



# PHILLIP RESEARCH SDN BHD

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## Morning Pole Position

| 1<sup>st</sup> November 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<b>Local</b>			
FBM KLCI	1,460.38	13.07	-6.84
FBM Emas	10,350.84	75.44	-8.47
FBM Syariah	10,411.11	88.60	-15.10
FBM Small Cap	14,296.72	75.76	-9.29
FBM ACE	4,858.93	-22.37	-24.31
F4G BM	839.40	6.85	-4.65
F4G BMS	861.32	9.57	-12.34
<b>Funds Flows</b>			
		<b>Net Buy (MYR'm)</b>	
Local Institutions		30.8	
Local Retails		-22.4	
Foreign		-8.4	
<b>Foreign</b>			
Dow Jones	32,732.95	-128.85	-9.92
S&P 500	3,871.98	-29.08	-18.76
Nasdaq	10,988.15	-114.31	-29.77
FTSE	7,094.53	46.86	-3.93
Hang Seng	14,687.02	-176.04	-37.23
Nikkei	27,587.46	482.26	-4.18
Shanghai CI	2,893.48	-22.44	-20.50
Strait Times	3,093.11	33.92	-0.98

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7280	0.0055	13.52
GBP / MYR	5.4594	0.0151	-3.05
JPY100 / MYR	3.1891	-0.0138	-11.87
EUR/MYR	4.6916	-0.0047	-0.48
SGD / MYR	3.3435	0.0017	8.37
CNY / MYR	0.6476	-0.0032	-1.08
AUD / MYR	3.0245	-0.0059	-0.07

### Bond Yield Movements

		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.79	-3
	10- year	4.37	4
<b>GII</b>	3- year	3.85	2
	10- year	4.46	0
<b>UST</b>	2- year	4.51	10
	10- year	4.10	8

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	4,080.00	57	1.42
Brent (1 <sup>st</sup> month)	94.85	-1.41	-1.46
Gold (spot)	1,633.22	-10.32	-0.63

Source: Treasury.gov, Bursa and BNM

### FBM KLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	2,887
Value (MYR m)	1,939

### Top 5 Value

	Last	Daily chg %	Value (MYR m)
TOPGLOV	0.795	0.63	144.073
CIMB	5.520	-0.72	129.976
MAYBANK	8.590	0.12	115.606
PBBANK	4.470	2.05	110.526
HARTA	2.160	1.41	41.906

### Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
PERMAJU-PA	0.010	100.00	0.033
DOLPHIN	0.025	66.67	0.395
SOLUTN	0.300	36.36	12.442
EDUSPEC	0.020	33.33	0.057
MERIDIAN	0.025	25.00	0.000

### Top 5 Losers

	Last	Daily chg %	Value (MYR m)
FLBHD	0.685	-51.07	0.172
NEXGRAM	0.005	-50.00	0.019
EAH	0.005	-50.00	0.007
VSOLAR	0.005	-50.00	0.007
KGROUP	0.005	-50.00	0.005

### Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
EMETALL	13.924	20.179	0.72
CAELY	13.588	54.352	0.29
MICROLN	8.400	10.000	0.89
RAPID	4.583	0.339	14.66
HONGSENG	4.004	18.200	0.22

**Market Pulse**



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

The KLCI index extended its gain to close higher at 1,460.38 or +13.07 pts (+0.9%) as gainers surpassed losers 23 to 4 while 3 remained unchanged. Dialog and Axiata gained 7.85% and 4.78%, respectively, to be the top gainers of the day. Similarly, the broad market shared the same positive sentiment as gainers trouncing losers 450 to 365, while 410 counters were unchanged.

For the U.S market, profit-taking can be seen across the board as it is set to end the month of October in green and investors wait for Fed Chairman Jerome Powell’s speech on 2<sup>nd</sup> November. Nevertheless, the corporate earnings seasons so far showcased consumer resiliency beating consensus despite weaker QoQ earnings and disappointing news from the Tech Behemoth. On top of that, continued strength seen in the job market may translate into holiday spending towards the year’s end. We believe markets would remain highly volatile this week as the U.S. market tends to have a knee-jerk reaction to the Fed decision. Since KLCI does have a positive correlation with the U.S. market, we think that KLCI would likely be affected.

For today, we think KLCI may attempt to break the 0.382 Fibonacci level of 1,467.74 again as GE15 continued to fuel as the market catalyst. If it manages to breach, KLCI may trend higher to 0.500 Fibonacci level of 1,496.90. On the downside, it may trend as low as yesterday’s low of 1,450.94. 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	1.98	2.45	23.74
Guan Chong	GUAN MK	Outperform	2.10	2.78	32.38
<b>Technical</b>					
QL Resources	QLG MK	Outperform	5.12	5.77	12.70
Opcom Holdings	OHB MK	Buy	0.895	1.24	38.55
Gamuda	GAM MK	Outperform	3.85	4.30	11.69
Supercomnet Technologies	SCT MK	Outperform	1.62	1.73	6.79
Pentamaster Corporation	PENT MK	Buy	3.88	5.26	35.57
Formosa Prosonic Industries	FOR MK	Buy	3.15	3.92	24.44
Kerjaya Prospek Group	KPG MK	Outperform	1.18	1.39	17.80
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	0.97	1.32	36.08
OSK Holdings	OSK MK	Buy	0.89	1.12	25.84
UWC	UWC MK	Buy	3.70	5.03	35.95
Dayang Enterprise	DEHB MK	Buy	1.24	1.44	16.13
CTOS Digital	CTOS MK	Buy	1.41	1.78	26.24
Ancom Nylex	ANC MK	Buy	0.93	1.24	33.33
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.63	0.71	12.70
Vitrox Corp Bhd	VITRO BHD	Buy	7.08	7.88	11.23
Pecca Group BHD	PECCA MK	Buy	0.89	1.16	30.51
Nova Wellness Group Bhd	NOVA MK	Outperform	0.90	1.07	18.99
Duopharma Biotech Bhd	DBB MK	Outperform	1.38	1.44	4.35
Mega First Corp	MFCB MK	Outperform	3.28	3.63	10.52
Malton Bhd	MALT MK	Buy	0.38	0.44	17.33
MyEG Services Bhd	MYEG MK	Outperform	0.89	0.94	6.21
WCT Holdings Bhd	WCT MK	Outperform	0.37	0.43	17.81
<b>ETF</b>					
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	0.84	0.92	10.01
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.62	1.80	11.43
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.12	1.39	24.42
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.31	0.85	172.58
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.92	1.86	-3.12

Source: Bursa, Bloomberg, PRSB, price as of 31<sup>st</sup> October 2022

## Malaysian news highlights

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- **BNM: M'sian banking system maintains strong liquidity, funding position.**

Malaysia's banking system continued to maintain a healthy liquidity position, recording a strong liquidity coverage ratio of 152.5% in September, a position that remained supportive of intermediation activities, said Bank Negara Malaysia (BNM). The central bank said Malaysian banks sustained deposit growth, riding on recovery in economic activities which continued to support banks' lending activities, with the aggregate loan-to-fund ratio remaining stable at 82.5%, compared with 82.6% in August. In its monthly highlights — September 2022 report on Monday (Oct 31), BNM shared that asset quality of the banking system also remained intact, with the overall gross impaired loan ratio broadly stable at 1.82% (August: 1.84%) and the net impaired loan ratio at 1.12% (August: 1.13%). (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **OPEC Says Supply Surplus Was Main Reason for Oil Production Cut.**

"We see a surplus in the fourth quarter," Haitham al Ghais told reporters at the Adipecon energy conference in Abu Dhabi. "We also see a surplus in early parts of 2023 because of the great uncertainties surrounding the economic growth forecasts. That was the main reason we took the decision to be proactive." (Source: [Bloomberg](#))

- **More Than a Third of US Small Businesses Couldn't Pay All Their Rent in October.**

About 37% of small businesses, which between them employ almost half of all Americans working in the private sector, were unable to pay their rent in full in October. That's according to a survey from Boston-based Alignable, a network of 7 million small business members. It's up seven percentage points from last month and is now at the highest pace this year, the survey showed. (Source: [Bloomberg](#))

- **Euro-Zone Inflation Soars to New Record as Economy Fades.**

Euro-area inflation surged to a fresh all-time high, while the bloc's economy lost momentum -- reinforcing fears that a recession is now all-but-unavoidable. Consumer prices jumped by 10.7% from a year ago in October, far exceeding the 10.3% median estimate in a Bloomberg survey. Third-quarter output, meanwhile, slowed to 0.2% from the previous three months -- more than analysts estimated but much less than the 0.8% advance recorded between April and June. (Source: [Bloomberg](#))

- **Breaking China's Grip on Rare-Earths Markets a 'Pipe Dream,' Australia Says.**

Australia's resources minister said it was a "pipe dream" that Western countries could soon end their reliance on China for rare earths and critical minerals -- vital for the defense, aerospace and automotive industries -- due to the Asian powerhouse's existing grip on global markets. (Source: [Bloomberg](#))

- **Xi's Covid Zero Is Killing China's iPhone Advantage.**

Forced to adhere to the government's tough stance on the virus, Foxconn banned dining at central cafeterias and some workers were given only basic meals such as bread and instant noodles. With nationwide cases surging to the most in 80 days on Sunday, many may have been legitimately concerned about getting stuck inside a factory amid deteriorating conditions. A hasty exit seemed the best move, with Reuters reporting that output at the facility may drop by as much as 30% in November as a result. (Source: [Bloomberg](#))

- **Hong Kong's Economy Records Worst Contraction Since 2020.**

Gross domestic product plunged 4.5% in the July-to-September period from a year earlier, according to advance estimates released by the government on Monday. That was far weaker than economists' forecasts for a 0.8% decline, and worse than the second quarter's 1.3% fall. (Source: [Bloomberg](#))

- **India plans to cut sugar export quota by almost 20% this year - sources.**  
India may cut sugar exports in the year through September 2023 to safeguard domestic supplies and on expectations for higher biofuel demand, according to people with knowledge of the matter. The world's second-biggest producer may permit sugar mills to ship nine million tons, lower than the 11.2 million quota for 2021-22, said the people who asked not to be named as they are not authorised to speak publicly. An email sent to the food ministry's spokesperson was not immediately answered. A spokesperson of the commerce ministry was also not available. (Source: [TheEdgeMarkets](#))

## Corporate news

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- **Maxis still assessing governance requirements for 5G access agreement.**  
Maxis Bhd said it is still assessing the governance requirements for the 5G access agreement and is "committed to bringing this to a close as soon as possible". "Maxis is committed to playing an active role in bringing 5G to the nation, in line with the government's digital ambitions, and to utilising Digital Nasional Bhd (DNB)'s network for 5G services," the group said, adding that it is confident of launching 5G "in the near future". "Maxis will continue to support the nation's 5G aspirations in strengthening Malaysia's competitiveness in the region," said the group in a statement on Monday (Oct 31). (Source: [TheEdgeMarkets](#))
- **TNB expedites Sedenak main intake substation upgrade.**  
Tenaga Nasional Bhd (TNB) has fast-tracked upgrading works at the Sedenak main intake substation (PMU) to stimulate growth in nearby industrial areas and international data hub. TNB head of grid development Dev Anandan said the project is expected to be a catalyst in the state government's aspiration to accelerate the development of the 2,950-hectare (7,290-acre) Sedenak Technology Valley, including data centre complex Sedenak Tech Park (STeP) as its key growth component. (Source: [TheEdgeMarkets](#))
- **Fire at Pengerang complex not within its 50%-owned petrochemical facilities, says PetChem.**  
Petronas Chemicals Group Bhd (PetChem) said the interconnecting pipes at the Pengerang Integrated Complex (PIC) in Johor, where a fire broke out last week, are not within the petrochemical facilities in which the group has a 50% direct equity. "Preliminary assessments indicate no damages to the petrochemical assets," PetChem said in a bourse filing with Bursa Malaysia on Monday (Oct 31). "However, due to the integrated nature of PIC and to ensure the safety and wellbeing of the employees, workers and surrounding communities, the petrochemical plants have been temporarily shut down," it added. (Source: [TheEdgeMarkets](#))
- **Econpile bags sub-structure job for private hospital in Kelantan.**  
Piling specialist Econpile Holdings Bhd has bagged a RM24.09 million contract to undertake substructure works for a private hospital in Kota Bharu, Kelantan. The hospital comprises a 12-storey hospital block and 11-storey carpark block, the group said in a Bursa Malaysia filing. Econpile said its wholly-owned subsidiary, Econpile (M) Sdn Bhd, was awarded the contract by Kota Bharu Medical Centre Sdn Bhd. (Source: [TheEdgeMarkets](#))
- **Bursa: RM2.8 bil raised via IPOs in 9M22.**  
A total of RM2.8 billion was raised via new listings through initial public offerings (IPOs) in Malaysia in the first nine months of 2022 (9M22), about 22% higher than the RM2.3 billion raised in the same period last year, according to Bursa Malaysia Bhd. This was despite the local securities market registering a trading revenue of RM203 million in 9M22, a decrease of 43.6% year-on-year, compared with RM359.9 million in 9M21. In a statement released by Bursa Malaysia on Monday (Oct 31), the stock exchange operator attributed the decrease in trading revenue to lower average daily trading value for securities market's on-market trades and direct business trades from RM4 billion in 9M21 to RM2.2 billion in 9M22. (Source: [TheEdgeMarkets](#))

## Economic Calendar

Country	Economic Data
<b>1<sup>st</sup> November 2022</b>	
Malaysia	S&P Global Malaysia PMI Mfg
China	Caixin China PMI Mfg
United States	S&P Global US Manufacturing PMI
United States	JOLTS Job Openings
United States	ISM Manufacturing
United States	ISM Employment
<b>3<sup>rd</sup> November 2022</b>	
United States	FOMC Rate Decision (Lower Bound)
United States	FOMC Rate Decision (Upper Bound)
United States	Interest on Reserve Balances Rate
United States	Challenger Job Cuts YoY
United States	Trade Balance
United States	Initial Jobless Claims
United States	S&P Global US Services PMI
United States	S&P Global US Composite PMI
United States	Factory Orders
United States	ISM Services Index
China	Caixin China PMI Composite
China	Caixin China PMI Services
Malaysia	BNM Overnight Policy Rate
<b>4<sup>th</sup> November 2022</b>	
United States	Unemployment Rate
United States	Labor Force Participation Rate
<b>7<sup>th</sup> November 2022</b>	
Malaysia	Foreign Reserves
China	Foreign Reserves
China	Exports YoY
China	Imports YoY
China	Trade Balance
<b>8<sup>th</sup> November 2022</b>	
Malaysia	Industrial Production YoY
Malaysia	Manufacturing Sales Value YoY
<b>9<sup>th</sup> November 2022</b>	
China	PPI YoY
China	CPI YoY
<b>10<sup>th</sup> November 2022</b>	
United States	CPI MoM
United States	CPI YoY
United States	Initial Jobless Claims
<b>11<sup>th</sup> November 2022</b>	
Malaysia	BoP Current Account Balance MYR
Malaysia	GDP YoY

Malaysia	GDP SA QoQ
China	FDI YTD YoY CNY
<b>15<sup>th</sup> November 2022</b>	
China	Industrial Production YoY
China	Industrial Production YTD YoY
China	Retail Sales YoY
China	Surveyed Jobless Rate
United States	PPI Final Demand MoM
United States	PPI Final Demand YoY
<b>16<sup>th</sup> November 2022</b>	
United States	Import Price Index MoM
United States	Import Price Index YoY
United States	Export Price Index MoM
United States	Export Price Index YoY
United States	Industrial Production MoM
United States	Manufacturing (SIC) Production
<b>17<sup>th</sup> November 2022</b>	
Malaysia	Exports YoY
Malaysia	Imports YoY
Malaysia	Trade Balance MYR
United States	Initial Jobless Claims
<b>22<sup>nd</sup> November 2022</b>	
Malaysia	Foreign Reserves
United States	Richmond Fed Manufact. Index
<b>23<sup>rd</sup> November 2022</b>	
United States	Initial Jobless Claims
United States	S&P Global US Manufacturing PMI
United States	S&P Global US Services PMI
United States	S&P Global US Composite PMI
<b>24<sup>th</sup> November 2022</b>	
United States	FOMC Meeting Minutes
<b>25<sup>th</sup> November 2022</b>	
Malaysia	CPI YoY
<b>27<sup>th</sup> November 2022</b>	
China	Industrial Profits YTD YoY
China	Industrial Profits YoY
<b>30<sup>th</sup> November 2022</b>	
China	Composite PMI
China	Manufacturing PMI
China	Non-manufacturing PMI
United States	GDP Annualized QoQ
United States	Personal Consumption
United States	GDP Price Index
United States	Core PCE QoQ
United States	JOLTS Job Openings

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