



PHILLIP RESEARCH SDN BHD

199001007125 (198695-X)

B-18-6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel No: 03-2783 0300

Morning Pole Position

| 8th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,442.12	3.84	-8.00
FBM Emas	10,244.89	27.40	-9.41
FBM Syariah	10,361.86	34.77	-15.50
FBM Small Cap	14,290.51	-24.87	-9.33
FBM ACE	4,949.83	30.65	-22.90
F4G BM	829.62	2.59	-5.76
F4G BMS	857.87	4.19	-12.69

Funds Flows	Net Buy (MYR'm)
Local Institutions	-82.7
Local Retails	-7.2
Foreign	89.9

<i>Foreign</i>			
Dow Jones	32,827.00	423.78	-9.66
S&P 500	3,806.80	36.25	-20.13
Nasdaq	10,564.52	89.27	-32.47
FTSE	7,299.99	-34.85	-1.14
Hang Seng	16,595.91	434.77	-29.07
Nikkei	27,527.64	327.9	-4.39
Shanghai CI	3,077.82	7.02	-15.44
Strait Times	3,141.31	11.20	0.56

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7450	-0.0030	13.93
GBP / MYR	5.4209	0.0927	-3.73
JPY100 / MYR	3.2309	0.0166	-10.72
EUR/MYR	4.7393	0.0986	0.53
SGD / MYR	3.3776	0.0245	9.47
CNY / MYR	0.6568	0.0030	0.32
AUD / MYR	3.0655	0.0491	1.29

Bond Yield Movements

	Yield	Daily Change (bps)
MGS	3- year	3.95
	10- year	4.45
GII	3- year	3.91
	10- year	4.61
UST	2- year	4.72
	10- year	4.22

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,476.00	67	1.52
Brent (1 st month)	97.99	1.13	1.17
Gold (spot)	1,674.97	2.09	0.12

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,796
Value (MYR m)	1,649

Top 5 Value	Last	Daily chg %	Value (MYR m)
PCHEM	8.550	0.47	78.642
MAYBANK	8.480	0.36	63.978
CIMB	5.350	-0.37	63.774
PBBANK	4.350	-0.23	61.335
KLK	21.000	0.38	48.754

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
MNC	0.120	1100.00	1.032
MNC-PA	0.050	900.00	0.000
FINTEC	0.010	100.00	0.011
KGROUP	0.010	100.00	0.007
VSOLAR	0.010	100.00	0.006

Top 5 Losers	Last	Daily chg %	Value (MYR m)
SJC	0.670	-74.13	0.013
NEXGRAM	0.005	-50.00	0.007
GOCEAN	0.010	-33.33	0.001
AGES-PA	0.030	-25.00	0.000
SANICHI	0.020	-20.00	0.003

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
MYEG	12.250	14.000	0.875
BLDPLNT	11.369	1.590	0
WIDAD	6.996	17.890	0.41
MICROLN	3.590	4.039	0.985
JETSON	3.045	15.225	0.22

Market Pulse



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

The KLCI rebounded from yesterday morning's trading session to close at 1,442.12 where it gained 3.84 points or 0.27%. Albeit buying interest was seen steadily in the evening trading session, the sentiment was more mixed as KLCI's constituent saw 15 gainers, 10 losers, and 5 unchanged. Top glove and PPB Group gained 3.27% and 2.84%, respectively, to close as the top gainers of the day. Similarly, the broader market sentiment was also mixed with gainers overtaking losers by 441 to 438, while 380 counters were unchanged.

The U.S. market closed solidly higher in the final hour of trading last night, kicking off a busy week that includes the latest read on inflation and midterm elections that will determine control of Congress, as third-quarter corporate earnings season hits the home stretch.

We expect KLCI to be traded in a rangebound between 0.236 and 0.382 Fibonacci levels (1,431.67-1,467.74) today with an upside bias. This is also supported by an intersection on the stochastic oscillator which indicates that a reversal of buying momentum may occur. Although, our local market does have GE15 as the market catalyst as the candidate campaign goes into full swing, raising the risk of a hung parliament put a cap on the market's potential upside. 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	2.12	2.78	31.13
Technical					
QL Resources	QLG MK	Outperform	5.27	5.77	9.49
Opcom Holdings	OHB MK	Buy	0.875	1.24	41.71
Gamuda	GAM MK	Outperform	3.75	4.30	14.67

Pentamaster Corporation	PENT MK	Buy	3.82	5.26	37.70
Formosa Prosonic Industries	FOR MK	Buy	3.04	3.92	28.95
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.645	1.20	86.05
FM Global Logistics Holdings	FMH MK	Buy	0.530	0.82	54.72
Hibiscus Petroleum	HIBI MK	Buy	1.04	1.32	26.92
OSK Holdings	OSK MK	Buy	0.90	1.12	25.14
UWC	UWC MK	Buy	3.63	5.03	38.57
Dayang Enterprise	DEHB MK	Buy	1.25	1.44	15.20
CTOS Digital	CTOS MK	Buy	1.40	1.78	27.14
Ancom Nylex	ANC MK	Buy	0.94	1.24	31.91
BP Plastics Holdings	BPP MK	Buy	1.40	1.80	28.57
CCK Consolidated Holdings	CCK MK	Outperform	0.62	0.71	15.45
Vitrox Corp Bhd	VITRO BHD	Buy	7.06	7.88	11.54
Pecca Group Bhd	PECCA MK	Buy	0.85	1.16	35.88
Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	20.34
Duopharma Biotech Bhd	DBB MK	Outperform	1.34	1.44	7.46
Mega First Corp	MFCB MK	Outperform	3.23	3.63	12.23
Malton Bhd	MALT MK	Buy	0.40	0.44	10.00
MyEG Services Bhd	MYEG MK	Outperform	0.88	0.94	7.43
WCT Holdings Bhd	WCT MK	Outperform	0.36	0.43	21.13
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.64	USD 1.93	17.84
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

Supercomnet was removed as it hits our target price.

Source: Bursa, Bloomberg, PRSB, price as of 7th November 2022

Malaysian news highlights

- **Ismail Sabri: Essence of Budget 2023 is in BN manifesto.**

The essence of Budget 2023, which was tabled in the Dewan Rakyat on Oct 7, will become the Barisan Nasional (BN) manifesto, taking into account that the budget is based on the actual global situation, said caretaker Prime Minister Datuk Seri Ismail Sabri Yaakob. Ismail Sabri said that the essence of the largest budget ever prepared amounting to RM372.3 billion also covers all sectors and that the government has sufficient allocations to implement it. Ismail Sabri said the fact that some parties want to copy its essence indicates that it is a good and comprehensive budget. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Inflation-Focused Voters Defy Biden's Bid to Change the Subject.**

After months of talk about reproductive rights, threats to democracy, climate change, immigration and crime, the US midterm elections are coming down to the way Americans feel about the overall state of the economy and, in particular, inflation. The last time voters called inflation the top issue during an election year was in August 1982, says Jeff Jones, a senior editor of the Gallup Poll. Back then, the country was in the grips of a deepening recession and a Republican was in the White House. This time around, "inflation has been up there as a top issue all year," Jones says. (Source: [Bloomberg](#))

- **Fed Study Suggests Policy Much Tighter Than Rates Alone Suggest.**

Financial conditions implied that the Fed's benchmark policy rate was above 5.25% in September, compared with the actual target range of 3% to 3.25%, according to the analysis published Monday in the San Francisco Fed's weekly economic letter. (Source: [Bloomberg](#))

- **BOE calls for tougher global regulation after UK pensions drama.**

Tighter global regulation may be needed to prevent dangerous levels of debt building up after the turmoil in the UK pensions industry wreaked havoc across financial markets, a senior Bank of England official said. Sarah Breeden, executive director for financial stability strategy and risk, said in a speech on Monday that the international community has made limited progress in addressing risks from leverage outside regulated banks. Regulators must have sight of leverage building up in the whole financial system, she added. "Beyond improving transparency, regulators will need to consider how best to ensure leverage is well managed," Breeden said. Measures could include "market regulations to ensure excessive leverage is better controlled by market pricing and margins." (Source: [TheEdgeMarkets](#))

Corporate news

- **AAX resumes flight to Tokyo's Haneda.**

AirAsia X Bhd's (AAX) has resumed its flight to Tokyo's Haneda Airport following the full reopening of the country's border for international tourism. In a statement, AAX said the thrice-weekly flights will be the airline's first flight to Japan post-pandemic, ahead of its second route launch to Sapporo (Shin-Chitose) in December. In commemoration of the service's resumption, AAX celebrated the flight with a send-off ceremony at the Kuala Lumpur International Airport. (Source: [TheEdgeMarkets](#))

- **Velesto bags RM640 mil contract from Hess.**

Offshore drilling services provider Velesto Energy Bhd has bagged a US\$135 million (RM640 million) contract from Hess Exploration and Production Malaysia BV for the provision of integrated rig, drilling and completion (I-RDC) services for Hess' North Malay Basin Full Field Development Campaign. The two-year job that will be completed by 2024 was secured via wholly owned subsidiary Velesto Drilling Sdn Bhd, said Velesto in a Bursa Malaysia filing. According to Velesto, jack-up rig NAGA 5 will be assigned for the contract to provide I-RDC services covering 14 wells, and that the expected

commencement date is in the fourth quarter of this year. (Source: [TheEdgeMarkets](#))

- **Touch 'n Go eWallet to expand to mainland China in collaboration with Alipay+.**
TNG Digital Sdn Bhd is expanding its Touch 'n Go eWallet's cross-border payment capabilities to mainland China in collaboration with Alipay+ operated by Ant Group. Touch 'n Go eWallet is the first Malaysian e-wallet that can be used for payments in mainland China, said Touch 'n Go Group in a statement. "This augurs well for all our users travelling there as they will enjoy the ease of making cashless payments, and in ringgit as well," TNG Digital chief executive officer Alan Ni said in the statement. (Source: [TheEdgeMarkets](#))

DISCLAIMER

Legal and Regulatory Notices (Electronic Communications)
© 2018 PRSB.

Important disclosures

This research report is strictly confidential and has been prepared for information purposes only by Phillip Research Sdn Bhd (“PRSB”), a subsidiary of Phillip Capital Holdings Sdn Bhd (“PCH”) and is meant for circulation to its clients and clients of other subsidiaries companies of PCH particularly Phillip Mutual Berhad (“PMB”), Phillip Capital Management Sdn Bhd (“PCM”), Phillip Wealth Planners Sdn Bhd (“PWP”) and Phillip Capital Sdn Bhd (“PCSB”) (collectively refer to as Phillip Group other licensed intermediaries (“PGOLI”)) only or such other persons as may be deemed eligible to receive such research report, information or opinion contained herein. Neither the publication/communication nor any portion hereof may be reprinted, distributed, sold, resold, redistributed, copied, reproduced, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of PRSB.

The policy of PRSB is to only publish research that is impartial, independent, clear, fair, and not misleading. Analysts never receive compensation from companies they cover. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure is for your information only and does not constitute any recommendation, representation or warranty. Absence of a disclosable position should not be taken as endorsement on the validity or quality of the research report or recommendation.

To maintain the independence and integrity of PRSB’s research, PGOLI activities such as fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and research business lines are distinct from one another. This means that PRSB is not part of and does not report to any of PGOLI. Accordingly, PGOLI does not supervise nor control the activities of PRSB’s research analysts. PRSB’s research analysts report to the Head of Research, who in turn report to PRSB’s senior management.

PRSB and PGOLI have in place internal controls designed to manage conflicts of interest that may arise as a result of PGOLI engaging in fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and PRSB activities. Some examples of these controls include: the use of information barriers and other information controls designed to ensure that confidential information is only shared on a “need to know” basis and in compliance with PRSB and PGOLI’s Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among PRSB’s research personnel, fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, and financial planning, PGOLI’s financial product issuers and PRSB’s research analysts do not compromise the integrity and independence of PRSB’s research.

Neither analysts nor their household members/associates/may have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities up to the date of the publication of this research report.

Unless specified otherwise, PRSB did not receive investment banking/non-investment banking income from, and did not manage/co-manage a public offering for, the listed company during the past 12 months, and it does not expect to receive investment banking compensation from the listed company within the coming three months. Unless mentioned otherwise, PRSB does not own a material disclosable position, and does not make a market, in the securities.

We hereby certify that the views expressed in this research report accurately reflect our views about the securities and/or the issuers and that no part of our compensation were or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. We hereby confirm that our analyst(s) has/have not been placed under any undue influence, intervention or pressure by any person(s) in compiling this research report. This report is prepared without any intention to raise, lower or maintaining the price of the securities covered or to induce the recipient to buy or sell the securities covered. In addition, our analyst(s) included herein attest that he/she/they was/were not in possession of any material, non-public price sensitive information regarding the subject company at the time of publication of the report. Save from the disclosure below (if any), we are not aware of any material conflict of interest.

Key to PRSB investment ratings:

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;

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

For a history of the recommendations and price targets for companies mentioned in this report, as well as company specific disclosures, please write to: Phillip Research Sdn Bhd, B-18-6, Block B Level 18, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.

The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject PRSB and/or its associate companies to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of PRSB at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person (include but not limited to Financial Planners and Marketing Representative or a non-analyst), such views and opinions may not correspond to the published view of PRSB. This is not a solicitation or any offer to buy or sell. This publication/communication is for information purposes only and does not constitute any recommendation, representation, warranty or guarantee of performance. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. PRSB, and PGOLI do not accept any responsibility and cannot be held liable for any person's use of, or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, PRSB accepts no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

Subject to any applicable laws and regulations at any given time, PRSB, PGOLI and their respective affiliates or companies or individuals connected with PRSB may have used the information contained herein before publication and may have positions in, may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, investors should be aware that PRSB, PGOLI and/or their respective affiliates or companies or such individuals may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation. Disclosures therein include the position of PRSB and PGOLI only. Unless specified otherwise, PRSB did not receive any compensation or other benefits from the subject company covered in this publication/communication.

The analysts/contributors to this publication/communication may be employed by any relevant PGOLI entity, which is different from the entity that distributes the publication/communication in the respective jurisdictions.

PRSB, PGOLI and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. PGOLI may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

Investors should not consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. PRSB produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. PRSB and PGOLI publishes research product in a number of different ways including the posting of product on the PGOLI portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this report is not intended for "use" as a "benchmark".

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. 'Stop loss' levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, Reuters or PGOLI prices or yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via PhillipCapital Group entity in your home jurisdiction.