



# PHILLIP RESEARCH SDN BHD

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## Morning Pole Position

| 29<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      | 1,486.54  | -15.34    | -5.17    |
| FBM Emas      | 10,576.79 | -91.78    | -6.47    |
| FBM Syariah   | 10,804.83 | 388.10    | -11.89   |
| FBM Small Cap | 14,802.09 | -59.01    | -6.08    |
| FBM ACE       | 5,191.64  | -18.58    | -19.13   |
| F4G BM        | 859.02    | -7.54     | -2.42    |
| F4G BMS       | 888.02    | -10.49    | -9.62    |

| Funds Flows        | Net Buy (MYR'm) |
|--------------------|-----------------|
| Local Institutions | 64.3            |
| Local Retails      | -22.0           |
| Foreign            | -42.3           |

|                |           |         |        |
|----------------|-----------|---------|--------|
| <i>Foreign</i> |           |         |        |
| Dow Jones      | 33,849.46 | -497.57 | -6.85  |
| S&P 500        | 3,963.94  | -62.18  | -16.83 |
| Nasdaq         | 11,049.50 | -176.86 | -29.37 |
| FTSE           | 7,474.02  | -12.65  | 1.21   |
| Hang Seng      | 17,297.94 | -275.64 | -26.07 |
| Nikkei         | 28,162.83 | -120.2  | -2.18  |
| Shanghai CI    | 3,078.55  | -23.14  | -15.42 |
| Strait Times   | 3,240.06  | -4.49   | 3.73   |

### Currencies

| BNM Middle Rate (5pm) | Last   | Daily chg | YTD %  |
|-----------------------|--------|-----------|--------|
| USD / MYR             | 4.4755 | -0.0195   | 7.45   |
| GBP / MYR             | 5.4198 | -0.0041   | -3.75  |
| JPY100 / MYR          | 3.2235 | -0.0118   | -10.92 |
| EUR/MYR               | 4.6648 | -0.0131   | -1.05  |
| SGD / MYR             | 3.2594 | -0.0091   | 5.64   |
| CNY / MYR             | 0.6246 | -0.0045   | -4.60  |
| AUD / MYR             | 3.0201 | -0.0109   | -0.21  |

### Bond Yield Movements

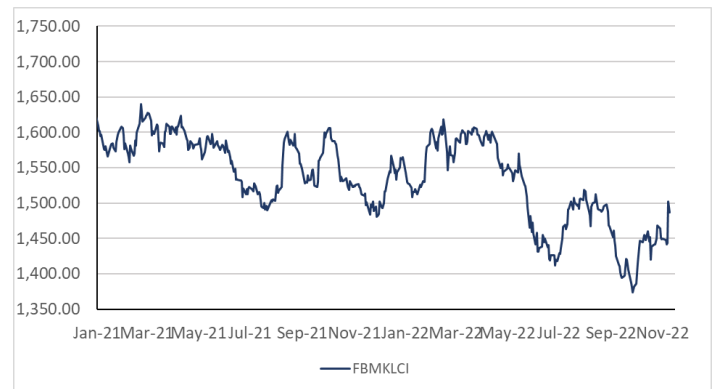
|            |          | Yield | Daily Change (bps) |
|------------|----------|-------|--------------------|
| <b>MGS</b> | 3- year  | 3.82  | -4                 |
|            | 10- year | 4.1   | -3                 |
| <b>GII</b> | 3- year  | 3.9   | -2                 |
|            | 10- year | 4.24  | 0                  |
| <b>UST</b> | 2- year  | 4.46  | 4                  |
|            | 10- year | 3.69  | 1                  |

### Commodities

|                               | Last     | Daily chg | Daily chg % |
|-------------------------------|----------|-----------|-------------|
| CPO (3 <sup>rd</sup> month)   | 4,140.00 | 100       | 2.48        |
| Brent (1 <sup>st</sup> month) | 82.47    | -0.95     | -1.14       |
| Gold (spot)                   | 1,741.62 | -9.39     | -0.54       |

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

|               |       |
|---------------|-------|
| Vol (m shrs)  | 4,409 |
| Value (MYR m) | 3,251 |

| Top 5 Value | Last  | Daily chg % | Value (MYR m) |
|-------------|-------|-------------|---------------|
| CIMB        | 5.800 | -1.19       | 190.859       |
| PBBANK      | 4.520 | 0.00        | 175.701       |
| ASB         | 0.205 | -21.15      | 147.828       |
| MAYBANK     | 8.670 | -1.03       | 122.734       |
| TOPGLOV     | 0.910 | -7.61       | 79.440        |

| Top 5 Gainers | Last  | Daily chg % | Value (MYR m) |
|---------------|-------|-------------|---------------|
| VSOLAR        | 0.010 | 100.00      | 0.019         |
| COMPUTG       | 0.015 | 50.00       | 0.366         |
| MLAB          | 0.020 | 33.33       | 0.011         |
| CFM           | 1.900 | 27.52       | 22.577        |
| IMPIANA       | 0.025 | 25.00       | 0.013         |

| Top 5 Losers | Last  | Daily chg % | Value (MYR m) |
|--------------|-------|-------------|---------------|
| PHB          | 0.005 | -50.00      | 0.004         |
| BIOHLDG-PA   | 0.020 | -50.00      | 0.000         |
| FINTEC       | 0.010 | -33.33      | 0.273         |
| PINEAPP      | 0.725 | -27.50      | 0.000         |
| ASB          | 0.205 | -21.15      | 147.828       |

| Top 5 DBT | Value (MYR m) | Volume (m shares) | Price (MYR) |
|-----------|---------------|-------------------|-------------|
| BJFOOD    | 19.800        | 22.000            | 1.06        |
| MMAG      | 18.000        | 600.000           | 0.03        |
| UNISEM    | 7.650         | 3.000             | 2.78        |
| IGBCR     | 6.010         | 11.449            | 0.535       |
| ARTRONIQ  | 3.105         | 6.900             | 0.58        |

## Market Pulse



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

The KLCI gained more than 37.22 points or 2.57% in the week to close at 1,486.54, where the rally was mainly attributed to a knee-jerked reaction when Datuk Seri Anwar Ibrahim was safely sworn in as the 10th prime minister of Malaysia, paving the path of better political clarity. The KLCI constituents saw 21 gainers and 8 losers with the remaining 1 unchanged for the week. The week gainers were led by CIMB Group Holdings Bhd and Axiata Group Bhd, which gained 7.21% or 6.32%, respectively.

The U.S. market started the week in a downbeat mood as investors were rattled by the impact of the unrest in China and assessed interest-rate commentary by a pair of Fed officials on Monday. St. Louis Fed President James Bullard mentioned that he favors more aggressive interest-rate hikes to contain inflation, and that the central bank will likely need to keep interest rates above 5% into 2024. Meanwhile, his colleague John Williams, president of the New York Fed, said that U.S. unemployment could climb to as high as 5% next year, versus October's rate of 3.7%. In response, the target rate hike probability for 75bps on the 14<sup>th</sup> December FOMC meeting rose to 32.5% from 24.2% from the previous day or 19.4% from a week ago.

Meanwhile, unrest in China fueled the market sentiment due to raising concerns over potential spillover ZCS protest after protests in major cities over the weekend, with some demonstrators going so far as to urge President Xi Jinping and the Communist Party to step down. The unprecedented waves of protest in China caused ripples of unease across financial markets as demonstrations spread across the country from Beijing to Xinjiang and Shanghai, reflecting rising anger about the ZCS.

As for Malaysia, it is not spared from the global market weak sentiment. Technically, despite a strong market rebound seen last week and KLCI clearly still traded within the uptrend channel, we expect KLCI to trade within the 0.382 and 0.500 Fibonacci levels of 1,467.74 and 1496.90 with a bearish bias for today. 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        | 1.94        | 2.45     | 26.29      |
| Guan Chong                                       | GUAN MK    | Outperform | 2.28        | 2.78     | 21.93      |
| <b>Technical</b>                                 |            |            |             |          |            |
| QL Resources                                     | QLG MK     | Outperform | 5.44        | 5.77     | 6.07       |
| Opcom Holdings                                   | OHB MK     | Buy        | 0.790       | 1.24     | 56.96      |
| Gamuda   | GAM MK     | Outperform | 3.86        | 4.30     | 11.40      |
| Pentamaster Corporation                          | PENT MK    | Buy        | 4.33        | 5.26     | 21.48      |
| Formosa Prosonic Industries                      | FOR MK     | Buy        | 3.36        | 3.92     | 16.67      |
| Kerjaya Prospek Group                            | KPG MK     | Outperform | 1.13        | 1.39     | 23.01      |
| MMS Ventures                                     | MMSV MK    | Buy        | 0.625       | 1.20     | 92.00      |
| FM Global Logistics Holdings                     | FMH MK     | Buy        | 0.555       | 0.82     | 47.75      |
| Hibiscus Petroleum                               | HIBI MK    | Buy        | 1.05        | 1.32     | 25.71      |
| OSK Holdings                                     | OSK MK     | Buy        | 0.91        | 1.12     | 23.08      |
| UWC  | UWC MK     | Buy        | 4.05        | 5.03     | 24.20      |
| Dayang Enterprise                                | DEHB MK    | Buy        | 1.36        | 1.44     | 5.88       |
| CTOS Digital                                     | CTOS MK    | Buy        | 1.42        | 1.78     | 25.35      |
| Ancom Nylex                                      | ANC MK     | Buy        | 0.94        | 1.24     | 31.91      |
| CCK Consolidated Holdings                        | CCK MK     | Outperform | 0.68        | 0.71     | 5.19       |
| Vitrox Corp Bhd                                  | VITRO BHD  | Buy        | 7.29        | 7.88     | 8.02       |
| Pecca Group Bhd                                  | PECCA MK   | Buy        | 0.84        | 1.16     | 37.50      |
| Nova Wellness Group Bhd                          | NOVA MK    | Outperform | 0.89        | 1.07     | 19.66      |
| Duopharma Biotech Bhd                            | DBB MK     | Outperform | 1.42        | 1.44     | 1.41       |
| Mega First Corp                                  | MFCB MK    | Outperform | 3.34        | 3.63     | 8.53       |
| Malton Bhd                                       | MALT MK    | Buy        | 0.42        | 0.44     | 6.02       |
| MyEG Services Bhd                                | MYEG MK    | Outperform | 0.87        | 0.94     | 8.05       |
| <b>ETF</b>                                       |            |            |             |          |            |
| MyETF MSCI SEA Islamic Dividend                  | MEMSID MK  | Buy        | 0.83        | 0.92     | 11.35      |
| 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 25<sup>th</sup> November 2022

## Malaysian news highlights

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- **Malaysia should engage with EU on new corporate sustainability reporting directive, says MPOC.**

Malaysia should engage with the European Union (EU) on the EU's new Corporate Sustainability Reporting Directive (CSRD) and any future rules that will have a significant impact on a broad range of companies operating in the world's largest trading bloc, the Malaysian Palm Oil Council (MPOC) said. Companies should prepare to ensure compliance with the new reporting obligations, it added. "Following the entry into force of the new CSRD, the new rules will only start applying in stages: In 2024 for companies already subject to the current reporting obligations, in 2025 for large companies currently not subject to the reporting obligations, and, in 2026, for small and medium enterprises (SMEs)," the council said in a statement. (Source: [TheEdgeMarkets](#))

- **Penang the largest contributor to Malaysia's exports in October.**

Malaysian exports rose 15% year-on-year to RM131.6 billion in October 2022, with Penang posting the highest exports at RM7.1 billion. Malaysia's total trade in October jumped 21% to RM245.2 billion. In a statement, the Department of Statistics Malaysia (DOSM) said according to the export-import statistics by state for October released on Monday (Nov 28), higher exports were also recorded in most states such as Johor (RM4.8 billion), Sarawak (RM3.7 billion), Labuan (RM1.7 billion), Sabah (RM1.4 billion), Kedah (RM1.0 billion), Negeri Sembilan (RM453.2 million), Perlis (RM43.5 million), Kuala Lumpur (RM41.8 million), Melaka (RM38.0 million) and Kelantan (RM17.7 million). (Source: [TheEdgeMarkets](#))

- **DOSM: Malaysian export prices drop slightly in October.**

Malaysia's export prices in October 2022 dropped slightly by 0.05% from 149.8 points in the preceding month to 149.7 points, while the "import unit value index" showed a positive performance of 0.6% to 133.2 points. Accordingly, Malaysia's terms of trade showed a negative performance of 0.6% month-on-month to 112.4 points in October 2022, according to the Department of Statistics Malaysia (DOSM). Malaysia's chief statistician Datuk Seri Mohd Uzir Mahidin said the "export unit value index" dipped 0.05% in October 2022, compared with the previous month due to declines in the indices of animal and vegetable oils and fats (5.3%), mineral fuels (3.4%) and miscellaneous manufactured articles (0.4%). (Source: [TheEdgeMarkets](#))

- **Fitch Solutions raises Malaysia's short-term political risk index score to 67.3.**

Fitch Solutions Country Risk and Industry Research has slightly raised Malaysia's score on its Short-Term Political Risk Index to 67.3 (out of 100), from 64.8 previously, to reflect the progress made in the formation of the new government, which has eased some political uncertainty. In a note dated Nov 25, the firm nevertheless said that it remains to be seen if the Pakatan Harapan (PH)-led government will be able to implement policies, and if newly-appointed Prime Minister Datuk Seri Anwar Ibrahim will be able to prove that he has the support of more than 112 Members of Parliament (MPs). (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **Retailers' Inflation-Fighting Discounts Yield Modest Growth on Black Friday.**

In-store traffic ticked up 2.9% at brick-and-mortar retailers versus 2021, according to preliminary data compiled by Sensormatic Solutions. Salesforce Inc. said the average consumer discount on Black Friday was expected to be greater than 30%, up from 28% last year and close to the 33% rate in 2019. (Source: [Bloomberg](#))

- **European Gas Prices Fluctuate Amid Weather and Supply Concerns.**

Benchmark futures pared losses after falling as much as 6.8%. Russia's Gazprom PJSC announced early on Monday that it will not curb gas shipments to Moldova via Ukraine, as it had threatened, easing worries that it might eventually completely halt supplies in its last remaining active route to Europe. (Source: [Bloomberg](#))

- **Euro Zone’s Double-Digit Inflation Is Reckoned to Have Lingered.**  
While the overall pace of consumer-price increases is likely to have slowed for the first time in 1 1/2 years, it still stayed above 10%, almost all economists predict. The median of 32 estimates in a Bloomberg survey is for an outcome of 10.4% in the report due Wednesday. (Source: [Bloomberg](#))
- **Australia Retail Sales Fall for First Time in 2022 as Rates Bite.**  
Sales dropped 0.2% from September, confounding economists’ estimates for a 0.5% gain, Australian Bureau of Statistics data showed Monday. No one predicted a decline, with Commonwealth Bank of Australia coming closest, forecasting no change. (Source: [Bloomberg](#))
- **Why Protests in China Have Rattled Markets.**  
Markets across the globe are rattled today. China’s population is getting fed up with “zero-Covid” lockdown policy and as a result, we’re seeing what are, by Chinese standards, major protests. (Source: [Bloomberg](#))
- **China’s Industrial Profits Drop as Covid Surges, Prices Fall.**  
Industrial profits in the January-to-October period fell 3.0% from a year earlier, data from the National Bureau of Statistics showed Sunday. That compared with a decline of 2.3% in the first nine months. (Source: [Bloomberg](#))
- **Hong Kong Exports Fall for Sixth Straight Month on Waning Demand.**  
Overseas shipments dropped 10.4% last month from a year earlier, the Census and Statistics Department said Monday. That was worse than the median estimate of an 8% decline in a Bloomberg survey of economists, and compared with a decline in September of 9.1%. (Source: [Bloomberg](#))
- **Philippines sees debt-to-GDP ratio falling to 50% by 2028.**  
The Philippines expects the government's debt-to-gross domestic product (GDP) ratio to decline to about 50% by 2028 due to strong economic growth, Finance Secretary Benjamin Diokno said. The ratio climbed to 62% this year from below 40% before Covid-19 hit as revenue fell while pandemic-related spending rose, Diokno said in a mobile-phone message on Saturday evening. Debt is sustainable as long as the economy expands faster than the increase in public debt, he said. President Ferdinand Marcos Jr's economic team is aiming for growth of 6.5% to 8% annually from 2023 to 2028. (Source: [TheEdgeMarkets](#))
- **Covid Cases Spike in Thailand as Tourism Recovery Gains Steam.**  
An average of 702 Covid patients were hospitalized a day in the week ended Nov. 26, almost double the number from the start of the month, the Health Ministry said Monday. A total of 74 people died during the period, up from 40 people in the week ended Nov. 5, it said. (Source: [Bloomberg](#))

## Corporate news

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- **Sime Darby Plantation submits action plan to RSPO ahead of timeline.**  
Sime Darby Plantation Bhd said it has submitted its action plan on the findings from an independent verification assessment to the Roundtable Sustainable Palm Oil (RSPO) ahead of schedule. This followed a letter it sent to the RSPO on Nov 17, which stated that the RSPO assessment team's findings “do not reflect the current state of the company's operations”. The plantation company noted that the assessment team had identified violations of RSPO standards, including the payment of unreported recruitment fees to agents, sub-agents or other third parties, and the retention of passports. (Source: [TheEdgeMarkets](#))

- S&P downgrades Axiata Group to 'BBB' on weaker earnings quality.**  
 Axiata Group Bhd's earnings quality is set to erode as the merger between its Malaysian operations (Celcom Axiata Bhd.) and that of Telenor ASA (A-/Stable/A-2) nears completion, said S&P Global Ratings. In a statement on Nov 25, the rating agency said that at the same time, Axiata's recent spate of acquisitions will push its debt to Ebitda to 2.7x-2.8x in 2023, from 2.2x in 2021. It said that together, these factors result in a weakened credit profile for the Malaysia-based telecommunications operator. (Source: [TheEdgeMarkets](#))
- IOI Corp posts lower net profit for 1QFY2023 as plantation earnings fall 30%.**  
 Plantation-based group IOI Corp Bhd reported a lower net profit by nearly 40% at RM167.5 million for the first quarter ended Sept 30, 2022 (1QFY2023), against RM277.6 million a year ago, in a Bursa Malaysia filing released. The group's revenue was nearly flat at RM3.66 billion for 1QFY2023 compared with 1QFY2022's RM3.63 billion. Earnings per share contracted to 2.7 sen in 1QFY2023 from 4.45 sen a year ago. (Source: [TheEdgeMarkets](#))
- Sunway's 3Q net profit more than doubles to RM165m.**  
 Sunway Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY2022) more than doubled to RM164.72 million, from RM81.1 million in the corresponding quarter in 2021, lifted by improved performance across its business segments. The conglomerate recorded earnings per share of 2.8 sen during the quarter under review, compared with 1.38 sen per share previously. Revenue for the quarter also expanded 48.27% to RM1.27 billion, from RM856.92 million a year ago, fuelled by the improvements from all of the group's business segments. (Source: [TheEdgeMarkets](#))

## Entitlement

| Stock Code | Stock Name | Entitlements | Description             | Ex-Date    | Lodgement Date | Payment/Cessation Date |
|------------|------------|--------------|-------------------------|------------|----------------|------------------------|
| 2062       | HARBOUR    | RM0.0250     | Final Dividend          | 29/11/2022 | 30/11/2022     | 28/12/2022             |
| 3026       | DLADY      | RM0.2500     | Second Interim Dividend | 29/11/2022 | 30/11/2022     | 13/12/2022             |
| 5436       | PERSTIM    | RM0.1000     | Interim Dividend        | 29/11/2022 | 30/11/2022     | 16/12/2022             |
| 6012       | MAXIS      | RM0.0500     | Third Interim Dividend  | 29/11/2022 | 30/11/2022     | 22/12/2022             |
| 6033       | PETGAS     | RM0.1800     | Third Interim Dividend  | 29/11/2022 | 30/11/2022     | 12/12/2022             |
| 6815       | EUPE       | RM0.0180     | Interim Dividend        | 29/11/2022 | 30/11/2022     | 14/12/2022             |
| 7293       | YINSON     | RM0.0100     | Interim Dividend        | 29/11/2022 | 30/11/2022     | 16/12/2022             |
| 9997       | PENSONI    | RM0.0125     | Final Dividend          | 29/11/2022 | 30/11/2022     | 15/12/2022             |
| 0002       | KOTRA      | RM0.1600     | Final Dividend          | 30/11/2022 | 1/12/2022      | 8/12/2022              |
| 0201       | NOVA       | RM0.0125     | Final Dividend          | 30/11/2022 | 1/12/2022      | 8/12/2022              |
| 5185       | AFFIN      | RM0.0453     | Interim Dividend        | 30/11/2022 | 1/12/2022      | 29/12/2022             |
| 5185       | AFFIN      | RM0.1809     | Special Dividend        | 30/11/2022 | 1/12/2022      | 29/12/2022             |
| 7277       | DIALOG     | RM0.0210     | Final Dividend          | 30/11/2022 | 1/12/2022      | 20/12/2022             |
| 3514       | MARCO      | RM0.0200     | Interim Dividend        | 1/12/2022  | 2/12/2022      | 20/12/2022             |
| 3816       | MISC       | RM0.0700     | Third Interim Dividend  | 1/12/2022  | 2/12/2022      | 14/12/2022             |
| 3298       | HEXZA      | RM0.0400     | Final Dividend          | 2/12/2022  | 5/12/2022      | 19/12/2022             |
| 9423       | CWG        | RM0.0050     | Final Dividend          | 2/12/2022  | 5/12/2022      | 23/12/2022             |



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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.

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