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## Morning Pole Position

| 3<sup>rd</sup> November 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,451.61	5.69	-7.40
FBM Emas	10,297.44	30.31	-8.94
FBM Syariah	10,367.67	31.97	-15.46
FBM Small Cap	14,352.16	56.90	-8.94
FBM ACE	4,953.84	75.82	-22.83
F4G BM	834.24	2.85	-5.23
F4G BMS	856.85	3.63	-12.80
<b>Funds Flows</b>			
		<b>Net Buy (MYR'm)</b>	
Local Institutions			-11.5
Local Retails			11.3
Foreign			0.1
<i>Foreign</i>			
Dow Jones	32,147.76	-505.44	-11.53
S&P 500	3,759.69	-96.41	-21.12
Nasdaq	10,524.80	-366.05	-32.73
FTSE	7,144.14	-42.02	-3.26
Hang Seng	15,827.17	371.9	-32.36
Nikkei	27,663.39	-15.53	-3.92
Shanghai CI	3,003.37	34.17	-17.48
Strait Times	3,141.13	10.63	0.56

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7380	0.0035	13.76
GBP / MYR	5.4539	-0.0040	-3.14
JPY100 / MYR	3.2195	0.0106	-11.03
EUR/MYR	4.6906	-0.0074	-0.50
SGD / MYR	3.3572	0.0027	8.81
CNY / MYR	0.6510	0.0001	-0.57
AUD / MYR	3.0444	0.0013	0.59

### Bond Yield Movements

		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.76	-5
	10- year	4.29	-2
<b>GII</b>	3- year	3.79	-6
	10- year	4.40	-3
<b>UST</b>	2- year	4.61	7
	10- year	4.10	3

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	4,424.00	168	3.95
Brent (1 <sup>st</sup> month)	95.52	0.75	0.79
Gold (spot)	1,635.24	-12.26	-0.74

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	2,492
Value (MYR m)	1,782

### Top 5 Value

	Last	Daily chg %	Value (MYR m)
MAYBANK	8.540	0.00	121.414
CIMB	5.490	0.18	90.365
PBBANK	4.450	0.91	72.784
TOPGLOV	0.810	1.25	44.343
IHH	6.000	0.50	38.548

### Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
FOCUS-PA	0.010	100.00	0.005
VSOLAR	0.010	100.00	0.005
AIM	0.115	53.33	0.055
LKL	0.420	52.73	4.188
SAUDEE	0.045	50.00	2.246

### Top 5 Losers

	Last	Daily chg %	Value (MYR m)
XOX	0.015	-25.00	0.033
PASUKGB	0.015	-25.00	0.002
SEM	1.810	-23.31	6.565
ALAM	0.020	-20.00	0.131
MTRONIC	0.020	-20.00	0.064

### Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
CHINHIN	8.342	3.305	2.84
WAJA	6.103	40.685	0.095
MYEG	6.001	6.668	0.885
TROP	5.000	3.846	1.33
ANCOMNY	3.720	4.000	0.945

**Market Pulse**



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

The KLCI inched higher to close at 1,451.61 where it gained 5.69 pts or 0.39%. After a flattish morning trading session, KLCI rebounded towards closing trading hours and ended with winners outpacing losers by 18 to 6 with the remaining 6 unchanged. The top gainers of the day were led by Hartalega and Petronas Dagangan where they gained 2.82% and 2.3%, respectively. The broader market also shared similar positive sentiment as gainers beat losers 487 to 340, while 442 counters were unchanged.

The U.S. market fell last night after the Fed raised a 75bps rate hike and hinted at a potential slowdown in its effort to tighten monetary policy to bring down inflation. In short, Powell’s speech outlined important points the Fed:

- 1) acknowledged that at some point “it will be appropriate to slow the pace of increases,” but he also said it is “very premature to talk about a pause” in raising interest rates.
- 2) “ongoing increases” will still likely be needed to bring rates to a level that are “sufficiently restrictive to return inflation to 2% over time,”
- 3) “The historical record cautions strongly against prematurely loosening policy,” he said. “We will stay the course, until the job is done” signals that it would watch closely whether this rapid pace might eventually damage the economy with a “lag.”

This resonates with his speech after the FOMC September meeting as we have previously outlined in our Daily Morning Pole Position dated 22<sup>nd</sup> September 2022 with emphasized that the FOMC “has more work to do” and that the ultimate level of the federal funds would likely be higher than the committee expected in September. Investors may take a step back to digest the Fed mixed signal of a hawkish tilt toward higher rates with a dovish nod to a possible near-term downshift.

For KLCI, a dragonfly doji was formed yesterday which typically marks a bullish reversal. This is supported by the stochastic indicator as well since the two lines continue to intersect each other. The intersection of these two lines is considered to be a signal that a reversal may be in the works, as it indicates a shift in momentum from one day to the next. Nevertheless, the change of momentum may hold as KLCI continues to be fueled by GE15. Thus, KLCI may trade between 0.236 and 0.382 Fibonacci

level (1,431.67-1,467.74) but our bias is on the downside since investors may take a step back today due to China lockdown on iPhone factory, concerns on mixed Fed message of hawkish tilt toward higher rates with a dovish nod to a possible near-term downshift and BNM interest rate decision. 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	1.94	2.45	26.29
Guan Chong	GUAN MK	Outperform	2.12	2.78	31.13
<b>Technical</b>					
QL Resources	QLG MK	Outperform	5.12	5.77	12.70
Opcom Holdings	OHB MK	Buy	0.930	1.24	33.33
Gamuda	GAM MK	Outperform	3.74	4.30	14.97
Supercomnet Technologies	SCT MK	Outperform	1.68	1.73	2.98
Pentamaster Corporation	PENT MK	Buy	3.82	5.26	37.70
Formosa Prosonic Industries	FOR MK	Buy	3.10	3.92	26.45
Kerjaya Prospek Group	KPG MK	Outperform	1.19	1.39	16.81
MMS Ventures	MMSV MK	Buy	0.670	1.20	79.10
FM Global Logistics Holdings	FMH MK	Buy	0.565	0.82	45.13
Hibiscus Petroleum	HIBI MK	Buy	0.99	1.32	34.01
OSK Holdings	OSK MK	Buy	0.89	1.12	26.55
UWC	UWC MK	Buy	3.65	5.03	37.81
Dayang Enterprise	DEHB MK	Buy	1.23	1.44	17.07
CTOS Digital	CTOS MK	Buy	1.40	1.78	27.14
Ancom Nylex	ANC MK	Buy	0.95	1.24	31.22
BP Plastics Holdings	BPP MK	Buy	1.37	1.80	31.39
CCK Consolidated Holdings	CCK MK	Outperform	0.63	0.71	12.70
Vitrox Corp Bhd	VITRO BHD	Buy	7.02	7.88	12.18
Pecca Group BHD	PECCA MK	Buy	0.88	1.16	32.00
Nova Wellness Group Bhd	NOVA MK	Outperform	0.92	1.07	16.39
Duopharma Biotech Bhd	DBB MK	Outperform	1.40	1.44	2.86
Mega First Corp	MFCB MK	Outperform	3.25	3.63	11.54
Malton Bhd	MALT MK	Buy	0.39	0.44	14.29
MyEG Services Bhd	MYEG MK	Outperform	0.89	0.94	6.21
WCT Holdings Bhd	WCT MK	Outperform	0.36	0.43	19.44
<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	0.83	0.92	10.67
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.66	1.80	8.74
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.12	1.39	24.42
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.34	0.85	152.24

Source: Bursa, Bloomberg, PRSB, price as of 2<sup>nd</sup> November 2022

## Global news highlights

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- **Powell Sees Higher Peak for Rates, Path to Slow Tempo of Hikes.**  
Federal Reserve Chair Jerome Powell opened a new phase in his campaign to regain control of inflation, saying US interest rates will go higher than earlier projected, but the path may soon involve smaller hikes. Addressing reporters Wednesday after the Fed raised rates by 75 basis points for the fourth time in a row, Powell said “incoming data since our last meeting suggests that ultimate level of interest rates will be higher than previously expected.” (Source: [Bloomberg](#))
- **US Firms Add 239,000 Jobs, Boosted by Leisure Sector, ADP Says.**  
Private payrolls rose 239,000 last month after a revised 192,000 gain in September, according to data from ADP Research Institute in collaboration with Stanford Digital Economy Lab. The median forecast in a Bloomberg survey of economists called for a 185,000 advance. (Source: [Bloomberg](#))
- **After Years of Forgiveness, UK Creditors Want Their Money Back.**  
Out-of-pocket creditors have been in a forgiving mood since Covid-19 shuttered businesses in 2020, but that looks to be changing. A form of legal action in which creditors can apply to have companies shut down and their assets sold to pay debts has become increasingly common. Firms were protected from some forms of creditor action by legislation brought in during the pandemic, but those restrictions ended earlier this year. (Source: [Bloomberg](#))
- **ECB Tells Banks to Reflect Climate Risks in Strategy by End 2023.**  
The European Central Bank said lenders have until the end of next year to reflect climate risks in their governance, strategy and risk management as the watchdog ratchets up the pressure on the industry to prepare for fallout from global warming. While some banks are planning for the transition to a low-carbon economy and engaging with their clients, “a wait-and-see approach still prevails in most banks,” the ECB said in a statement on Wednesday in Frankfurt. (Source: [Bloomberg](#))
- **Euro Zone’s Factory Downturn Intensifies on Record Inflation.**  
Euro-area manufacturing activity sank to the lowest level since the first Covid-19 lockdowns in 2020 as record inflation and a weakening global economy erode demand for goods. All of the currency bloc’s biggest economies except Ireland saw the downturn deepen in October, according to surveys of purchasing managers by S&P Global published Wednesday. Spain was the worst hit, followed closely by Germany, which is among the most exposed to Russia’s cut in energy supplies. (Source: [Bloomberg](#))
- **iPhone Supply Chain Takes Hit From Xi’s Covid-Zero Enforcers.**  
With little warning, China locked down the world’s largest iPhone factory on Wednesday, declaring the zone around the Zhengzhou Foxconn Technology Group complex off-limits to combat a local Covid-19 outbreak. It’s the last thing Apple Inc. Needed. The abrupt move is expected to further disrupt a factory already grappling with an outcry over an on-site coronavirus outbreak, worker exodus and enforced quarantine. Local authorities said Wednesday that they will sterilize Foxconn’s campus and the surrounding areas in the next three days and send N95 face masks to workers, another sign of the government’s tightening grip. (Source: [Bloomberg](#))
- **Philippines Seeks Investment Boost From Europe, Trade Chief Says.**  
The Philippines is identifying companies, including those in Europe, as the nation seeks investment in export-oriented industries and renewable energy, according to Trade Secretary Alfredo Pascual. “We just had the framework done now and we are identifying some specific companies to target,” Pascual said in an interview Oct. 28 in Brussels, where he attended the EU Sustainable Investment Summit. (Source: [Bloomberg](#))

- **Maxis to seek shareholders' nod to enter 5G access agreement with DNB.**

Maxis Bhd said it will seek the consent of its shareholders to enter into the 5G access agreement with Digital Nasional Bhd (DNB). "The board has assessed the governance requirements and in reliance on professional advice, believes it is mandatory for Maxis to seek shareholders' approval given the nature of the AA [access agreement] and the substantial undertaking involved," the company said in a filing with the stock exchange on Wednesday (Nov 2). "Maxis is committed to playing an active and leading role in bringing 5G to the nation in line with the government's digital ambitions through DNB's network. (Source: [TheEdgeMarkets](#))
- **Capital A sells remaining 16.33% stake in AirAsia India to Tata affiliate for RM89m.**

AirAsia Aviation Group Ltd (AAAGL) (formerly known as AirAsia Investment Ltd, or AAIL), the holding company of Capital A Bhd, announced it has sold all its remaining shares in AirAsia (India) Private Ltd (AAI) to Air India Ltd, an affiliate of Tata Sons Pte Ltd (TSL), the holding company of the Tata Group. In a bourse filing, Capital A said the remaining shares represented 16.33% in AAI. AAAGL is expected to receive a gross proceeds of INR 1.56 billion (RM89.25 million) from the stakes sale. "There will be no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value," it noted. (Source: [TheEdgeMarkets](#))
- **Carimin's unit gets contract extension from Petronas Carigali.**

Carimin Petroleum Bhd's unit gets a contract extension from Petronas Carigali Sdn Bhd for the provision of offshore maintenance, construction and modification (MCM) services. The said contract, which was awarded to Carimin's wholly-owned subsidiary Carimin Engineering Services Sdn Bhd, expired on Sept 19 and will be extended until end-2023. Carimin said terms of the contract remain largely unchanged, except for the expansion in scope of works to cover Peninsular Malaysia gas areas. (Source: [TheEdgeMarkets](#))
- **Aeon Credit to undertake sukuk programme to raise up to RM1b.**

Aeon Credit Service (M) Bhd has lodged information with the Securities Commission in relation to its Islamic Commercial Papers (ICP) programme of up to RM1 billion in nominal value. In a bourse filing, Aeon Credit said it intends to make the first issuance of sukuk wakalah under the ICP programme within 90 business days. According to the group, the proceeds raised from the sukuk would be used to finance disbursements to customers in ordinary course of business, providing consumer financing based on the shariah principle. (Source: [TheEdgeMarkets](#))
- **Kossan 3Q earnings plummet 96% to RM23m, lowest in a decade.**

Kossan Rubber Industries Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY2022) plummeted 95.6% to RM23.26 million from RM528.2 million in the same period last year, heavily impacted by lower average selling prices (ASPs) and volume of gloves sold. Earnings per share fell to 0.91 sen from 20.69 sen previously, the Klang-based glove manufacturer's Bursa Malaysia filing on Wednesday (Nov 2) showed. Quarterly revenue declined 56.97% to RM560.52 million from RM1.3 billion in the same period a year ago due to the decrease in revenue from its gloves and clean-room divisions. (Source: [TheEdgeMarkets](#))
- **Bursa Malaysia inks sustainability MOU with London Stock Exchange Group.**

Bursa Malaysia Bhd has inked a memorandum of understanding (MOU) with the London Stock Exchange Group (LSEG) to expand environmental, social and governance (ESG) collaboration between the two exchanges as well as explore new areas of opportunity. Under the MOU terms, Bursa Malaysia and FTSE Russell, LSEG's global multi-asset index and benchmark provider, would expand their coverage of ESG scores to include all public limited companies (PLCs) listed on the Main and ACE Markets. Currently, ESG scores are only available for PLCs that are part of the FTSE Bursa Malaysia EMAS Index, which account for 30% of total Malaysian PLCs. (Source: [TheEdgeMarkets](#))

- **Genting Malaysia announces SkyWorlds ticket price adjustments.**  
Effective Tuesday (Nov 1), there will be adjustments to the Genting SkyWorlds Theme Park's ticket prices, Genting Malaysia Bhd's operating unit Resorts World Genting said in a statement on the group's website. (Source: [TheEdgeMarkets](#))
- **Axiata weighing options for Indonesian units, sources say.**  
Axiata Group Bhd is exploring options for its Indonesia businesses including combining its broadband and mobile services in the country, according to people with knowledge of the matter. Malaysia's biggest wireless company is laying the groundwork of a potential deal that would help boost synergies in its Jakarta-listed assets, said the people, who asked not to be identified as the process is private. Options under consideration also include bringing in a minority investor for its infrastructure assets as a way to fuel further investments and growth, the people said. (Source: [TheEdgeMarkets](#))

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