



# PHILLIP RESEARCH SDN BHD

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## Morning Pole Position

| 22<sup>nd</sup> November 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,447.96	-1.36	-7.63
FBM Emas	10,274.81	-4.43	-9.14
FBM Syariah	10,407.49	8.72	-15.13
FBM Small Cap	14,390.95	21.62	-8.69
FBM ACE	4,952.50	37.58	-22.85
F4G BM	833.32	-0.35	-5.34
F4G BMS	862.73	-0.73	-12.20
<i>Funds Flows</i>			
		<b>Net Buy (MYR'm)</b>	
Local Institutions		-21.7	
Local Retails		189.4	
Foreign		-167.7	
<i>Foreign</i>			
Dow Jones	33,700.28	-45.41	-7.26
S&P 500	3,949.94	-15.4	-17.13
Nasdaq	11,024.51	-121.55	-29.53
FTSE	7,376.85	-8.67	-0.10
Hang Seng	17,655.91	-336.63	-24.54
Nikkei	27,944.79	45.02	-2.94
Shanghai CI	3,085.04	-12.2	-15.24
Strait Times	3,250.62	-21.61	4.06

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5750	0.0250	9.84
GBP / MYR	5.4056	-0.0207	-4.00
JPY100 / MYR	3.2413	-0.0223	-10.43
EUR/MYR	4.6914	-0.0342	-0.48
SGD / MYR	3.3163	0.0000	7.49
CNY / MYR	0.6389	0.0005	-2.41
AUD / MYR	3.0332	-0.0235	0.22

### Bond Yield Movements

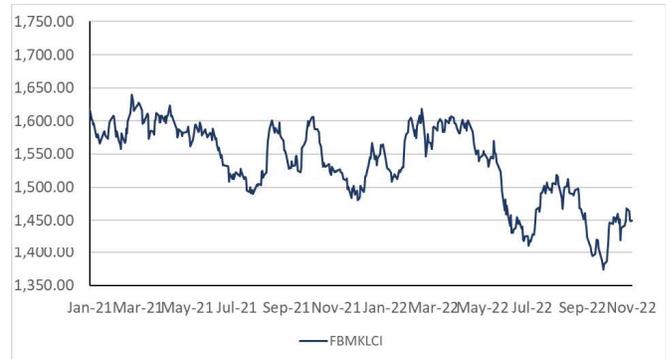
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.96	15
	10- year	4.34	8
<b>GII</b>	3- year	3.89	0
	10- year	4.48	9
<b>UST</b>	2- year	4.48	-3
	10- year	3.83	1

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,855.00	5	0.13
Brent (1 <sup>st</sup> month)	87.68	-0.08	-0.09
Gold (spot)	1,738.96	-13.42	-0.77

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	4,292
Value (MYR m)	2,501

### Top 5 Value

	Last	Daily chg %	Value (MYR m)
GENTING	4.260	-4.91	262.429
GENM	2.560	-5.54	248.516
ASB	0.160	28.00	218.330
DNEX	0.570	12.87	147.751
MAYBANK	8.540	-0.23	112.105

### Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.029
COMPUGT	0.015	50.00	0.033
AT	0.015	50.00	0.014
EAH	0.015	50.00	0.008
KANGER	0.045	28.57	0.032

### Top 5 Losers

	Last	Daily chg %	Value (MYR m)
ANZO	0.010	-33.33	0.001
DGB	0.015	-25.00	0.051
AGES-PA	0.030	-25.00	0.026
ALAM	0.015	-25.00	0.006
JOE	0.015	-25.00	0.000

### Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
HEXTECH	6.888	0.615	12.58
KAB	4.200	10.000	0.47
MYEG	3.975	5.000	0.815
MICROLN	3.150	3.500	0.98
ARTRONIQ	2.985	5.790	0.565

## Market Pulse



Source: Chart created using [tradingview.com](https://tradingview.com)'s tools, PRSB

The KLCI closed lower yesterday at 1,447.96 where it lost 1.36 points or 0.09% as we wait for the new government to form. KLCI constituents saw 15 losers and 11 gainers with 4 remaining unchanged. The losers were led by Genting Malaysia Bhd and Genting Bhd, which lost 5.54% and 4.91%, respectively, as investors speculate that the PN formed government would introduce policies that may hinder the businesses of gaming and brewery stocks. Similarly, the broader market shared the same negative sentiment as losers outpaced the gainers market by 510 to 378, while 362 counters were unchanged.

U.S. markets struggled to stay in the green as a fresh round of Covid-19 shutdown in China rattled investors' sentiment. Investor appetite for risky assets was dented after the Chinese government introduced further restrictions in the wake of more Covid-19 outbreaks as a fresh tightening of restrictions will send uncertainty through manufacturing output and push down demand for raw materials. The recent outbreak in China is testing China's attempt to bring a more "targeted" approach to its ZCS that includes suspending public transit and requiring residents to present a negative test if they want to leave their homes.

As for Malaysia, Agong extended the deadline for the coalition to submit the PM candidate's name to 2 pm today after party leaders requested an extension yesterday. Speculation of which coalition is forming the next government running high albeit mathematically, there are six possible outcomes as listed below:

- 1) 155 seats = PH + PN
- 2) 112 seats = PH + BN
- 3) 115 seats = PH + BN + Warisan
- 4) 114 seats = PH + GPS + GRS + Warisan
- 5) 141 seats = PH + BN + GPS + GRS
- 6) 132 seats = PN + BN + GPS + GRS

Regardless, investors are expected to adopt a 'sell first and watch' mentality in the immediate term until the dust settles. Thus, technically, although we can see KLCI to trade in an uptrend channel, but this will hinge upon the conclusion of the coalition party that formed the government. This is also supported by the stochastic oscillator as the two lines intersect, which indicates a reversal in momentum is underway. As such, since it is still too early to conclude on GE15, we think KLCI would be trading on rangebound today, between 0.236 and 0.382 Fibonacci level of 1,431.67 to 1,467.74. Our picks are in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.89	2.45	29.63
Guan Chong	GUAN MK	Outperform	2.22	2.78	25.23
<b>Technical</b>					
QL Resources	QLG MK	Outperform	5.42	5.77	6.46
Opcom Holdings	OHB MK	Buy	0.780	1.24	58.97
Gamuda	GAM MK	Outperform	3.65	4.30	17.81
Pentamaster Corporation	PENT MK	Buy	4.01	5.26	31.17
Formosa Prosonic Industries	FOR MK	Buy	3.28	3.92	19.51
Kerjaya Prospek Group	KPG MK	Outperform	1.14	1.39	21.93
MMS Ventures	MMSV MK	Buy	0.610	1.20	96.72
FM Global Logistics Holdings	FMH MK	Buy	0.530	0.82	54.72
Hibiscus Petroleum	HIBI MK	Buy	0.97	1.32	36.08
OSK Holdings	OSK MK	Buy	0.90	1.12	24.44
UWC	UWC MK	Buy	3.84	5.03	30.99
Dayang Enterprise	DEHB MK	Buy	1.35	1.44	6.67
CTOS Digital	CTOS MK	Buy	1.32	1.78	34.85
Ancom Nylex	ANC MK	Buy	0.92	1.24	34.78
BP Plastics Holdings	BPP MK	Buy	1.38	1.80	30.43
CCK Consolidated Holdings	CCK MK	Outperform	0.62	0.71	15.45
Vitrox Corp Bhd	VITRO BHD	Buy	6.95	7.88	13.31
Pecca Group BHD	PECCA MK	Buy	0.83	1.16	40.00
Nova Wellness Group Bhd	NOVA MK	Outperform	0.87	1.07	23.12
Duopharma Biotech Bhd	DBB MK	Outperform	1.34	1.44	7.46
Mega First Corp	MFCB MK	Outperform	3.35	3.63	8.21
Malton Bhd	MALT MK	Buy	0.40	0.44	11.39
MyEG Services Bhd	MYEG MK	Outperform	0.82	0.94	15.34
WCT Holdings Bhd	WCT MK	Outperform	0.39	0.43	11.69
<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	1.80	2.44	35.82

Source: Bursa, Bloomberg, PRSB, price as of 21<sup>st</sup> November 2022

## Global news highlights

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- **US Consumers Are Still Applying for Credit Cards Despite Higher Rates.**  
The New York Fed's most recent credit-access survey showed an application rate for credit cards of 27.1% for October, remaining "robust" after a 26.5% rate seen a year before. By contrast, the application rate for credit overall declined slightly, after a 2021 rebound. (Source: [Bloomberg](#))
- **China Calls on Banks to Stabilize Lending to Property Sector.**  
China's financial regulators have asked banks to stabilize lending to property developers and construction firms, the latest effort by policymakers to turn around the real-estate crisis and bolster economic growth. (Source: [Bloomberg](#))
- **Indonesia caps wage increase at 10% to quell protests, inflation.**  
The government will cap the increase at 10% next year, far higher than the hike prescribed by law but short of the demands of labour unions for as high as a 25% rise. Protests have flared across the country as higher food, fuel and housing costs eroded public confidence in the administration of President Joko Widodo, a leader who built his support base among the working class. (Source: [TheEdgeMarkets](#))

## Corporate news

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- **Pos Malaysia posts smaller 3Q net loss of RM33.6 mil.**  
Pos Malaysia Bhd has posted a narrower third quarter net loss of RM33.63 million, compared to RM43.9 million a year earlier, on improved cost of sales and operating expenses and lower loss from operations and finance costs. Revenue for the quarter ended Sept 30, 2022 dropped 8.25% to RM492 million from RM536.26 million previously, according to the national postal service's bourse filing. (Source: [TheEdgeMarkets](#))
- **RCE Capital's 2Q net profit up 16%, declares 23 sen dividends.**  
RCE Capital Bhd's net profit rose 15.84% to RM36.54 million or 4.99 sen per share for the second quarter ended Sept 30, 2022 (2QFY2023), from RM31.55 million or 4.41 sen per share a year earlier due to higher allowances for impairment loss on receivables. In a Bursa Malaysia filing, the group declared 23 sen in dividends — a five sen first interim dividend and an 18 sen special interim dividend — with a Dec 16 ex-date. (Source: [TheEdgeMarkets](#))
- **Lagenda Properties says 3Q net profit down 21.54%, adopts 25% dividend policy.**  
Lagenda Properties Bhd saw its third quarter net profit decline 21.54% to RM35.73 million from RM45.54 million a year earlier, mainly due to upfront costs incurred in preparation for future project launches and the provision for prosperity tax. (Source: [TheEdgeMarkets](#))

*Comment: The net profit was reduced by 21.54% lower as a result of higher sales and administrative expenses incurred for upcoming multi-states project launches. As of 30<sup>th</sup> September 2022, the Group's unbilled sales stood at MYR653.6 million and the majority of this will translate into revenue in the coming quarters to achieve its target of launching more than 6,000 units of homes with GDV exceeding MYR1 billion in 2022.*

- **LBS Bina 3Q net profit jumps 95% on the back of strong property sales.**  
LBS Bina Group Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY22) jumped 94.93% to RM35.35 million from RM18.14 million in the same period last year, driven by solid revenue growth from its property development segment. (Source: [TheEdgeMarkets](#))
- **MOF grants Westports 10-year investment tax allowance.**  
The Ministry of Finance (MOF) has granted Westports Holdings Bhd's wholly-owned subsidiary Westports Malaysia Sdn Bhd (WMSB) a 10-year investment tax allowance (ITA), commencing from Jan 1, 2022 to Dec 31, 2031. (Source: [TheEdgeMarkets](#))

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The ratings are based on the forecast total return (including dividends) over the next 12 months.

Funds:

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