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Morning Pole Position

| 9th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,441.35	-0.77	-8.05
FBM Emas	10,226.64	-18.25	-9.57
FBM Syariah	10,308.36	-53.50	-15.94
FBM Small Cap	14,261.40	-29.11	-9.51
FBM ACE	4,941.43	-8.40	-23.03
F4G BM	828.14	-1.48	-5.93
F4G BMS	852.37	-5.50	-13.25

Funds Flows

Net Buy (MYR'm)

Local Institutions	-37.0
Local Retails	-18.8
Foreign	55.8

Foreign

Dow Jones	33,160.83	333.83	-8.74
S&P 500	3,828.11	21.31	-19.68
Nasdaq	10,616.20	51.68	-32.14
FTSE	7,306.14	6.15	-1.06
Hang Seng	16,557.31	-38.6	-29.24
Nikkei	27,872.11	344.47	-3.19
Shanghai CI	3,064.49	-13.32	-15.81
Strait Times	3,145.83	4.52	0.71

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7365	-0.0085	13.72
GBP / MYR	5.4264	0.0055	-3.63
JPY100 / MYR	3.2310	0.0001	-10.72
EUR/MYR	4.7284	-0.0109	0.30
SGD / MYR	3.3732	-0.0044	9.33
CNY / MYR	0.6522	-0.0046	-0.38
AUD / MYR	3.0600	-0.0055	1.11

Bond Yield Movements

		Yield	Daily Change (bps)
MGS	3- year	3.99	4
	10- year	4.51	6
GII	3- year	3.91	0
	10- year	4.64	3
UST	2- year	4.67	-5
	10- year	4.14	-8

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,395.00	-81	-1.81
Brent (1 st month)	95.10	-2.83	-2.89
Gold (spot)	1,712.09	37.41	2.23

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	3,048
Value (MYR m)	1,575

Top 5 Value

	Last	Daily chg %	Value (MYR m)
TOPGLOV	0.845	6.96	93.531
CIMB	5.420	1.31	77.518
MAYBANK	8.500	0.24	65.103
ASB	0.125	38.89	57.336
HARTA	2.070	5.08	51.835

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
GOCEAN	0.015	50.00	0.029
MINETEC-PA	0.015	50.00	0.002
ZELAN	0.065	44.44	0.919
BPURI	0.035	40.00	0.743
ASB	0.125	38.89	57.336

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
EAH	0.010	-33.33	0.316
AT	0.010	-33.33	0.044
PASUKGB	0.015	-25.00	0.016
MLAB	0.015	-25.00	0.000
NIHSIN-PA	0.030	-14.29	0.021

Top 5 DBT

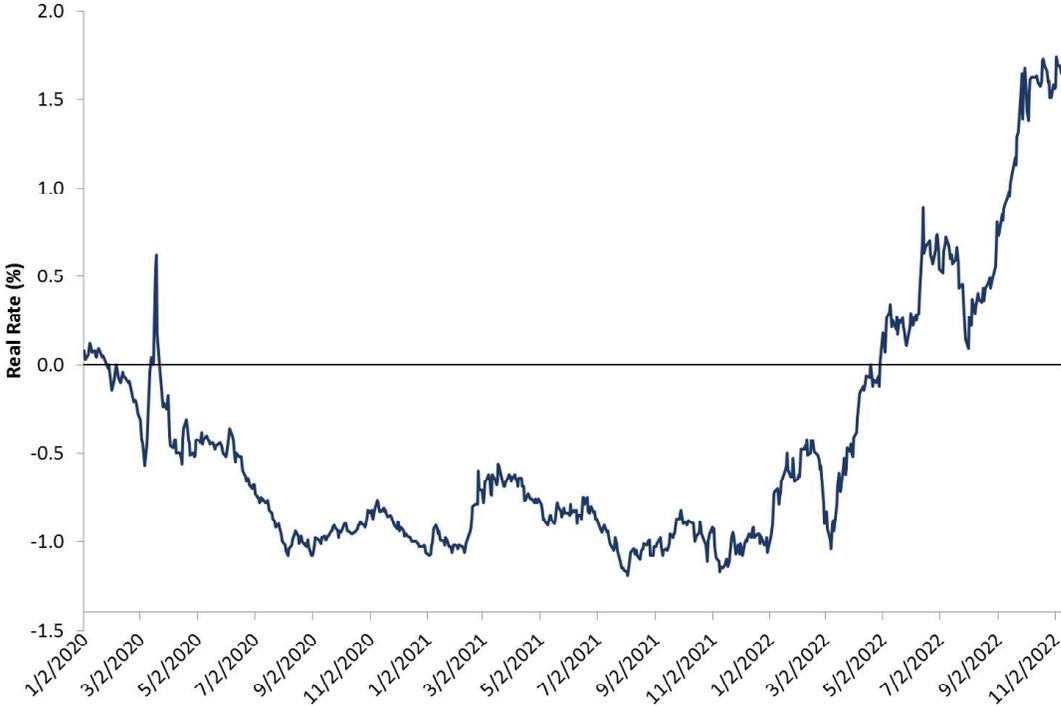
	Value (MYR m)	Volume (m shares)	Price (MYR)
MESTRON-WA	5.000	50.000	0.145
MYEG	3.609	4.172	0.855
MICROLN	3.560	4.000	0.98
SIGN	3.105	1.500	2.5
RAPID	2.149	0.153	15.28

Market Pulse (No Technical Analysis Until 16th November 2022)

The KLCI finished the trading session almost flat and closed at 1,441.35 where it lost 0.77 points or 0.05%. KLCI's constituents saw 10 gainers, 13 losers, and 7 unchanged. Top Glove Corp Bhd and Hartalega Holdings Bhd gained 6.96% and 5.08%, respectively, to close as top gainers of the day which could be fuelled by speculations on rising Covid cases on a global scale. On the broader market, losers outpaced gainers 470 to 361, while 381 counters were unchanged.

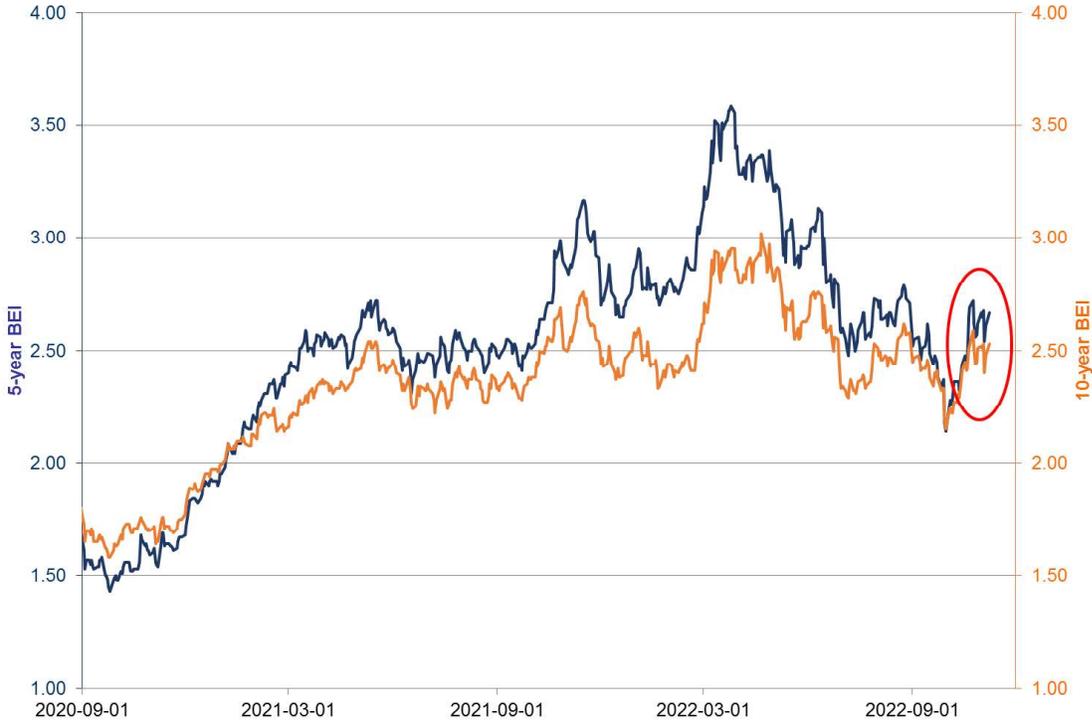
Meanwhile, in the US bond market, the yield curve bear flattened. 10yr real yields were flattish (Exhibit 1) but the 10yr BEI continued to rise (Exhibit 2) ahead of the CPI release. Policy rate expectations of a 56.8% probability in a 50bps rate hike at the December meeting (Exhibit 3) drives the equity market.

Exhibit 1: US Real Rate



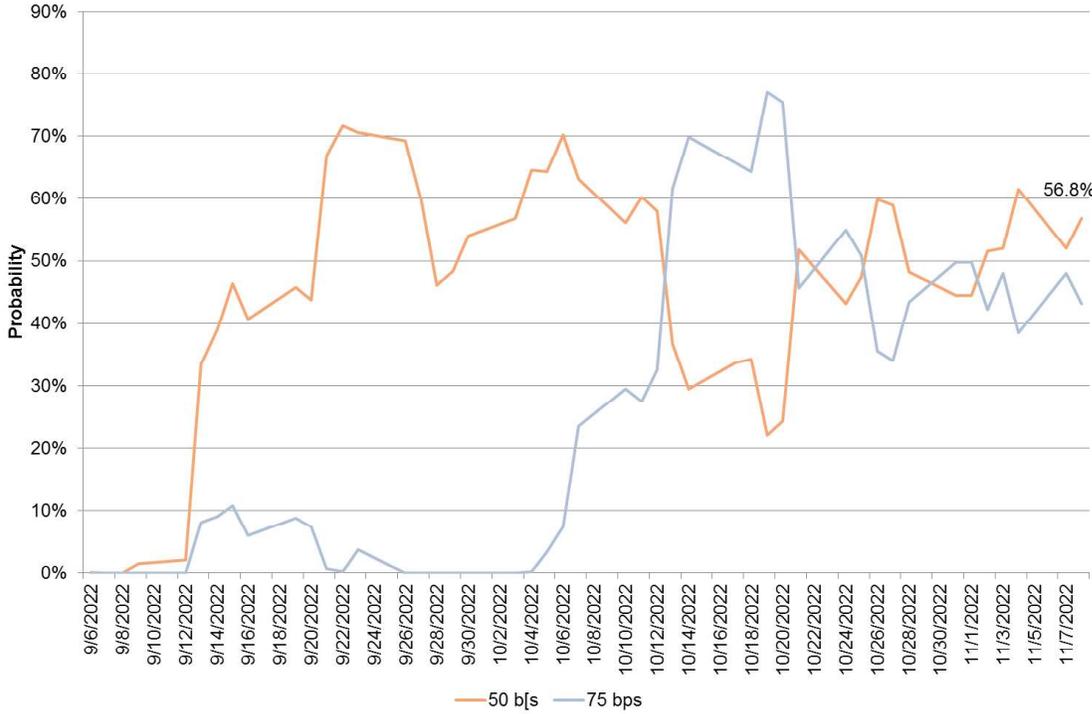
Source: Bloomberg, compiled by PRSB

Exhibit 2: Breakeven Inflation



Source: Bloomberg, compiled by PRSB

Exhibit 3: Probability of 50bps hike in December



Source: FedWatch, compiled by PRSB

For Malaysia market, until the election is over, the O&G and tech sectors are relatively insulated from political outcomes since they depend on global trends.

Our picks are as Exhibit 4.

Exhibit 4: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.93	2.45	26.94
Guan Chong	GUAN MK	Outperform	2.09	2.78	33.01
Technical					
QL Resources	QLG MK	Outperform	5.25	5.77	9.90
Opcom Holdings	OHB MK	Buy	0.840	1.24	47.62
Gamuda	GAM MK	Outperform	3.66	4.30	17.49
Pentamaster Corporation	PENT MK	Buy	3.85	5.26	36.62
Formosa Prosonic Industries	FOR MK	Buy	3.02	3.92	29.80
Kerjaya Prospek Group	KPG MK	Outperform	1.16	1.39	19.83
MMS Ventures	MMSV MK	Buy	0.655	1.20	83.21
FM Global Logistics Holdings	FMH MK	Buy	0.535	0.82	53.27
Hibiscus Petroleum	HIBI MK	Buy	1.04	1.32	26.92
OSK Holdings	OSK MK	Buy	0.88	1.12	27.27
UWC	UWC MK	Buy	3.64	5.03	38.19
Dayang Enterprise	DEHB MK	Buy	1.26	1.44	14.29
CTOS Digital	CTOS MK	Buy	1.36	1.78	30.88
Ancom Nylex	ANC MK	Buy	0.94	1.24	31.91
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.60	0.71	18.33
Vitrox Corp Bhd	VITRO BHD	Buy	7.07	7.88	11.39
Pecca Group Bhd	PECCA MK	Buy	0.84	1.16	37.50
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	3.22	3.63	12.58
Malton Bhd	MALT MK	Buy	0.40	0.44	11.39
MyEG Services Bhd	MYEG MK	Outperform	0.86	0.94	9.94
WCT Holdings Bhd	WCT MK	Outperform	0.36	0.43	21.13
ETF					
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.84	0.92	10.01
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.68	1.80	7.12
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.90	2.44	28.67

MyETF Dow Jones U.S. Titans 50, Principal FTSE China 50 ETF, TradePlus HSCEI Daily (2x) Leveraged Tracker were removed due to the revision of rating to SELL.

Source: Bursa, Bloomberg, PRSB, price as of 8th November 2022.

Malaysian news highlights

- **Concerns about China demand drags CPO futures lower.**
Crude palm oil (CPO) futures contracts on Bursa Malaysia Derivatives retreated to end easier following concerns about China demand. A trader said Covid-19 restrictions in the world's largest vegetable oil consumer continued to spark worries among traders. (Source: [TheEdgeMarkets](#))

Global news highlights

- **OPEC+ cuts that steadied market now bring risk of US\$100 crude.**
Oil's rise toward US\$100 a barrel is exposing some of the risks in OPEC+'s controversial production cuts. For about a month, the group's decision appeared to fulfill its stated aim of stabilizing oil markets, with crude prices steady against a deteriorating backdrop for fuel demand. (Source: [TheEdgeMarkets](#))
- **China Expands Financing Tool That Can Support Ailing Developers.**
The National Association of Financial Market Institutional Investors widened the program launched in 2018 to support about 250 billion yuan (\$34.5 billion) in debt sales by private companies including developers, the regulator said in a statement on its website Tuesday. The ways to support such financing include bond guarantees, credit enhancement and bond purchases, it said, adding that the move is part of efforts to stabilize the economy and could be expanded further if needed. (Source: [Bloomberg](#))
- **Thailand Drops Plan to Allow Foreigners Buy Land After Backlash.**
Thailand shelved a new proposal to allow foreign individuals to buy land for housing after the plan triggered a public backlash, with the opposition parties saying the move was akin to "selling out" the country. (Source: [Bloomberg](#))

Corporate news

- **SCIB's auditor expresses qualified opinion on FY22 financial statement.**
Sarawak Consolidated Industries Bhd (SCIB) said its external auditor has expressed a qualified opinion on the group's financial statement for the year ended June 30, 2022 (FY22), pertaining to a settlement agreement relating to six construction projects carried out in Qatar and Oman. The qualified opinion is linked to the settlement agreement signed between SCIB and the project's clients on Nov 10, 2021, the civil engineering group said in a filing, citing the report by the auditor, Nexia SSY PLT. (Source: [TheEdgeMarkets](#))
- **F&N declares 33 sen final dividend as 4Q net profit climbs 69%.**
Fraser & Neave Holdings Bhd's (F&N) net profit recorded a 68.49% jump to RM98.89 million in the fourth quarter ended Sept 30, 2022 (4QFY22), compared with RM58.69 million in 4QFY21. (Source: [TheEdgeMarkets](#))
- **MR DIY to implement pricing reviews to combat rising costs; 3Q net profit up 12%.**
MR DIY Group (M) Bhd said the group will continue undertaking pricing reviews to address continued input cost pressure, despite logging an 11.99% increase in its third quarter net profit. The home improvement retailer said the net profit for the quarter ended Sept 30, 2022 (3QFY22) rose to RM101.18 million from RM90.35 million a year earlier, on the back of a 25.8% increase in revenue to RM966.17 million from RM768.02 million. (Source: [TheEdgeMarkets](#))

- **Heineken 3Q net profit doubles as revenue climbs to another record high.**
Heineken Malaysia Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY22) doubled to RM108.74 million from RM51.02 million in the same period last year, mainly driven by improved revenue growth, besides efficient cost and value initiatives. Earnings per share were up at 35.99 sen from 16.89 sen previously, the brewer's Bursa Malaysia filing on Tuesday (Nov 8) showed. (Source: [TheEdgeMarkets](#))
- **Bank Muamalat eyes RM100 mil investment from new funds within five years.**
Bank Muamalat Malaysia Bhd and Phillip Capital Group Malaysia are targeting an investment of RM100 million within five years through shariah-compliant online Private Managed Accounts and unit trust funds. (Source: [TheEdgeMarkets](#))

Regional company reports

Tradeplus NYSE® Fang+™ Daily (2x) Leveraged Tracker : The Fed Tale: FOMC November Update + China Risk - RATING : SELL.

- The Fed delivered a 75bps rate hike as expected while slashing hope for any potential Fed pivot to materialise.
- Powell stated that it is “very premature” to consider pausing rate hikes while repeatedly stressing that the labour market is too strong which may keep inflation elevated.
- President Xi exuded strength and confidence as he secured a norm-breaking third term as leader of the Chinese Communist Party and fully packed its highest council with his allies.
- Global investors celebrated President Xi's power grab with their feet, stampeding away from Chinese stocks as a one-man rule is not fully welcome in the Western culture while Zero Covid Strategy (“ZCS”) stays longer than anticipated.
- We downgrade the FANG-2XL from STRONG BUY to SELL and lower the target price to MYR2.6649 (previously MYR5.4900), reflecting a 39.4% downside for the 12-month forecast return.

Tradeplus NYSE® Fang+™ Daily (-1x) Inverse Tracker : The Fed Tale: FOMC November Update + China Risk- RATING : STRONG BUY.

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- Global investors celebrated President Xi's power grab with their feet, stampeding away from Chinese stocks as a one-man rule is not fully welcome in the Western culture while Zero Covid Strategy (“ZCS”) stays longer than anticipated.
- We upgrade the FANG-1XI to STRONG BUY and raise the target price to MYR2.4448 (previously MYR1.8600), reflecting a 24.6% upside for the 1- month forecast return.

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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.

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