



# PHILLIP RESEARCH SDN BHD

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## Morning Pole Position

| 8<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	1,466.88	-4.67	-6.42
FBM Emas	10,543.66	-39.34	-6.77
FBM Syariah	10,877.91	-25.35	-11.30
FBM Small Cap	15,160.46	-200.98	-3.81
FBM ACE	5,498.71	-0.78	-14.34
F4G BM	854.29	-3.10	-2.95
F4G BMS	886.40	-8.04	-9.79

Funds Flows	Net Buy (MYR'm)
Local Institutions	230.8
Local Retails	28.3
Foreign	-259.1

<i>Foreign</i>			
Dow Jones	33,597.92	1.58	-7.54
S&P 500	3,933.92	-7.34	-17.46
Nasdaq	10,958.55	-56.34	-29.95
FTSE	7,489.19	-32.2	1.42
Hang Seng	18,814.82	-626.36	-19.59
Nikkei	27,686.40	-199.47	-3.84
Shanghai CI	3,199.62	-12.91	-12.09
Strait Times	3,225.45	-26.92	3.26

### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.3980	0.0025	5.59
GBP / MYR	5.3447	-0.0099	-5.08
JPY100 / MYR	3.1995	-0.0170	-11.59
EUR/MYR	4.6073	-0.0040	-2.27
SGD / MYR	3.2362	-0.0032	4.89
CNY / MYR	0.6302	0.0016	-3.74
AUD / MYR	2.9427	-0.0102	-2.77

### Bond Yield Movements

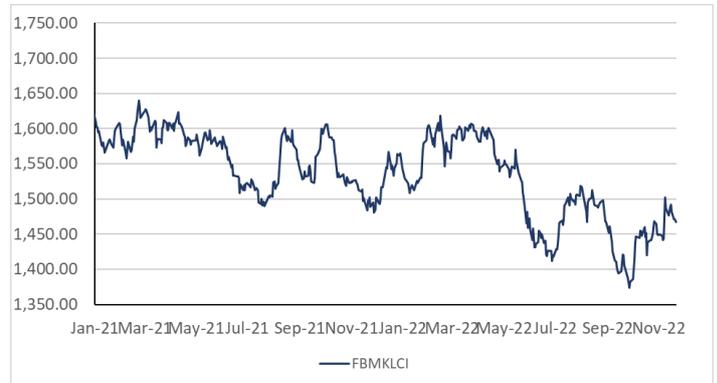
	Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.64
	10- year	4.06
<b>GII</b>	3- year	3.78
	10- year	4.14
<b>UST</b>	2- year	4.26
	10- year	3.42

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,969.00	-125	-3.05
Brent (1 <sup>st</sup> month)	77.43	-2.29	-2.87
Gold (spot)	1,785.95	15.04	0.85

Source: Treasury.gov, Bursa and BNM

### FBMKLCI and statistics



Source: Bloomberg

### Market Turnover

Vol (m shrs)	3,347
Value (MYR m)	2,250

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.660	1.62	243.167
PBBANK	4.420	-0.67	97.451
PCHEM	8.550	-0.12	74.120
SFPTECH	1.770	-1.67	49.661
MAYBANK	8.650	0.46	45.391

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
BCMALL	0.030	50.00	0.935
XDL	0.030	50.00	0.536
KGROUP	0.015	50.00	0.111
AHB	0.185	48.00	9.917
OVERSEA	0.110	29.41	0.081

Top 5 Losers	Last	Daily chg %	Value (MYR m)
TAWIN-PA	0.030	-57.14	0.000
VSOLAR	0.005	-50.00	0.001
KANGER	0.040	-20.00	0.690
SMTRACK	0.060	-14.29	2.518
MERIDIAN	0.030	-14.29	0.052

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
HEXTECH	29.900	2.300	13.5
SEG	17.700	29.500	0
SIGN	8.000	3.200	2.76
MICROLN	3.563	3.750	1.11
HEXIND	3.139	5.330	0.645

## Market Pulse



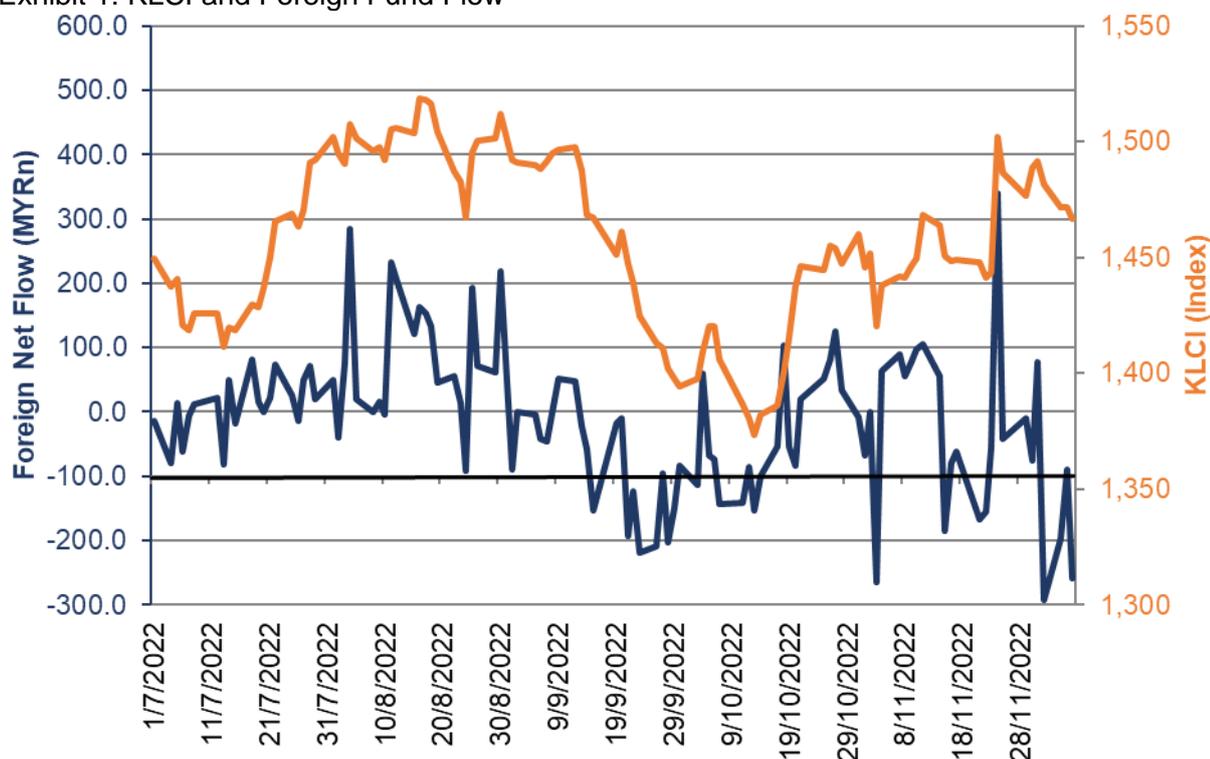
Source: Chart created using tradingview.com's tools, PRSB

The KLCI lost 4.67 points or 0.32% yesterday to close at 1,466.88, following the weak sentiment seen across regional markets. The KLCI constituents saw 19 losers and 8 gainers while 3 remained unchanged. The losers were led by Axiata Group Bhd and Petronas Dagangan Bhd, which lost 3.88% and 2.19%, respectively. Similarly, the broader market shares the negative sentiment with losers beating gainers 501 to 401, while 369 counters were unchanged.

Despite China relaxing some of its ZCS, the U.S. market extended its loss last night as investors wait to seek more clarity on the Fed monetary policy during the FOMC December meeting on 14<sup>th</sup> December. In the meantime, the probability of a 50bps hike during the meeting is inching downwards to 75% from 77% yesterday while any good news on the economy is considered to be bad news and bad news stays as bad news.

Since Malaysia still have a positive correlation with the U.S. market, Malaysia market may follow the weak sentiment seen in the U.S (Exhibit 1). 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. Yesterday, KLCI closed near 0.382 Fibonacci level of 1,467.74 support, with a bearish hammer proving its resiliency. If the selling pressure from foreign investors persists (Exhibit 1), KLCI may breach this support and trade lower. This is also supported by the stochastic oscillator indicating that the selling momentum is likely to continue. For today, we think that KLCI will remain rangebound between 1,460.00 and 1,467.74. Our picks are in Exhibit 2.

Exhibit 1: KLCI and Foreign Fund Flow



Source: Bursa, Bloomberg, compiled by PRSB

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.99	2.45	23.12
Guan Chong	GUAN MK	Outperform	2.43	2.78	14.40
<b>Technical</b>					
QL Resources	QLG MK	Outperform	5.54	5.77	4.15
Opcom Holdings	OHB MK	Buy	0.785	1.24	57.96
Gamuda	GAM MK	Outperform	3.88	4.30	10.82
Pentamaster Corporation	PENT MK	Buy	4.62	5.26	13.85
Formosa Prosonic Industries	FOR MK	Buy	3.27	3.92	19.88
Kerjaya Prospek Group	KPG MK	Outperform	1.20	1.39	15.83
MMS Ventures	MMSV MK	Buy	0.675	1.20	77.78
FM Global Logistics Holdings	FMH MK	Buy	0.555	0.82	47.75
Hibiscus Petroleum	HIBI MK	Buy	1.06	1.32	24.53
OSK Holdings	OSK MK	Buy	0.94	1.12	19.79
UWC	UWC MK	Buy	4.27	5.03	17.80
Dayang Enterprise	DEHB MK	Buy	1.34	1.44	7.46
CTOS Digital	CTOS MK	Buy	1.42	1.78	25.35
Ancom Nylex	ANC MK	Buy	0.98	1.24	27.18
Vitrox Corp Bhd	VITRO BHD	Buy	7.55	7.88	4.30
Pecca Group Bhd	PECCA MK	Buy	0.82	1.16	41.72
Nova Wellness Group Bhd	NOVA MK	Outperform	0.88	1.07	21.71
Mega First Corp	MFCB MK	Outperform	3.35	3.63	8.21
Malton Bhd	MALT MK	Buy	0.41	0.44	8.64

**ETF**

MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.80	0.92	14.83
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.61	1.80	12.12
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.78	2.44	37.35

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Source: Bursa, Bloomberg, PRSB, price as of 7<sup>th</sup> December 2022

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## Malaysian news highlights

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- **Malaysian Rubber Council allocates RM17.3 mil for Hiring Malaysian Workers Fund 2.0.**  
The Malaysian Rubber Council (MRC), an agency governed by the Ministry of Plantation and Commodities (MPC), has allocated a total budget of RM17.3 million for the Hiring Malaysian Workers Fund (HMWF) 2.0, an initiative for encouraging Malaysian employees' involvement in the rubber industry. The HMWF is in line with the government's policy of prioritising the creation of more job opportunities for Malaysians, while addressing the manpower shortage issue. (Source: [TheEdgeMarkets](#))
- **Oil palm sector in dire need of nearly 200,000 foreign workers, says MEOA.**  
The country's oil palm sector is in dire need of close to an additional 200,000 foreign workers, said the Malaysian Estate Owners' Association (MEOA). In a statement, MEOA said the figure is based on the latest updates by government agencies at the National Labour Forum organised by the Malaysian Palm Oil Association (MPOA) on Tuesday (Dec 6). (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **These Are the Tech Companies Slashing Jobs in an Uncertain Economy.**  
The tech industry is slashing jobs at a pace nearing the early days of the Covid-19 pandemic. In November, the sector announced 52,771 cuts, for a total of 80,978 this year, according to Challenger, Gray & Christmas Inc., a consulting firm that tallies job cuts announced or confirmed by companies across telecom, electronics, hardware manufacturing and software development. It's the highest monthly total for the industry since the firm started keeping data in 2000. (Source: [Bloomberg](#))
- **US Mortgage Rates Fall a Fourth Week, Longest Stretch Since 2019.**  
The contract rate on a 30-year fixed mortgage eased 8 basis points to 6.41% in the week ended Dec. 2, still the lowest since mid-September, according to Mortgage Bankers Association data released Wednesday. Rates have retreated for the past month as the Federal Reserve has signaled it will soon slow down the pace of interest-rate hikes, likely at next week's policy meeting. (Source: [Bloomberg](#))
- **EU Adopts Rules to Spur Clearing Shift to Europe From London.**  
The European Union will require banks to monitor their exposure to clearinghouses and maintain active clearing accounts in the bloc as part of new financial market rules put forward by its executive on Wednesday. The European Commission's proposals are designed to encourage more business to move to clearing houses in continental Europe from the City of London by June 2025, when a temporary waiver that allows its banks and money managers to clear trades in the UK expires. (Source: [Bloomberg](#))
- **China Is the Wild Card for Global Inflation in 2023.**  
The broad view for next year is that inflation around the world will slow as interest rates rise, recession looms and consumers spend less. Cooling commodity, food and energy prices, magnified by the favorable comparison with last year's steep gains, will combine to slow the broad rate of inflation. But China's reopening could rattle those expectations. (Source: [Bloomberg](#))
- **Xi's Swift Covid Retreat Shows China Masses They Have Real Power.**  
China on Wednesday eased a range of Covid restrictions, including allowing some people to quarantine at home rather than in centralized camps and scrapping test requirements to enter most public venues. That followed previous moves by major cities like Beijing, Shanghai and Shenzhen to wind back mass testing and sweeping lockdowns that pushed China's economic growth to near a four-decade low. (Source: [Bloomberg](#))

- **Indian Households Expect Prices to Cool, Says RBI Survey.**  
Indian households expect prices to cool in the coming days and the economy to improve, surveys from the central bank found. Inflation perceptions in November dropped by 40 basis points to 9.8%, according to a Reserve Bank of India survey of 6,066 urban households in 19 major cities. Three-month and one-year ahead expectations declined by 40 and 20 basis points, respectively. (Source: [Bloomberg](#))

## Corporate news

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- **SC greenlights QES Group's stock listing transfer to Main Market.**  
QES Group Bhd has secured approval from the Securities Commission (SC) for the transfer of its stock's listing from the ACE Market to the Main Market of Bursa Malaysia. The Shah Alam-based automated test equipment manufacturer said this in a filing with the stock exchange on Wednesday (Dec 7). (Source: [TheEdgeMarkets](#))
- **Gamuda to acquire 30% stake in solar energy firm for RM200 mil.**  
Gamuda Bhd plans to acquire a 30% stake in ERS Energy Sdn Bhd for RM200 million via the subscription of shares in the solar energy company. ERS Energy is one of the largest solar engineering, procurement, construction and commissioning players in the region, with a total project experience of close to 700 MW completed large-scale solar projects, said Gamuda in a Bursa Malaysia filing. (Source: [TheEdgeMarkets](#))
- **Sunview clinches RM120 mil EPCC contract for solar energy facility in Bestari Jaya.**  
Sunview Group Bhd has bagged a RM120 million engineering, procurement, construction and commissioning (EPCC) contract relating to a solar energy-generating facility located in Bestari Jaya, Selangor the group said its wholly-owned subsidiary Fabulous Sunview was awarded the contract by Nextenaga Sdn Bhd to undertake the EPCC job for the development of Nextenaga's 29.99MWac Bukit Badong large scale solar photovoltaic project. (Source: [TheEdgeMarkets](#))

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