



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

| 16th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,450.54	-13.46	-7.46
FBM Emas	10,315.67	-79.50	-8.78
FBM Syariah	10,443.97	-76.41	-14.83
FBM Small Cap	14,444.55	-8.25	-8.35
FBM ACE	5,013.12	3.09	-21.91
F4G BM	834.18	-6.97	-5.24
F4G BMS	863.46	-7.28	-12.12

Funds Flows

Net Buy (MYR'm)

Local Institutions	149.9
Local Retails	35.6
Foreign	-185.5

Foreign

Dow Jones	33,592.92	56.22	-7.56
S&P 500	3,991.73	34.48	-16.25
Nasdaq	11,358.41	162.19	-27.40
FTSE	7,369.44	-15.73	-0.20
Hang Seng	18,343.12	723.41	-21.60
Nikkei	27,990.17	26.7	-2.78
Shanghai CI	3,134.08	50.68	-13.89
Strait Times	3,275.28	14.48	4.85

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5465	-0.0460	9.16
GBP / MYR	5.3824	-0.0473	-4.41
JPY100 / MYR	3.2590	-0.0259	-9.94
EUR/MYR	4.7320	-0.0185	0.38
SGD / MYR	3.3250	-0.0217	7.77
CNY / MYR	0.6465	-0.0059	-1.25
AUD / MYR	3.0666	-0.0122	1.32

Bond Yield Movements

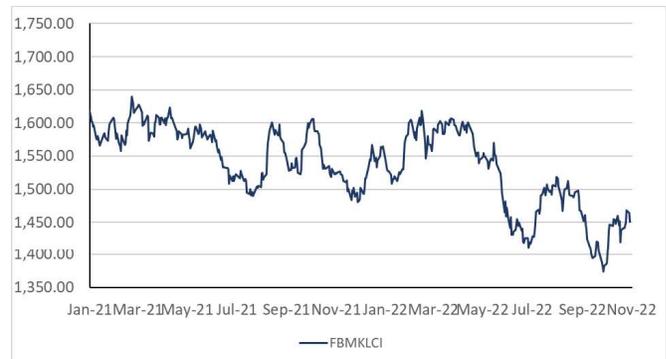
		Yield	Daily Change (bps)
MGS	3- year	3.8	-8
	10- year	4.34	-5
GII	3- year	3.86	-2
	10- year	4.42	-4
UST	2- year	4.37	-3
	10- year	3.80	-8

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,066.00	-96	-2.31
Brent (1 st month)	93.78	1.28	1.38
Gold (spot)	1,778.80	9.29	0.53

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,781
Value (MYR m)	1,677

Top 5 Value

	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.026
AT	0.015	50.00	0.030
COMPUGT	0.015	50.00	0.008
FOCUS	0.020	33.33	0.029
KNM	0.065	30.00	3.124

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
DGB	0.020	33.33	0.004
MTRONIC	0.025	25.00	0.022
BCMALL	0.025	25.00	0.008
TECHNAX	0.030	20.00	2.280
G3	0.030	20.00	1.449

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
PHB	0.005	-50.00	0.016
ASIAPLY-PA	0.060	-40.00	0.014
EAH	0.010	-33.33	0.173
XOXNET	0.025	-28.57	0.047
DGB	0.015	-25.00	0.002

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
AXIATA	14.600	5.000	2.89
HONGSENG	10.035	42.700	0.23
FIAMMA	9.330	7.464	1.23
TELADAN	6.325	4.685	1.38
TANCO	6.138	21.923	0.31

Market Pulse

The KLCI closed lower yesterday at 1,450.54 which lost 13.46 points or 0.92% on conservative profit-taking activities before the GE15. KLCI constituents saw 25 losers and 3 gainers with the remaining 2 unchanged. The losers were led by Hartalega Holdings Bhd and Top Glove Corp Bhd, which lost 6.98% and 4.9%, respectively. Similarly broader market shares the negative sentiment from profit-taking activities, where losers outpaced gainers 541 to 332, while 376 counters were unchanged.

Positive market sentiments in the US were partially offset by the news that Poland was hit by two Russian missiles and killed two people despite the moderation of the US PPI (Producer Price Index) to 9.0% YoY from 8.5% YoY in September and more dovish statements from FOMC participants.

In Asia, China’s industrial production (IP) and retail sales both worsened in October to 5.0% and -0.5% YoY, respectively (Exhibit 1), from 6.3% and 2.5% YoY in September and were below market expectations (Consensus: 5.3% and 0.7%). Although market has high expectations for Beijing’s efforts to fine-tune its zero-Covid strategy and the reversal of its property financing policy, we believe the downward pressure on growth remains because (i) Covid cases could surge as the weather becomes colder which may elicit lockdowns, (ii) easing measures on ZCS could be largely offset by local officials’ escalation of ZCS, as stamping out coronavirus is still perceived to be the most important performance measure for local officials under Xi Jinping, (iii) Beijing has yet to find a more reliable solution to reboot housing demand, while ZCS continues to weigh on new home sales. Therefore, the expectations of China to drive the ASEAN/Malaysia economy remains a bridge too far.

Back to Malaysia, with voting on the doorstep and rekindle of Russia/Ukraine war tension, we expect profit taking activities to continue today.

Exhibit 1: China IP and Retail Sales



Source: Bloomberg, compiled by PRSB

Our picks in Exhibit 2.

Exhibit 2: 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	2.19	2.78	26.94
Technical					
QL Resources	QLG MK	Outperform	5.40	5.77	6.85
Opcom Holdings	OHB MK	Buy	0.845	1.24	46.75
Gamuda	GAM MK	Outperform	3.70	4.30	16.22
Pentamaster Corporation	PENT MK	Buy	4.03	5.26	30.52
Formosa Prosonic Industries	FOR MK	Buy	3.13	3.92	25.24
Kerjaya Prospek Group	KPG MK	Outperform	1.13	1.39	23.01
MMS Ventures	MMSV MK	Buy	0.680	1.20	76.47
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	0.91	1.12	23.08
UWC	UWC MK	Buy	3.85	5.03	30.65
Dayang Enterprise	DEHB MK	Buy	1.23	1.44	17.07
CTOS Digital	CTOS MK	Buy	1.37	1.78	29.93
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	0.61	0.71	16.39
Vitrox Corp Bhd	VITRO BHD	Buy	7.18	7.88	9.68
Pecca Group Bhd	PECCA MK	Buy	0.86	1.16	35.09
Nova Wellness Group Bhd	NOVA MK	Outperform	0.90	1.07	18.99
Duopharma Biotech Bhd	DBB MK	Outperform	1.40	1.44	2.86
Mega First Corp	MFCB MK	Outperform	3.29	3.63	10.18
Malton Bhd	MALT MK	Buy	0.40	0.44	10.00
MyEG Services Bhd	MYEG MK	Outperform	0.82	0.94	15.34
WCT Holdings Bhd	WCT MK	Outperform	0.38	0.43	14.67
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

Source: Bursa, Bloomberg, PRSB, price as of 15th November 2022

- **Mortgage Rates Could Tank Home Prices by 20%, Fed Study Finds.**

House prices, adjusted for inflation, soared during the pandemic by the most since the 1970s, analysis by Dallas Fed economist Enrique Martinez-Garcia showed. A “pessimistic” scenario where prices now retreat by 15% to 20% could subtract 0.5% to 0.7% from inflation-adjusted consumer spending, he wrote in a blog post Tuesday. (Source: [Bloomberg](#))
- **US Household Debt Jumps Most Since 2008 Even as Credit-Card Rates Surge.**

Households added \$351 billion in overall debt last quarter, taking the total to \$16.5 trillion, according to data released by the Federal Reserve Bank of New York on Tuesday. That’s an increase of 8.3% from a year earlier, the most since a 9.1% jump in the first quarter of 2008. The debt figures aren’t adjusted for inflation. (Source: [Bloomberg](#))
- **US Producer Prices Cool by More Than Forecast on Heels of CPI.**

The producer price index for final demand advanced 8% from a year ago, the smallest annual gain in more than a year, and 0.2% from month earlier, Labor Department data showed Tuesday. The median estimates in a Bloomberg survey of economists called for a 8.3% annual increase and a 0.4% rise from the prior month. (Source: [Bloomberg](#))
- **Economic Slowdown Worsens in EU’s East as Inflation Surge Hits.**

Economies in the European Union’s east slowed in the third quarter as consumers were hit by spiking energy costs triggered by Russia’s war in neighboring Ukraine and soaring interest rates. Gross domestic product in Poland, the region’s biggest economy, grew 3.5% in the July-to-September period, down from 5.5% in the previous quarter, data showed on Tuesday. Output in Romania and Hungary both slowed to 4% from 5.1% and 6.5% respectively. (Source: [Bloomberg](#))
- **UK Stocks Most Disliked Among Investors, BofA Survey Shows.**

There’s more gloom for UK stocks after the country lost its title of Europe’s largest equity market: Bank of America Corp. says investors are most bearish on British shares among major regions. Even after a partial recovery in British assets following September’s ‘mini budget’ turmoil, a net 25% of fund managers are underweight UK stocks, according to BofA’s latest survey. (Source: [Bloomberg](#))
- **UK Labor Market Feeds Inflation Pressure With Jump in Wages.**

The figures from the Office for National Statistics underline the case for the central bank to keep raising interest rates. Policy makers are seeking to head off a wage-price spiral after consumer prices jumped 10.1%, the most in four decades. (Source: [Bloomberg](#))
- **Japan’s Wave of Tourists Sends Hotels, Taxis Hunting for Staff.**

The number of people working at hotels and inns is 30% below pre-pandemic levels, according to the Japan Accommodation and Lodging Foundation, while airlines and tour bus operators report full bookings. (Source: [Bloomberg](#))
- **Australia Seen Hitting 3% Wage Growth as Inflation Risks Linger.**

Australia’s central bank Governor Philip Lowe is likely to see the faster wage growth he’s spent much of his six years at the helm rooting for in an economy that’s weathering its hottest inflation in three decades. (Source: [Bloomberg](#))
- **Biden, Jokowi unveil US\$20b deal to wean Indonesia off coal.**

US President Joe Biden and Indonesian President Joko Widodo will announce a climate finance deal providing US\$20 billion to help Indonesia pivot away from coal power. The funding deal, brokered between the US, Indonesia and Japan, is set to be outlined on Tuesday on the sidelines of the Group of 20 summit in Bali, following more than a year of talks. It is the largest single climate finance transaction ever, according to a senior US Treasury Department official. (Source: [TheEdgeMarkets](#))

- **Medical Tourism to Thailand Gets a Boost With New One-Year Visas.**
Thailand will start issuing one-year visas to people seeking medical treatment, as the Southeast Asian nation positions itself as a global hub for health-care tourism in the post-pandemic era. The Cabinet on Tuesday approved a proposal to lower the fee for such visas to 5,000 baht (\$140) from 6,000 baht mooted a year earlier, Tipanan Sirichana, a deputy spokeswoman for the government, said in a statement. The new permits will be issued starting Jan. 1, she said. (Source: [Bloomberg](#))

Corporate news

- **Dialog's 1Q net profit down slightly on higher project, operation cost.**
Dialog Group Bhd's net profit for the first quarter ended Sept 30, 2022 (1QFY2023) slipped 2.35% to RM125.79 million, from RM128.82 million a year earlier, due to higher project and operation cost. Earnings per share dropped to 2.23 sen from 2.28 sen, the integrated technical service provider's bourse filing showed. Quarterly revenue, however, climbed 40.8% to RM711.7 million, from RM505.45 million for 1QFY2022, on increased activities contributed by both local and international operations. (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.