



# 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

| 10<sup>th</sup> November 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,446.19	4.84	-7.74
FBM Emas	10,259.45	32.81	-9.28
FBM Syariah	10,323.74	15.38	-15.81
FBM Small Cap	14,300.94	39.54	-9.26
FBM ACE	4,932.34	-9.09	-23.17
F4G BM	831.66	3.52	-5.53
F4G BMS	854.60	2.23	-13.02

### Funds Flows

### Net Buy (MYR'm)

Local Institutions	-63.7
Local Retails	-12.9
Foreign	76.6

### Foreign

Dow Jones	32,513.94	-646.89	-10.52
S&P 500	3,748.57	-79.54	-21.35
Nasdaq	10,353.17	-263.02	-33.82
FTSE	7,296.25	-9.89	-1.20
Hang Seng	16,358.52	-198.79	-30.08
Nikkei	27,716.04	-156.07	-3.74
Shanghai CI	3,048.17	-16.33	-16.25
Strait Times	3,165.50	19.67	1.34

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6840	-0.0525	12.46
GBP / MYR	5.4081	-0.0183	-3.96
JPY100 / MYR	3.2216	-0.0094	-10.98
EUR/MYR	4.7168	-0.0116	0.06
SGD / MYR	3.3528	-0.0204	8.67
CNY / MYR	0.6472	-0.0050	-1.15
AUD / MYR	3.0502	-0.0098	0.78

### Bond Yield Movements

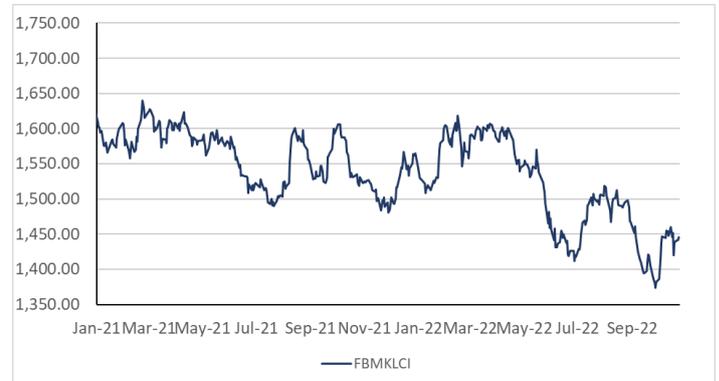
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.95	-4
	10- year	4.49	-2
<b>GII</b>	3- year	3.99	8
	10- year	4.62	-2
<b>UST</b>	2- year	4.61	-6
	10- year	4.12	-2

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	4,219.00	-176	-4.00
Brent (1 <sup>st</sup> month)	92.41	-2.64	-2.78
Gold (spot)	1,707.04	-5.48	-0.32

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	3,071
Value (MYR m)	1,722

### Top 5 Value

	Last	Daily chg %	Value (MYR m)
CIMB	5.440	0.37	135.035
MAYBANK	8.630	1.53	102.061
TOPGLOV	0.840	-0.59	95.551
PBBANK	4.400	0.46	75.150
PCHEM	8.550	0.00	42.359

### Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.043
EURO	0.135	50.00	10.572
COMPUGT	0.015	50.00	0.005
TAWIN-PA	0.030	50.00	0.004
SSB8	0.220	46.67	6.031

### Top 5 Losers

	Last	Daily chg %	Value (MYR m)
ALAM	0.015	-25.00	0.149
FOCUS	0.015	-25.00	0.014
XOX	0.015	-25.00	0.006
TALAMT	0.015	-25.00	0.000
IQZAN	0.030	-25.00	0.000

### Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
MYEG	78.375	95.000	0.86
RAPID	26.477	1.733	15.38
MICROLN	25.500	30.000	0.95
UNISEM	17.850	7.000	2.63
WIDAD	16.021	43.300	0.41

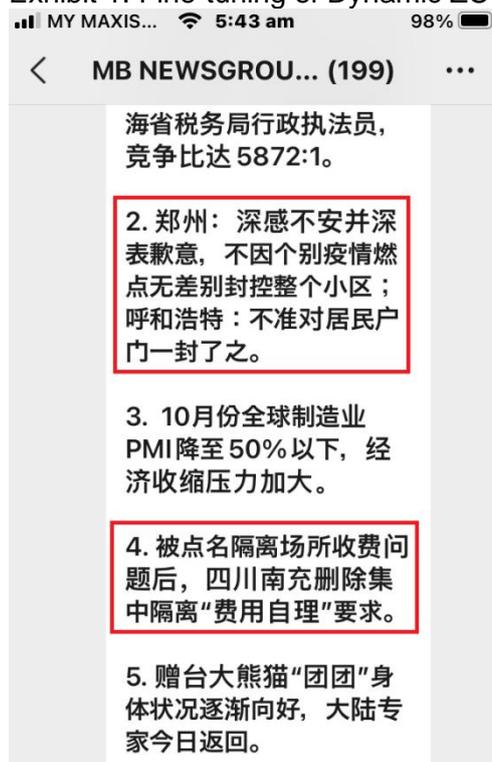
## Market Pulse

The KLCI closed marginally higher at 1,446.19, where it gained 4.84 points or 0.34%. KLCI's constituents saw 11 gainers, 13 losers, and 6 unchanged. Hartalega Holdings Bhd closed off as the top loser of the day shredding 3.86% after their disappointing 2Q results released the day before, which implies that the prospects of the glove makers remain uncertain where their revenue was heavily affected by lower ASP as well as a decrease in sales volume. Meanwhile, the top gainers were led by Press Metal Aluminium Holdings Bhd and Malayan Banking Bhd, which gained 2.07% and 1.53%, respectively. On the broader market, gainers led losers 425 to 404, while 401 counters were unchanged.

While control of Congress remains unknown, Republicans taking control of only the House of Representatives will be enough to stymie Biden's domestic agenda and will likely result in fiscal brinkmanship around the debt limit and government shutdowns. A divided government will likely result in a lack of fiscal support during the forecasted recession in 1Q 2023 and a hawkish Fed will tailspin the global markets into chaos although as per Reuters, when a Democrat is in the White House and there is a split government, stock markets often fare better.

On the other hand, hopes of China reopening have resurfaced over the past few days that authorities may be looking to gradually ease the strict Zero Covid policies, but we believe that the essential parts of the ZCS will remain until at least 2023 Chinese New Year is over although fine-tuning measures are likely in the weeks ahead (Exhibit 1).

### Exhibit 1: Fine-tuning of Dynamic ZCS



Source: WeChat, compiled by PRSB

We believe that China reopening speculation is unlikely to benefit the Malaysia market, while US mid-term election results may be a good reference to our GE15 on voters' concerns. Hence, 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 in Exhibit 2.

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.95	2.45	25.64
Guan Chong	GUAN MK	Outperform	2.10	2.78	32.38
<b>Technical</b>					
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	3.65	4.30	17.81
Pentamaster Corporation	PENT MK	Buy	3.82	5.26	37.70
Formosa Prosonic Industries	FOR MK	Buy	3.00	3.92	30.67
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
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	1.03	1.32	28.16
OSK Holdings	OSK MK	Buy	0.88	1.12	27.27
UWC	UWC MK	Buy	3.60	5.03	39.72
Dayang Enterprise	DEHB MK	Buy	1.24	1.44	16.13
CTOS Digital	CTOS MK	Buy	1.38	1.78	28.99
Ancom Nylex	ANC MK	Buy	0.93	1.24	33.33
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	1.39	1.44	3.60
Mega First Corp	MFCB MK	Outperform	3.20	3.63	13.28
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	0.37	0.43	17.81
<b>ETF</b>					
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

Source: Bursa, Bloomberg, PRSB, price as of 9<sup>th</sup> November 2022

## Malaysian news highlights

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- **Economic sector positions 97.8% filled as of 3Q2022 — DOSM.**

A total of 97.8% of the 8.68 million positions in the economic sector have been filled as of the third quarter of this year (3Q2022), according to the Department of Statistics Malaysia (DOSM). Based on the latest employment statistics released by the DOSM, of the 8.48 million positions that were filled, 4.5 million were in the service sector. (Source: [TheEdgeMarkets](#))
- **Wholesale, retail trade volume index up 25.9% in 3Q, sales value 23.9% higher in September — DOSM.**

The volume index of wholesale and retail trade registered a growth of 25.9% to 144.5 points in the third quarter of 2022 (3Q2022), compared to the same quarter in the previous year, said the Department of Statistics Malaysia (DOSM). In a statement, the department said positive growth was recorded in all sub-sectors, namely motor vehicles (142.4%), retail trade (29.6%), and wholesale trade (7.1%). (Source: [TheEdgeMarkets](#))
- **EV resources, infrastructure sorely needed to grow EV market share in Malaysia to 38% by 2030.**

The development of resources and infrastructure is vital to grow the electric vehicle (EV) market share in the country to 38% by 2030, said panellists of the Invest Malaysia Series 2 held on Wednesday (Nov 9) at Bursa Malaysia's headquarters here. One of the panellists, Tenaga Nasional Bhd (TNB) project director of project management office-EV Mohd Junaizee Mohd Noor said four challenges when it comes to proliferation of EV circulation are price and expenditure of EV, infrastructure, government policies, and support industries. (Source: [TheEdgeMarkets](#))
- **New energy vehicle penetration in Malaysia up 3.4% y-o-y to 13,753 units, says Proton.**

A study by Proton Holdings Bhd has revealed that new energy vehicle (NEV) penetration in Malaysia increased 3.4% year-on-year (y-o-y) to 13,753 units in January to August 2022, compared with the same period last year. Proton deputy chief executive officer Roslan Abdullah said on Wednesday (Nov 9) that battery electric vehicles (BEVs) in Malaysia accounted for 1,026 units or 7% of the total NEV units. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **US Inflation to Cool Only Slightly, Keeping Big Fed Hike in Play.**

US inflation probably moderated just slightly in October data due Thursday, and yet another above-forecast reading may dash expectations for the Federal Reserve to downshift from steep interest-rate hikes. (Source: [Bloomberg](#))
- **A Wageflation Hangover Is Coming for European Companies.**

European companies dealing with the worst energy crisis and inflation in four decades are bracing for a fresh shock: wage inflation and the increasing threat of worker actions. That ominous theme has emerged in this earnings season, with most of Europe's biggest companies—from Unilever and Nestlé to L'Oréal, Sodexo and Ahold Delhaize—warning that prices might have to rise further in 2023 amid tough wage negotiations in a tight labor market. (Source: [Bloomberg](#))
- **China Property Crisis Imperils \$1.6 Trillion of Local State Debt.**

China's deepening property crisis is piling pressure on a \$1.6 trillion corner of the country's onshore bond market, as cities and local administrations step in as white knights to bail out troubled developers in a state-backed bid to aid the sector. (Source: [Bloomberg](#))

- **CapitaLand Malaysia Trust to acquire Penang's Queensbay Mall for RM990.5 mil.**  
CapitaLand Malaysia Trust (CLMT) is buying 91.8% of the total strata floor area of retail parcels in Penang's Queensbay Mall from parties related to CapitaLand Investment Ltd for RM990.5 million in a related-party transaction. (Source: [TheEdgeMarkets](#))
- **Duopharma's 3Q net profit down 3.6%, dragged by higher finance and operating costs.**  
Duopharma Biotech Bhd's third quarter net profit slipped 3.62% to RM16.35 million, from RM16.96 million a year earlier, pressured by higher finance and operating costs. Earnings per share for the third quarter ended Sept 30, 2022 (3QFY22) dropped to 1.72 sen from 1.8 sen. (Source: [TheEdgeMarkets](#))
- **Hup Seng 3Q net profit drops 6% on higher raw material costs.**  
Hup Seng Industries Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY2022) dropped 6.05% to RM3.84 million from RM4.08 million in the same period last year, dragged down by higher raw material costs. Earnings per share was reduced to 0.48 sen from 0.51 sen previously, according to the biscuit maker's filing with Bursa Malaysia on Wednesday (Nov 9). (Source: [TheEdgeMarkets](#))
- **Proton plans to produce EVs by 2027.**  
National automaker Perusahaan Otomobil Nasional Bhd (Proton) is in the midst of strengthening its electric vehicle (EV) capabilities, and plans to launch and produce its own EV by 2027, said deputy chief executive officer Roslan Abdullah. (Source: [TheEdgeMarkets](#))

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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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