



# PHILLIP RESEARCH SDN BHD

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## Morning Pole Position

| 7<sup>th</sup> December 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,471.55	-0.01	-6.12
FBM Emas	10,583.00	-3.69	-6.42
FBM Syariah	10,877.91	-25.35	-11.30
FBM Small Cap	15,361.44	-12.50	-2.53
FBM ACE	5,499.49	76.32	-14.33
F4G BM	857.39	0.74	-2.60
F4G BMS	894.44	1.97	-8.97

Funds Flows	Net Buy (MYR'm)
Local Institutions	75.8
Local Retails	14.6
Foreign	-90.4

<i>Foreign</i>			
Dow Jones	33,596.34	-350.76	-7.55
S&P 500	3,941.26	-57.58	-17.31
Nasdaq	11,014.89	-225.05	-29.59
FTSE	7,521.39	-46.15	1.85
Hang Seng	19,441.18	-77.11	-16.91
Nikkei	27,885.87	65.47	-3.15
Shanghai CI	3,212.53	0.72	-11.74
Strait Times	3,252.37	-15.17	4.12

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.3955	0.0325	5.53
GBP / MYR	5.3546	-0.0067	-4.91
JPY100 / MYR	3.2165	-0.0088	-11.12
EUR/MYR	4.6113	0.0064	-2.18
SGD / MYR	3.2394	0.0040	4.99
CNY / MYR	0.6286	0.0011	-3.99
AUD / MYR	2.9529	-0.0170	-2.43

### Bond Yield Movements

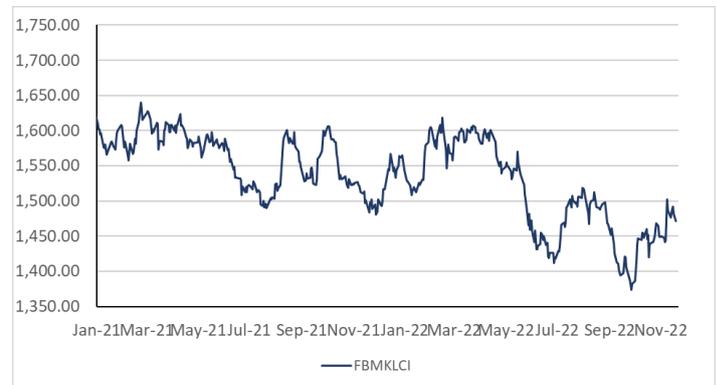
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.61	-4
	10- year	4.04	0
<b>GII</b>	3- year	3.75	-10
	10- year	4.14	0
<b>UST</b>	2- year	4.34	-7
	10- year	3.51	-9

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	4,094.00	127	3.20
Brent (1 <sup>st</sup> month)	79.70	-3.30	-3.98
Gold (spot)	1,771.07	2.68	0.15

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	4,911
Value (MYR m)	2,551

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.570	-1.24	186.169
PBBANK	4.450	0.23	133.904
INFOM	1.070	22.29	108.883
SFPTECH	1.800	-7.69	88.980
DATAPRP	0.310	12.73	76.579

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
IMPIANA	0.095	375.00	0.510
TAWIN-PA	0.070	133.33	0.000
AT	0.020	100.00	3.034
MINETEC-PA	0.020	100.00	0.010
FOCUS-PA	0.010	100.00	0.001

Top 5 Losers	Last	Daily chg %	Value (MYR m)
IQZAN	0.035	-22.22	0.349
MTRONIC	0.020	-20.00	4.798
ALAM	0.020	-20.00	0.023
AEM	0.025	-16.67	0.090
SMTRACK	0.070	-12.50	2.214

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
CIMB	306.448	56.122	5.57
PETDAG	90.400	4.000	22.84
MICROLN	15.275	16.500	1.12
UNISEM	12.400	5.000	2.88
YNHPROP	7.320	1.830	4.13

## Market Pulse



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

The KLCI finished almost flat, where it lost 0.01 points or 0.001% yesterday to close at 1,471.55. The KLCI constituents saw 12 gainers and 13 losers while 5 remained unchanged. The gainers were led by Sime Darby Bhd and Press Metal Aluminium Holdings Bhd, which gained 1.38% and 1.25% respectively. While the losers led by Digi.com Bhd and Nestle Malaysia Bhd, lost 2.56% and 2.25%, respectively. However, the broader market ended in positive sentiment with gainers outpacing losers 504 to 479, while 371 counters were unchanged.

U.S. markets extended its losses after stronger-than-expected U.S. economic data in recent days raised fears about further interest rate rises by the Fed. Fed pivot talks loom over the market as investors try to figure out when the Fed will be able to turn dovish since the economic data continue to be strong, particularly around employment. However, Chair Powell has cautioned against overreacting to one month of data while they are still waiting for “substantially more evidence” of decelerating inflation on a sustained basis since the Fed’s focus has shifted to non-shelter core services, which tends to be driven by domestic labour market conditions. As such, the likelihood of a 50bps hike for the FOMC December meeting on 14<sup>th</sup> December has little change and still stood at 77.0%.

Since Malaysia still have 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, yesterday KLCI was seen to rebound at 0.382 Fibonacci level of 1,467.74 and we believe this level would continue to be a strong support level. For today, we think that KLCI will remain rangebound between 1,467.74 (0.382 Fibonacci level) and 1,471.55 (Monday’s closing). 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	1.98	2.45	23.74
Guan Chong	GUAN MK	Outperform	2.45	2.78	13.47
<b>Technical</b>					
QL Resources	QLG MK	Outperform	5.60	5.77	3.04
Opcom Holdings	OHB MK	Buy	0.805	1.24	54.04
Gamuda	GAM MK	Outperform	3.92	4.30	9.69
Pentamaster Corporation	PENT MK	Buy	4.65	5.26	13.12
Formosa Prosonic Industries	FOR MK	Buy	3.30	3.92	18.79
Kerjaya Prospek Group	KPG MK	Outperform	1.18	1.39	17.80
MMS Ventures	MMSV MK	Buy	0.695	1.20	72.66
FM Global Logistics Holdings	FMH MK	Buy	0.555	0.82	47.75
Hibiscus Petroleum	HIBI MK	Buy	1.10	1.32	20.00
OSK Holdings	OSK MK	Buy	0.93	1.12	20.43
UWC	UWC MK	Buy	4.34	5.03	15.90
Dayang Enterprise	DEHB MK	Buy	1.38	1.44	4.35
CTOS Digital	CTOS MK	Buy	1.43	1.78	24.48
Ancom Nylex	ANC MK	Buy	0.96	1.24	29.84
Vitrox Corp Bhd	VITRO BHD	Buy	7.67	7.88	2.67
Pecca Group Bhd	PECCA MK	Buy	0.83	1.16	39.16
Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	20.34
Mega First Corp	MFCB MK	Outperform	3.36	3.63	7.89
Malton Bhd	MALT MK	Buy	0.41	0.44	8.64
<b>ETF</b>					
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 6<sup>th</sup> December 2022

## Malaysian news highlights

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- **Govt to import egg from foreign sources to meet domestic need.**  
The government has agreed to import chicken eggs from several foreign sources as a short-term solution to meet domestic demand. Minister of Agriculture and Food Security Mohamad Sabu in a statement on Tuesday (Dec 6) said the ministry has identified a number of sources to ensure sufficient supply of chicken eggs in the market. (Source: [TheEdgeMarkets](#))
- **Approved foreign workers met only 19% of oil palm plantation sector's requirement in 2022 — MPOA.**  
The Malaysian Palm Oil Association (MPOA), which estimated RM20 billion in revenue losses for the oil palm plantation sector following harvester shortages, said the foreign workers approved for the sector translated into only 19% of the total required in 2022. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **US Trade Deficit Widens on Greater Imports, Drop in Exports.**  
The trade gap in goods and services grew by \$4 billion, or 5.4%, to \$78.2 billion from a month earlier, Commerce Department data showed Tuesday. The figures aren't adjusted for inflation. The median estimate in a Bloomberg survey of economists called for a widening to \$80 billion. (Source: [Bloomberg](#))
- **LA Port Chief Sees Strong Consumer Spend, No Recession in 2023.**  
"The consumer continues to buy," Port of Los Angeles Executive Director Gene Seroka told Tom Keene, Jonathan Ferro and Lisa Abramowicz on Bloomberg Television Tuesday. "The last four months of consumer-spend numbers are more encouraging than many thought coming into the holidays — Black Friday, Cyber Monday." (Source: [Bloomberg](#))
- **Xi Seeks New Era After Covid's Painful Impact.**  
Xi Jinping is trying to turn a corner, showing he's willing to begin putting the stringent Covid Zero policy behind him. Yet, even as pandemic restrictions are slowly lifted bit by bit, life will return to a very different normal. For years the Communist Party promised prosperity for its people in exchange for certain freedoms, but that social contract has changed under Xi. (Source: [Bloomberg](#))
- **China's Factories Struggle With Slow Dismantling of Covid Curbs.**  
Before October, Qiang had about 30 workers in his garment factory in Guangzhou's Haizhu, a district often dubbed the apparel manufacturing capital of China. After more than a month of Covid lockdowns, all of them have fled, bringing production to a halt. "Those who went home are watching to see when to come back," said Qiang, declining to provide his full name for fear he'll face repercussions for speaking publicly. "I need to restart production the moment the sub-district gives us the green light." (Source: [Bloomberg](#))
- **Marcos Says Philippine Inflation Is Running 'Out of Control'.**  
Philippine President Ferdinand Marcos Jr. said inflation is "running rampant and out of control" after data showed price increases quickened to a 14-year high in November. "The main drivers of that inflation, unfortunately, are still imported," Marcos said at a forum on Tuesday, according to an official transcript. "So again, import substitution is still a good idea not only for foreign exchange reserve but also so that we can keep our inflation rate down." (Source: [Bloomberg](#))

## Corporate news

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- **Axiata announces special dividend from proceeds of Celcom-Digi merger.**  
Axiata Group Bhd has announced a special tax-exempt dividend of four sen per share following the completion of the Celcom-Digi merger on Nov 30. Axiata received a cash consideration of RM2.5 billion from Digi.Com Bhd and RM300 million from Digi's parent company Telenor Asia Pte Ltd, as part of the transaction. (Source: [TheEdgeMarkets](#))
- **Scientex Packaging's 1Q net profit climbs 25% on improved margin with cheaper raw material.**  
Scientex Packaging (Ayer Keroh) Bhd net profit increased 25% for the first quarter ended Oct 31, 2022 (1QFY2023), as revenue grew amid higher demand in both domestic and export sales, while lower raw material prices boosted margin. Scientex Packaging is 72%-owned by Scientex Bhd. Net profit for 1QFY2023 rose to RM12.28 million from RM9.8 million in 1QFY2022, while revenue grew 19% to RM213.92 million from RM180.31 million, the packaging firm's stock exchange filing showed. (Source: [TheEdgeMarkets](#))
- **LB Aluminium's 2Q net profit jumps 81% as margin improves with higher selling prices.**  
LB Aluminium Bhd's net profit jumped 81% year-on-year for the second quarter ended Oct 31, 2022 (2QFY2023), thanks to higher average selling prices and improved margin in its aluminium products segment. Net profit rose to RM12.35 million in 2QFY2023 from RM6.83 million in 2QFY2022, on the back of RM206.09 million revenue, a 30% increase from RM158.84 million, said the aluminium extrusion manufacturer in a stock exchange filing on Tuesday (Dec 6). (Source: [TheEdgeMarkets](#))

## Regional company reports

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### **Tradeplus Shariah Gold Tracker: Fourth Quarter Demand Dilemma.**

- Historically despite continued positive demand for jewellery in 4Q following a rise in 3Q, the gold price often showed price weakness at end of the quarterly period.
- The limited upside for the gold price movement as the Fed kept their hawkish stance.
- We remained negative on GOLDETF with a SELL rating and revised up the target price to MYR2.2450 (previously MYR2.1700), reflecting a 10.38% downside for the 12-month forecast return.

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