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Morning Pole Position

| 6th December 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,471.56	-10.24	-6.12
FBM Emas	10,586.69	-66.51	-6.39
FBM Syariah	10,877.91	-25.35	-11.30
FBM Small Cap	15,373.94	151.92	-2.45
FBM ACE	5,423.17	57.28	-15.52
F4G BM	856.65	-6.68	-2.69
F4G BMS	892.47	-12.62	-9.17

Funds Flows	Net Buy (MYR' m)
Local Institutions	170.5
Local Retails	26.2
Foreign	-196.7

<i>Foreign</i>			
Dow Jones	33,947.10	-482.78	-6.58
S&P 500	3,998.84	-72.86	-16.10
Nasdaq	11,239.94	-221.56	-28.16
FTSE	7,567.54	11.31	2.48
Hang Seng	19,518.29	842.94	-16.58
Nikkei	27,820.40	42.5	-3.37
Shanghai CI	3,211.81	55.67	-11.76
Strait Times	3,267.54	8.40	4.61

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.3630	-0.0220	4.75
GBP / MYR	5.3613	-0.0241	-4.79
JPY100 / MYR	3.2253	-0.0528	-10.87
EUR/MYR	4.6049	-0.0149	-2.32
SGD / MYR	3.2354	-0.0134	4.87
CNY / MYR	0.6275	0.0037	-4.15
AUD / MYR	2.9699	-0.0233	-1.87

Bond Yield Movements

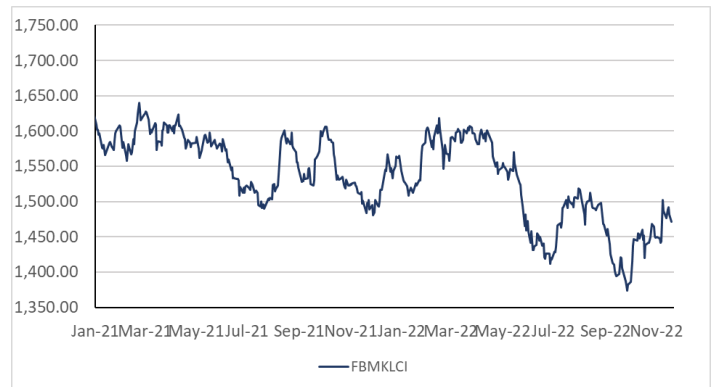
		Yield	Daily Change (bps)
MGS	3- year	3.65	-2
	10- year	4.04	2
GII	3- year	3.85	10
	10- year	4.14	1
UST	2- year	4.41	13
	10- year	3.60	9

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,967.00	15	0.38
Brent (1 st month)	82.97	-3.92	-4.51
Gold (spot)	1,768.82	-30.35	-1.69

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	3,986
Value (MYR m)	2,071

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.640	0.00	93.760
PBBANK	4.440	0.68	83.542
PCHEM	8.500	-0.23	69.851
MAYBANK	8.580	0.00	64.417
DATAPRP	0.275	61.76	45.957

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
COMCORP	0.390	333.33	1.210
VSOLAR	0.010	100.00	0.013
PHB	0.010	100.00	0.007
DATAPRP	0.275	61.76	45.957
PASUKGB	0.020	33.33	0.006

Top 5 Losers	Last	Daily chg %	Value (MYR m)
AT	0.010	-33.33	0.036
MINETEC-PA	0.010	-33.33	0.004
FOCUS	0.015	-25.00	0.105
JOE	0.015	-25.00	0.001
MMAG	0.020	-20.00	0.277

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
CHINHIN	11.000	4.000	3.17
COMCORP	10.802	71.425	0.39
YNHPROP	4.136	1.124	4.15
EFRAME	3.823	5.347	0.88
HEXTAR	3.000	1.250	2.38

Market Pulse



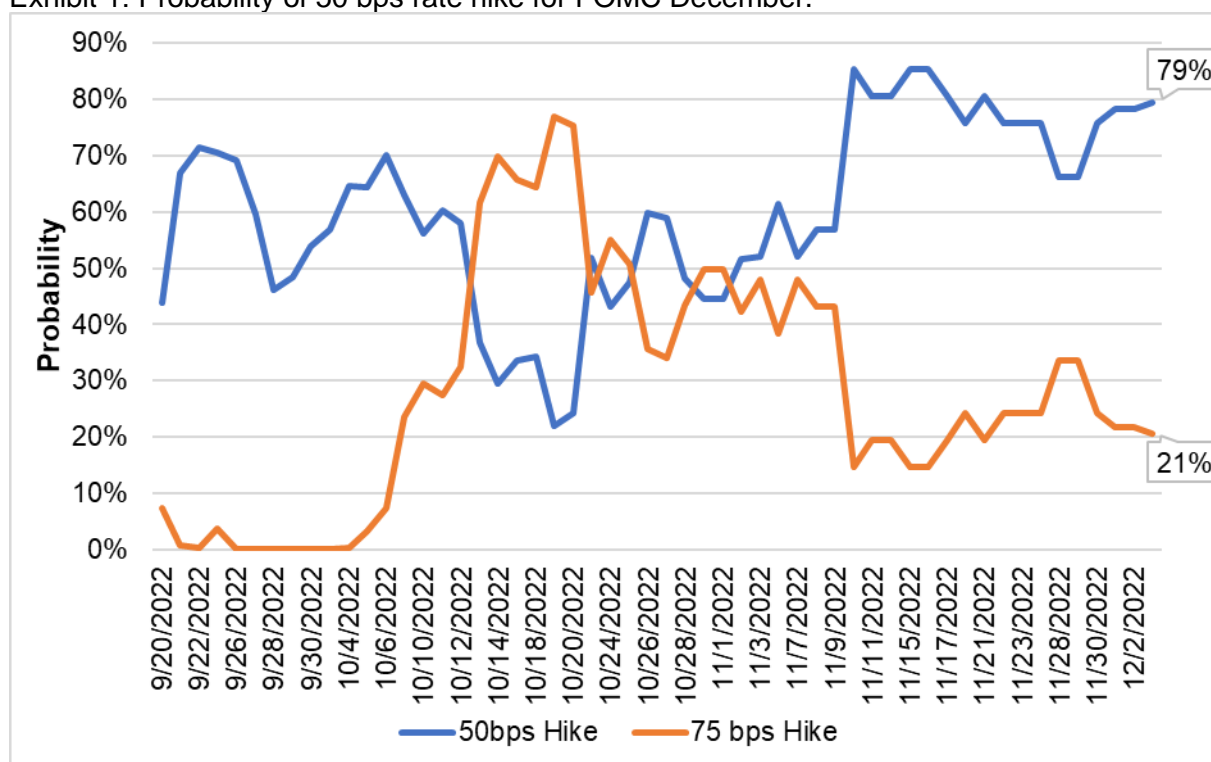
Source: Chart created using tradingview.com's tools, PRSB

The KLCI lost 10.24 points or 0.69% yesterday to close at 1,471.56, as foreigners remained to be net sellers yesterday. The KLCI constituents saw 3 gainers and 22 losers while 5 remained unchanged. The losers were led by Mr. D.I.Y. Group (M) Bhd and Top Glove Corp Bhd, which lost 3.74% and 3.55%, respectively. However, the broader market ended in positive sentiment with gainers outpacing losers 524 to 486, while 392 counters were unchanged.

The U.S. market kickstarted the week in shambles where good news in economic data is bad news. Strong wage growth numbers released on Friday, followed by a robust reading for the U.S. services sector on Monday, helped to stoke fears that the Fed's interest-rate hikes, along with its modest balance-sheet unwind, have not had much of an impact on the tight U.S. labour market. The ISM non-manufacturing PMI which is taken as the barometer of U.S. business conditions in the service sector came in stronger than expected, rising to 56.5 in November (vs 53.3 consensus). This shows a healthy signal the U.S. economy is still expanding at a steady pace. Nevertheless, there is little change to the likelihood of a 50bps or 75bps hike for the FOMC December meeting on 14th December (Exhibit 1).

Since Malaysia still has a positive correlation with the U.S. market, Malaysia market may follow the sentiment weakness seen in the U.S. However, we believe Malaysia's investors would adopt a wait-and-see approach or even take the opportunity of the market weakness to do some bargain-hunting activity. Technically, KLCI may rebound at 0.382 Fibonacci level of 1,467.74 as this level has showcased its resiliency last week. Our picks are in Exhibit 2.

Exhibit 1: Probability of 50 bps rate hike for FOMC December.



Source: FedWatch, compiled by PRSB

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.96	2.45	25.00
Guan Chong	GUAN MK	Outperform	2.44	2.78	13.93
Technical					
QL Resources	QLG MK	Outperform	5.56	5.77	3.78
Opcorn Holdings	OHB MK	Buy	0.785	1.24	57.96
Gamuda	GAM MK	Outperform	3.91	4.30	9.97
Pentamaster Corporation	PENT MK	Buy	4.63	5.26	13.61
Formosa Prosonic Industries	FOR MK	Buy	3.34	3.92	17.37
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.700	1.20	71.43
FM Global Logistics Holdings	FMH MK	Buy	0.560	0.82	46.43
Hibiscus Petroleum	HIBI MK	Buy	1.13	1.32	16.81
OSK Holdings	OSK MK	Buy	0.93	1.12	20.43
UWC	UWC MK	Buy	4.35	5.03	15.63
Dayang Enterprise	DEHB MK	Buy	1.38	1.44	4.35
CTOS Digital	CTOS MK	Buy	1.42	1.78	25.35
Ancom Nylex	ANC MK	Buy	0.95	1.24	30.53
Vitrox Corp Bhd	VITRO BHD	Buy	7.63	7.88	3.21
Pecca Group Bhd	PECCA MK	Buy	0.86	1.16	35.09
Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	20.34
Mega First Corp	MFCB MK	Outperform	3.44	3.63	5.38

Malton Bhd	MALT MK	Buy	0.40	0.44	10.00
ETF					
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.81	0.92	13.41
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.65	1.80	9.07
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.75	2.44	39.70

Source: Bursa, Bloomberg, PRSB, price as of 5th December 2022

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Malaysian news highlights

- **More than 145,000 Shopee sellers record 25% growth in 12 months.**
From October last year to September 2022, over 145,000 local Shopee sellers achieved 25% growth in year-on-year sales on the marketplace due to superior levels of customer service and optimised storefronts, found the latest Shopee Super Awards 2022 Milestone study. The platform contributed to economic inclusion by integrating and upskilling more than 251,000 local sellers who started selling online in the corresponding period. (Source: [TheEdgeMarkets](#))
- **Accelerated foreign outflows from bond market due in part to weak ringgit — MARC.**
Foreign investors net sold RM6.3 billion worth of local bonds by trimming their holdings to RM248.7 billion, equivalent to 13.3% of total outstanding bonds in October (September: 13.7%). It was the second consecutive month of net foreign selling, although considerably larger compared with September's RM439 million, according to MARC Ratings Bhd's statement on Monday (Dec 5). (Source: [TheEdgeMarkets](#))
- **Malaysia's end-November palm oil stocks seen down slightly as output falls.**
Malaysia's palm oil inventories at end-November likely shrank slightly from October as output slowed while imports jumped, a Reuters survey showed on Monday. Stockpiles in the world's second-largest producer were seen falling 0.47% from the previous month to 2.39 million tonnes, according to the median estimate of six traders and analysts polled by Reuters. (Source: [TheEdgeMarkets](#))
- **Anwar: Govt to review plans for 5G network.**
Newly appointed Prime Minister Datuk Seri Anwar Ibrahim said on Monday his administration will review a plan for the state-owned 5G network introduced by the previous government, as it was not formulated transparently. Under the premiership of Tan Sri Muhyiddin Yassin in 2021, Malaysia unveiled a plan for a state-owned agency to own all 5G spectrum, with various carriers using the infrastructure to provide mobile services. (Source: [TheEdgeMarkets](#))
- **5G rollout tender process done transparently, insists DNB.**
Insisting that the tender process for the 5G network rollout was done transparently, Digital Nasional Bhd (DNB) has pledged to work with Putrajaya and extend its fullest cooperation to facilitate the review of the award of the rollout. In a statement on Monday (Dec 5), DNB said the tender process was managed by Ernst & Young Consulting Sdn Bhd, one of the top four global accounting firms, and was conducted in a transparent manner. (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Services Gauge Rises Unexpectedly on Business Activity Surge.**
The Institute for Supply Management's gauge of services rose to 56.5 last month from 54.4 in October, according to data released Monday. Readings above 50 signal growth, and the median projection in a Bloomberg survey of economists was 53.5. The surge in business activity pushed the index, which parallels the ISM's factory output gauge, to the highest level since the end of 2021. (Source: [Bloomberg](#))
- **UK Sends Gas to EU in Rare Role as Winter Exporter.**
Britain's natural gas is still flowing to mainland Europe at a time when the fuel would typically be kept at home, underlining the country's key role in keeping the continent warm this winter. UK flows through the Interconnector pipeline to Belgium, the biggest of the two links between the regions, are the highest for the time of year since at least 2016. That's unusual for December, when exports normally stop or even reverse as it gets colder and UK heating demand jumps. (Source: [Bloomberg](#))

- **China Ramps Up Corn Purchases From Brazil as US Exports Decline.**
Four vessels loaded with Brazilian corn are currently en route to China and five more should sail to China soon, according to the shipping agency Alphamar Agencia Maritima. Additional vessels waiting to load may also head there, pushing total Brazilian corn shipments to China past 1 million tons for the year. (Source: [Bloomberg](#))
- **India Trade Ministry Seeks to Cut Gold Tariff to Curb Smuggling.**
India's trade ministry is discussing a reduction in import taxes on gold to rein in illegal shipments, according to people familiar with the matter. The world's second-largest consumer of the precious metal, almost all of which is purchased from abroad, has asked the Finance Ministry to consider reducing the tariff to about 10% from 12.5%, two of the people said, asking not to be identified as the deliberations are private. (Source: [Bloomberg](#))
- **Ambitious plans to build Indonesia a brand-new capital city are falling apart.**
With its gleaming offices, electric buses, and economically productive residents, Nusantara is the quintessential modern metropolis — smack in the middle of a vast rainforest. At least, that is what the government brochures depict. What they do not show quite so clearly is where Indonesia will find US\$34 billion (RM148.5 billion) to build a new capital city from scratch. With just 18 months left in his final term, President Joko Widodo is still aggressively courting international investors to finance 80% of a project that he hopes will elevate Indonesia's economy, resettle millions of people from rapidly sinking Jakarta — and cement his own legacy. (Source: [TheEdgeMarkets](#))

Corporate news

- **Genting Malaysia invests another US\$100 mil in Empire Resorts.**
Genting Malaysia Bhd has said it is investing another US\$100 million (RM438.5 million) to acquire convertible preferred stock in Empire Resorts Inc, raising its investment in the New York-based gaming company to US\$624.4 million. Genting Malaysia's total investment in Empire Resorts includes indirect ownership of 49% common stock, 100% of Series G and Series L preferred stocks. (Source: [TheEdgeMarkets](#))

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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.

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