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Morning Pole Position

| 4th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,420.38	-31.23	-9.39
FBM Emas	10,103.52	-193.92	-10.66
FBM Syariah	10,158.55	-209.12	-17.16
FBM Small Cap	14,151.14	-201.02	-10.21
FBM ACE	4,886.43	-67.41	-23.88
F4G BM	818.25	-15.99	-7.05
F4G BMS	838.94	-17.91	-14.62
Funds Flows			
		Net Buy (MYR'm)	
Local Institutions		203.8	
Local Retails		61.2	
Foreign		-265.0	
<i>Foreign</i>			
Dow Jones	32,001.25	-146.51	-11.94
S&P 500	3,719.89	-39.8	-21.95
Nasdaq	10,342.94	-181.86	-33.89
FTSE	7,188.63	44.49	-2.65
Hang Seng	15,339.49	-487.68	-34.44
Nikkei	27,663.39	-15.53	-3.92
Shanghai CI	2,997.81	-5.56	-17.64
Strait Times	3,102.51	-38.62	-0.68

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7430	0.0050	13.88
GBP / MYR	5.3394	-0.1145	-5.18
JPY100 / MYR	3.2020	-0.0175	-11.52
EUR/MYR	4.6325	-0.0581	-1.73
SGD / MYR	3.3386	-0.0186	8.21
CNY / MYR	0.6482	-0.0028	-0.99
AUD / MYR	2.9943	-0.0501	-1.06

Bond Yield Movements

		Yield	Daily Change (bps)
MGS	3- year	3.76	0
	10- year	4.35	6
GII	3- year	3.79	0
	10- year	4.40	0
UST	2- year	4.71	10
	10- year	4.14	4

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,372.00	-52	-1.18
Brent (1 st month)	94.55	-0.97	-1.02
Gold (spot)	1,629.65	-5.24	-0.32

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,625
Value (MYR m)	1,886

Top 5 Value

	Last	Daily chg %	Value (MYR m)
MAYBANK	8.410	-1.52	127.159
TOPGLOV	0.720	-11.11	104.305
PBBANK	4.360	-2.02	102.418
CIMB	5.350	-2.55	90.167
HARTA	1.920	-12.33	56.830

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
MLAB	0.020	33.33	0.167
PASUKGB	0.020	33.33	0.006
BARAKAH	0.025	25.00	0.073
WAJA	0.115	21.05	0.338
SCOMIES	0.060	20.00	0.068

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
ADVPKG	0.680	-75.63	0.004
FOCUS-PA	0.005	-50.00	0.002
ALAM	0.015	-25.00	0.542
EDUSPEC	0.015	-25.00	0.025
FOCUS	0.015	-25.00	0.004

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
CIMB	227.375	42.500	5.35
HLBANK	211.150	10.300	20.44
PCHEM	136.320	16.000	8.5
IGBB	32.587	13.692	0
WAJA	7.702	51.346	0.115

Market Pulse



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

The KLCI succumbed to selling pressure yesterday to close at 1,420.38 where it lost 31.23 pts or 2.15%. There were 29 losers and only 1 gainer in the index. The top losers for the day are Hartalega and Top Glove who plunged 12.33% and 11.11%, respectively. This may amplify due to the disappointing Kossan result, which indicates the oversupply in the glove industry persists and the margin remained compressed. On the broader market, negative sentiment overwhelmed the market as losers thumped gainers 660 to 238, while 361 counters were unchanged.

The U.S. market extended its loss last night as investors digested comments by Federal Reserve Chairman Jerome Powell, while also positioning for the October employment report due tonight. Powell repeatedly stressed that the labour market is too strong which may keep inflation elevated. As the holiday seasons approach, the jobs market is expected to remain strong with non-farm payroll, which is due tonight and expected to add another 200k jobs into the market. Thus, providing less comfort for investors.

KLCI formed a long bearish marubozu after a series of indecisive marker may indicate a strong selling signal but, despite the recent run- up of KLCI, it did not reach an overbought situation as indicated by the RSI. The selling activity yesterday may have been overdone as investors digest the Fed messages, BNM raised 25bps, and the iPhone factory lockdown due to Covid. Thus, we expect to see some rebound for today's trading session. We think KLCI today may test the 0.236 Fibonacci level at 1,431.67 and the immediate support level will be at 1,408.03. Our picks in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.98	2.45	23.74
Guan Chong	GUAN MK	Outperform	2.10	2.78	32.38
Technical					
QL Resources	QLG MK	Outperform	5.13	5.77	12.48
Opcom Holdings	OHB MK	Buy	0.895	1.24	38.55
Gamuda	GAM MK	Outperform	3.67	4.30	17.17
Supercomnet Technologies	SCT MK	Outperform	1.69	1.73	2.37
Pentamaster Corporation	PENT MK	Buy	3.77	5.26	39.52
Formosa Prosonic Industries	FOR MK	Buy	3.02	3.92	29.80
Kerjaya Prospek Group	KPG MK	Outperform	1.18	1.39	17.80
MMS Ventures	MMSV MK	Buy	0.650	1.20	84.62
FM Global Logistics Holdings	FMH MK	Buy	0.545	0.82	50.46
Hibiscus Petroleum	HIBI MK	Buy	0.99	1.32	33.33
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	1.27	1.44	13.39
CTOS Digital	CTOS MK	Buy	1.36	1.78	30.88
Ancom Nylex	ANC MK	Buy	0.94	1.24	32.62
BP Plastics Holdings	BPP MK	Buy	1.36	1.80	32.35
CCK Consolidated Holdings	CCK MK	Outperform	0.63	0.71	13.60
Vitrox Corp Bhd	VITRO BHD	Buy	7.09	7.88	11.07
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	1.38	1.44	4.35
Mega First Corp	MFCB MK	Outperform	3.25	3.63	11.54
Malton Bhd	MALT MK	Buy	0.38	0.44	15.79
MyEG Services Bhd	MYEG MK	Outperform	0.87	0.94	8.05
WCT Holdings Bhd	WCT MK	Outperform	0.36	0.43	21.13
ETF					
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	1.13	1.39	23.32
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.38	0.85	125.33

Source: Bursa, Bloomberg, PRSB, price as of 3rd November 2022

Global news highlights

- **Holiday Sales Seen Growing at Slower Pace This Year.**
The industry's sales are expected to grow by 6% to 8% in November and December from a year earlier, the NRF said on Thursday. That's well below last year's record 13.5% increase. This year's growth will likely be supported by a robust labor market and solid wage growth. But higher inflation, rising interest rates and growing economic uncertainty will weigh on holiday purchases, particularly for low-income consumers. (Source: [Bloomberg](#))
- **US Services Gauge Falls to Lowest Since May 2020 as Orders Cool.**
The Institute for Supply Management's gauge of services retreated to 54.4 last month from 56.7 in September, according to data released Thursday. The median projection in a Bloomberg survey of economists was 55.3. Readings above 50 signal growth. (Source: [Bloomberg](#))
- **US Jobless Claims Hold Near Historic Low Despite Cooling Economy.**
Initial unemployment claims decreased by 1,000 to 217,000 in the week ended Oct. 29, Labor Department data showed Thursday. The median estimate in a Bloomberg survey of economists called for 220,000 new applications. (Source: [Bloomberg](#))
- **Bank of England makes historic rate hike despite 'very challenging' outlook.**
The Bank of England raised interest rates to 3% on Thursday from 2.25%, its biggest rate rise since 1989, but it pushed back against expectations for further steep hikes, saying Britain faces a long and painful recession. The pound slid briefly below US\$1.12 after the decision as the central bank said it "might" raise interest rates again because of a "very challenging" economic outlook. The BoE forecasts inflation will hit a 40-year high of around 11% during the current quarter but it also thinks the British economy has already entered a recession that could last two years — longer than during the 2008-09 financial crisis. (Source: [TheEdgeMarkets](#))

Corporate news

- **Sunway unit lodges RM2 bil perpetual sukuk programme with SC.**
Sunway Bhd's wholly owned indirect subsidiary Sunway South Quay Sdn Bhd (SSQ) has lodged with the Securities Commission Malaysia a sukuk wakalah programme, the group said in a Bursa Malaysia filing on Thursday (Nov 3). According to Sunway, it is a perpetual programme that allows sukuk wakalah to be issued from time to time, provided that the aggregate outstanding nominal value of the sukuk do not exceed RM2 billion at any point in time. The programme is unrated. (Source: [TheEdgeMarkets](#))
- **Pentamaster's 3Q net profit up 6%, revenue rises to new record.**
Pentamaster Corp Bhd's third quarter net profit rose 5.6% from a year earlier, helped by improved revenue contribution from its automated test equipment (ATE) and factory automation solutions (FAS) segments. This was despite a wider loss from changes in fair value of foreign currency forward contracts arising from the continuous appreciation of the US dollar against the ringgit towards the end of the quarter, the semiconductor equipment vendor said in a filing with Bursa Malaysia. The group said net profit for the third quarter ended Sept 30, 2022 (3QFY2022) rose to RM20.07 million or 2.82 sen per share, from RM19.01 million or 2.67 sen per share. (Source: [TheEdgeMarkets](#))

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Equity:

BUY: Total stock return (including dividends) expected to exceed 20% annually;

O-PF: Total expected return below 20% annually but exceeding market return;

U-PF: Total expected return positive but below market return;

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.

ETFs (Criteria applies to rating assignments from 16th December 2019):

STRONG BUY: Total return (including dividends) expected to exceed 20% annually;

BUY: Total expected return below 20% but exceed 5% or then 1-year rate, whichever is higher;

SELL: Total return of not more than 5% or then 1-year rate, whichever is higher.

The ratings are based on the forecast total return (including dividends) over the next 12 months.

Funds:

The rating a mathematical scoring system that include risks (standard deviation, Sharpe Ratio) and returns (1-year, 3-year, 5-year and consistency)BUY: Total return (including income distribution) is positive and above peers' average while risk factors are low;

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