the package of the TaoYuan City Underground Railway Project by Taiwan's transportation ministry and state-owned railway company Communications' Railway Bureau. (Source: [TheEdgeMarkets](#))

- **Lotte Chemical Titan posts second straight quarterly loss of RM355 mil at 3QFY22** Text Body. Lotte Chemical Titan Holding Bhd (LCT) posted a net loss of RM355.5 million or 15.61 sen per share in the third quarter ended Sept 30, 2022 (3QFY22), compared to a net profit of RM48.48 million or 2.41 sen per share in 3QFY21, despite higher revenue. This is LCT's second straight quarterly loss. In comparison, it made a wider net loss for the quarter under review compared with the RM145.92 million loss in 2QFY22, on revenue of RM2.82 billion. (Source: [TheEdgeMarkets](#))

Regional company reports

UNISEM Q3FY2022 Result Briefing.

- Revenue grew 20.0% YoY for the quarter, while net profit rose 39.3% YoY. This displayed strength across all its businesses, where it is also attributable to better average selling prices and appreciation of USD/MYR and USD/RMB exchange rates.
- For Q4FY2022 guidance, expect inventory adjustment and weaker consumer demand in the mobile phone segment, while other segments such as auto and power management should remain strong. Target growth of 3-5% in terms of USD revenue.
- Announced 2nd interim dividend of 2.0sen with ex-date on 10th November and payable on 23rd November.

CTOS Q3FY2022 Result Briefing.

- Achieved record high quarterly revenue (+37% YoY) and PATAMI (+95% YoY) driven by growth across all business segments and higher associate contributions.
- On track to meet FY2022 internal target for revenue of MYR185-195 million and normalized PATAMI MYR75-80 million. Guiding further growth for FY2023, revenue without consolidation of RAM is looking at MYR220-230 million and normalized PATAMI is at MYR95-100 million.
- Announced 3rd interim dividend of 0.60sen with ex-date on 16th November and payable on 14th December.

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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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