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Morning Pole Position

| 7th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,438.28	17.90	-8.25
FBM Emas	10,217.49	113.97	-9.65
FBM Syariah	10,327.09	168.54	-15.79
FBM Small Cap	14,315.38	164.24	-9.17
FBM ACE	4,919.18	32.75	-23.37
F4G BM	827.03	8.78	-6.05
F4G BMS	853.68	14.74	-13.12
Funds Flows			
		Net Buy (MYR'm)	
Local Institutions		-38.4	
Local Retails		-25.9	
Foreign		64.3	
<i>Foreign</i>			
Dow Jones	32,403.22	401.97	-10.83
S&P 500	3,770.55	50.66	-20.89
Nasdaq	10,475.25	132.31	-33.04
FTSE	7,334.84	146.21	-0.67
Hang Seng	16,161.14	821.65	-30.93
Nikkei	27,199.74	-463.65	-5.53
Shanghai CI	3,070.80	72.99	-15.63
Strait Times	3,130.11	27.60	0.21

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7480	0.0050	14.00
GBP / MYR	5.3282	-0.0112	-5.38
JPY100 / MYR	3.2143	0.0123	-11.18
EUR/MYR	4.6407	0.0082	-1.56
SGD / MYR	3.3531	0.0145	8.68
CNY / MYR	0.6538	0.0056	-0.14
AUD / MYR	3.0164	0.0221	-0.33

Bond Yield Movements

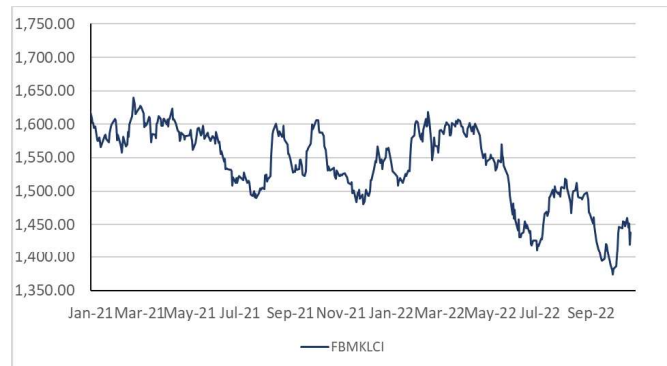
		Yield	Daily Change (bps)
MGS	3- year	3.87	11
	10- year	4.35	0
GII	3- year	3.79	0
	10- year	4.50	10
UST	2- year	4.66	-5
	10- year	4.17	3

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,409.00	37	0.85
Brent (1 st month)	98.75	4.20	4.44
Gold (spot)	1,680.27	51.12	3.14

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,386
Value (MYR m)	1,718

Top 5 Value

	Last	Daily chg %	Value (MYR m)
MAYBANK	8.450	0.48	120.432
CIMB	5.370	0.37	110.309
PCHEM	8.510	0.12	94.213
PBBANK	4.360	0.00	92.774
TOPGLOV	0.765	6.25	56.222

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.001
PERDANA-PA	0.075	50.00	0.002
DOLPHIN	0.035	40.00	0.347
AIM	0.160	33.33	0.233
EDUSPEC	0.020	33.33	0.027

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
FINTEC	0.005	-50.00	0.011
PHB	0.005	-50.00	0.004
KGROUP	0.005	-50.00	0.003
VSOLAR	0.005	-50.00	0.001
XDL	0.015	-25.00	0.026

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
MAGNA	16.963	30.400	0
ENGTEX	9.171	20.155	0.59
HEXTAR	8.880	3.700	2.4
MYEG	5.152	5.878	0.88
DSONIC	4.635	9.000	0.535

Market Pulse



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

The KLCI ended the week with a spinning top to close at 1,438.28 where it lost 9.03 points or 0.62%. KLCI's constituents saw 18 losers and 12 gainers for the week, where the losers were led by Hartalega and RHB shredding 5.63% and 4.22%, respectively. Meanwhile, the gainers were led by Dialog and Inari Amertron gaining 8.38% and 6.67%, respectively.

The U.S. market closed the week in negative after the Fed slashed hope for the Fed pivot to materialise. The initial comment that the Fed is aware of the lagged effects of monetary policy was deemed as a dovish signal and was quickly overturned by Jerome Powell, the Federal Reserve Chairman. He said that the FOMC had revised its estimate of the terminal rate (the highest federal funds rate in the hiking cycle) up from its September projections, and he referred to the pace of hikes not being as important as the terminal rate or how long rates stay there. Notably, Powell stated that it is "very premature" to consider pausing rate hikes while repeatedly stressing that labour market is too strong which may keep inflation elevated.

Thus, some investors found solace when non-farm payroll was revealed to add 261k jobs, beating market consensus of 200k into the market as this shows U.S. economy is not weak enough to hint at coming recession while also not being strong enough to pressure the Fed to consider an even more aggressive program of rate hikes. Meanwhile, the unemployment rate fell to 3.7% from 3.5% due to the lower labour participation rate. Nevertheless, the strong job market data came as our expectation as companies are hiring ahead of the holiday season.

Over to the Eastern World, several reports surfaced last week based on an unverified report saying that China was preparing to retreat from the ZCS fuelled speculators to jump into action. The unverified report widely circulated on social media and stated that high-level officials met the prior weekend at the request of President Xi Jinping to discuss a conditional opening plan aimed at substantially opening by March 2023, Bloomberg reported. Separately, another report was seen in a state-run newspaper stating that China must strive to control coronavirus outbreaks and "correct mistakes from overly strict measures that have caused damage to people's properties and lives." However, the potential lockdown in Guangzhou as its covid cases rises indicates ZCS is still the reality.

For this week, we expect KLCI to be traded in a rangebound. Although, our local market does have GE15 as the market catalyst as campaigns start after nomination day (5th November), raising the risk of a hung parliament put a cap on the market's potential upside. Thus, KLCI may trade between 0.236 and 0.382 Fibonacci levels (1,431.67-1,467.74) this week. 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	2.08	2.78	33.65
Technical					
QL Resources	QLG MK	Outperform	5.34	5.77	8.05
Opcom Holdings	OHB MK	Buy	0.890	1.24	39.33
Gamuda	GAM MK	Outperform	3.70	4.30	16.22
Supercomnet Technologies	SCT MK	Outperform	1.70	1.73	1.76
Pentamaster Corporation	PENT MK	Buy	3.79	5.26	38.79
Formosa Prosonic Industries	FOR MK	Buy	3.00	3.92	30.67
Kerjaya Prospek Group	KPG MK	Outperform	1.14	1.39	21.93
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	1.04	1.32	26.92
OSK Holdings	OSK MK	Buy	0.89	1.12	26.55
UWC	UWC MK	Buy	3.63	5.03	38.57
Dayang Enterprise	DEHB MK	Buy	1.30	1.44	10.77
CTOS Digital	CTOS MK	Buy	1.38	1.78	28.99
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	0.62	0.71	14.52
Vitrox Corp Bhd	VITRO BHD	Buy	6.98	7.88	12.82
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	1.34	1.44	7.46
Mega First Corp	MFCB MK	Outperform	3.27	3.63	10.86
Malton Bhd	MALT MK	Buy	0.40	0.44	10.00
MyEG Services Bhd	MYEG MK	Outperform	0.88	0.94	6.82
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	0.84	0.92	10.01
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	0.41	0.85	108.64

Source: Bursa, Bloomberg, PRSB, price as of 4th November 2022

Malaysian news highlights

- **Malaysia Has Room for Tighter Monetary Policy, Zafrul Says.**
Malaysia's economic growth will provide the central bank with more room to tighten monetary policy as the Federal Reserve increases interest rates, caretaker Finance Minister Zafrul Aziz said. Gross domestic product data to be released this week will show the economy was stronger than expected in the third quarter, he said in an interview on Saturday. Bank Negara Malaysia increased its benchmark interest rate for a fourth straight meeting last week. At 2.75%, the rate remains below pre-Covid level of 3%, Zafrul said while on a campaign trail in his constituency of Kuala Selangor for the Nov. 19 general election. (Source: [Bloomberg](#))
- **Malaysian public listed companies' Asean CG Scorecard up 5.4% to 83.58 points in 2021, says MSWG.**
The Minority Shareholders Watch Group's (MSWG) latest corporate governance (CG) 2021 assessment showed that Malaysian public listed companies (PLCs) have improved in the Asean CG Scorecard (ACGS), rising 5.4% to 83.58 points in 2021, from 79.28 points in 2020, out of a maximum attainable score of 130 points. The assessment was based on disclosures in the latest annual reports, CG reports and sustainability reports for the financial year ended April 30, 2020 to March 31, 2021 of 864 companies. (Source: [TheEdgeMarkets](#))
- **Inflation dents Ismail Sabri's popularity in poll ahead of election.**
Caretaker Prime Minister Datuk Seri Ismail Sabri Yaakob's approval rating dropped after he called for snap elections, suggesting increasingly unhappy voters want the government to focus on rising cost of living instead. His rating fell to 42% in October from 46% in September in a survey by the Merdeka Center for Opinion Research, with almost three-quarters of the 1,209 respondents citing inflation as their main economic concern. (Source: [TheEdgeMarkets](#))
- **Malaysia's end-Oct palm oil stocks seen at 3.5-year high on rise in output.**
Malaysia's palm oil inventories at end-October likely swelled to their highest in three and a half years as production improved while imports slumped, a Reuters survey showed on Friday (Nov 4). Stockpiles were pegged to rise 9.3% from September to 2.53 million tonnes, its largest since April 2019, according to the median estimate of eight traders and analysts polled by Reuters. Production is seen expanding 3% to 1.82 million tonnes amid the peak harvest season. (Source: [TheEdgeMarkets](#))
- **Gross premium for general insurance grew 10.3% in 1H22.**
The general insurance industry registered an increase in gross direct premium of 10.3% to RM9.8 billion for the first half of 2022 (1H22) compared with the same period last year, according to the General Insurance Association of Malaysia (PIAM). In a statement, PIAM said motor insurance remained as the largest line of business at 43% share, followed by fire insurance (29%) and miscellaneous (14%). PIAM said the premium for personal accidents saw a significant growth of 44% year-on-year, largely due to the Perlindungan Tenang voucher programme launched in conjunction with the Ministry of Finance. (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Jobs Top Forecasts, Unemployment Up in Mixed Picture for Fed.**
Nonfarm payrolls increased 261,000 last month following an upwardly revised 315,000 gain in September, a Labor Department report showed Friday. Those figures were derived from a survey of businesses, while one of households painted a weaker picture with higher joblessness, particularly among women. The unemployment rate increased by 0.2 percentage point to 3.7%, more than forecast, as participation edged lower. Average hourly earnings accelerated in October from the prior month. (Source: [Bloomberg](#))

- US Housing Hit by Spiraling Mortgage Rates as Inflation Persists.**
Soaring US interest rates have done little to curb inflation, but they're hitting housing hard. The surge in borrowing costs has eroded affordability for buyers, slowing residential sales and building activity, and threatening economic growth. Home sales and housing starts have slumped after peaking during the first couple of years of the Covid-19 pandemic, when low borrowing costs allowed millions to relocate. (Source: [Bloomberg](#))
- US Warehouse Sector Loses Jobs for Fourth Month in Cooling Sign.**
About 1.7 million people worked in warehousing and storage last month, a 1.1% decline from September, government figures released Friday show. The drop -- at a time of the year when companies typically start to ramp up staffing ahead of the holidays -- was the biggest since April 2020. (Source: [Bloomberg](#))
- UK Economists Say BOE Outlook for Deep Recession Is Misleading.**
Some of Britain's top economists warned that the Bank of England risks making a bad situation worse by publishing forecasts for a recession based on a path for interest rates that it has no intention of following. On Thursday, the BOE said the UK faced the longest recession on record -- a 2.9% contraction that would be as deep as what the UK suffered in the 1990s. That assumed the BOE's key rate reaches 5.25% and remained above 4% into 2025. At the same time, it disowned those projections and suggested a shorter, shallower downturn was more likely. (Source: [Bloomberg](#))
- German Mortgage Rates Hit Highest Level in Decade on ECB Hikes.**
Mortgage borrowing costs in Germany have surged in recent months to hit the highest level in a decade as the European Central Bank raises interest rates. The cost of borrowing to buy real estate hit 3.03% in September, according to ECB data published Thursday. That rate is among the highest in the euro area and has more than doubled from a year earlier, when Germany was one the cheapest places in the region to get a mortgage. (Source: [Bloomberg](#))
- China's Guangzhou Warns of Covid-Spread Risks as Cases Climb.**
Countrywide, a total of 4,279 new locally transmitted Covid cases were reported for Saturday, an increase from 3,526 a day earlier. China health officials reiterated at a briefing that they would adhere to their Covid Zero policy, as the country faces increasingly serious outbreaks. (Source: [Bloomberg](#))
- India's Move to Slash Sugar Export Quota to Tighten World Supply.**
India sharply reduced its sugar export quota for 2022-23, potentially worsening the global market outlook already strained by supply hiccups in top shipper Brazil. The South Asian nation asked the millers to sell 6 million tons in the overseas market by May 31, according to a food ministry notification, indicating it may still permit more shipments through October 2023. The quota for 2021-22 totaled 11.2 million tons. (Source: [Bloomberg](#))
- Hawkish Fed Tests Philippine Central Bank Chief's Policy Signals.**
In the Philippines, where monetary authorities are viewed to have been more transparent than their peers, central bank Governor Felipe Medalla is finding that words are better matched with actions. The long-tapped tool of open mouth operations, referring to central bank communications to direct market expectations, is being challenged by the Federal Reserve's aggressive tightening. The strategy that has worked in favor of Medalla's predecessors experienced in the art of verbal intervention has to now be accompanied by bold measures. (Source: [Bloomberg](#))
- Thailand to beat tourism target as Indians, Malaysians lead rush.**
Thailand is on course to surpass its target to attract 10 million foreign visitors this year as Malaysians and Indians lead the return of holidaymakers while most Chinese travellers, who topped the list before the pandemic, stay home due to the nation's Covid-Zero policy. Tourist arrivals totalled 7.56 million as of Oct 30, with at least 1.5 million visitors a month expected during the remainder of the year, government spokesman Anucha Burapachaisri said in a statement Saturday. Flight bookings from India and Malaysia to Thailand showed a load factor of 85% and 68% respectively during November and December, he said. (Source: [TheEdgeMarkets](#))

- **Capital A engages research firm to assist in developing PN17 regularisation plan**
Capital A Bhd has engaged independent market researcher, Providence Strategic Partners Sdn Bhd, to assist in developing a proposed Practice Note 17 (PN17) regularisation plan. The parent company of AirAsia Aviation Group said Providence Strategic Partners will help with independent market research and review of potential business plans with regard to the plan's development. "The company will continue to make the necessary announcements on the development of its regularisation plan accordingly," it said in a filing with Bursa Malaysia on Friday (Nov 4). (Source: [TheEdgeMarkets](#))
- **FGV to recruit additional 16,000 migrant workers to increase plantation yields.**
FGV Holdings Bhd is recruiting an additional 16,000 migrant workers by the end of 2023, in response to labour shortage issues its plantation business is facing. In a statement on Friday (Nov 4), FGV said it expects another 3,000 new workers in November, which will help the crude palm oil producer to increase its plantation yields and productivity. The migrant workers will be recruited from India, Indonesia, and Nepal. (Source: [TheEdgeMarkets](#))

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Entitlement

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgement Date	Payment/ Cessation Date
0103	MNC	1 to 10	Consolidation	7/11/2022	8/11/2022	-
9431	SJC	3 to 1	Bonus Issue	7/11/2022	8/11/2022	-
5131	ZHULIAN	RM0.0300	Third Interim Dividend	8/11/2022	9/11/2022	7/12/2022
5134	SAB	RM0.0500	Final Dividend	8/11/2022	9/11/2022	28/11/2022
5075	PLENITU	RM0.0250	Final Dividend	9/11/2022	10/11/2022	18/11/2022
5280	KIPREIT	RM0.0145	First Interim Dividend	9/11/2022	10/11/2022	23/11/2022
6009	P&O	RM0.0120	Fifth Interim Dividend	9/11/2022	10/11/2022	23/11/2022
0055	SERSOL	1 warrant to 5 shares	Bonus Issue Warrant	10/11/2022	11/11/2022	0/1/1900
4022	MAXIM	RM0.0100	Interim Dividend	10/11/2022	11/11/2022	18/11/2022
4162	BAT	RM0.2500	Third Interim Dividend	10/11/2022	11/11/2022	21/11/2022
4677	YTL	RM0.0300	Interim Dividend	10/11/2022	11/11/2022	29/11/2022
5005	UNISEM	RM0.0200	Second Interim Dividend	10/11/2022	11/11/2022	23/11/2022
6645	LITRAK	RM4.5700	Special Dividend	10/11/2022	11/11/2022	18/11/2022
6742	YTLPOWR	RM0.0250	Second Interim Dividend	10/11/2022	11/11/2022	29/11/2022
5130	ATRIUM	RM0.0185	Third Interim Dividend	11/11/2022	14/11/2022	30/11/2022

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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.

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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;

O-PF: Total return is positive and above peers' average but has higher risk factors;SELL: Total return is negative.

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