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### Morning Pole Position

| 24<sup>th</sup> August 2022 |

All market data as at previous trading day

#### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,482.57	-4.80	-5.42
FBM Emas	10,532.96	-23.39	-6.86
FBM Syariah	10,648.62	-19.05	-13.17
FBM Small Cap	14,362.50	24.43	-8.87
FBM ACE	4,891.80	36.80	-23.80
F4G BM	854.57	-2.33	-2.92
F4G BMS	881.63	-1.88	-10.27

Funds Flows	Net Buy (MYR'm)
Local Institutions	-40.4
Local Retails	26.2
Foreign	14.2

<i>Foreign</i>			
Dow Jones	32,909.59	-154.02	-9.44
S&P 500	4,128.73	-9.26	-13.37
Nasdaq	12,381.30	-0.27	-20.86
FTSE	7,488.11	-45.68	1.40
Hang Seng	19,503.25	-153.73	-16.64
Nikkei	28,452.75	-341.75	-1.18
Shanghai CI	3,276.22	-1.57	-9.99
Strait Times	3,246.21	-16.36	3.92

#### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.4885	0.0035	7.77
GBP / MYR	5.2863	-0.0118	-6.12
JPY100 / MYR	3.2711	-0.0042	-9.61
EUR/MYR	4.4582	-0.0331	-5.43
SGD / MYR	3.2156	0.0000	4.22
CNY / MYR	0.6554	-0.0005	0.11
AUD / MYR	3.0897	-0.0085	2.09

#### Bond Yield Movements

		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.37	-2
	10- year	3.99	1
<b>GII</b>	3- year	3.44	0
	10- year	4.02	1
<b>UST</b>	2- year	3.29	-3
	10- year	3.05	2

#### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	4,234.00	74	1.78
Brent (1 <sup>st</sup> month)	100.15	3.46	3.58
Gold (spot)	1,747.91	12.21	0.70

Source: Treasury.gov, Bursa and BNM

#### FBMKLCI and statistics



Source: Bloomberg

#### Market Turnover

Vol (m shrs)	2,026
Value (MYR m)	1,551

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.280	-0.56	64.601
HIBISCS	0.975	8.33	57.689
HENGYUAN	5.590	30.00	55.794
PBBANK	4.600	0.22	54.855
DNEX	0.860	1.78	46.493

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.002
VSOLAR	0.010	100.00	0.002
COMPUGT	0.015	50.00	0.008
DGB	0.020	33.33	0.004
MLAB	0.020	33.33	0.004

Top 5 Losers	Last	Daily chg %	Value (MYR m)
XOX	0.015	-25.00	0.023
MERIDIAN	0.025	-16.67	0.002
ALAM	0.030	-14.29	0.150
FAST	0.030	-14.29	0.012
XOXTECH	0.030	-14.29	0.010

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
MAG	4.000	24.242	0.185
INGENIEU	2.036	17.700	0.12
MYEG	6.866	8.637	0.78
ASIAPAC	0.319	3.755	0.1
ENRA	1.677	2.573	0.725

## Market Pulse



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

Selling pressure can be seen almost everywhere as investors' sentiments are still low, mainly dragged by the nerves ahead of Federal Reserve Chairman Jerome Powell's speech on Friday. Hence, the KLCI was not spared albeit it inched marginally lower, closing at 1,482.57 pts with -4.80 pts (-0.32%) compared to the previous day's session.

Some support can be seen in the Malaysia market within the energy sector that close on a positive note yesterday. Bursa Malaysia Energy Index gained 7.14% which we believe is attributable to some positive new flows, despite the oil and gas sector being expected to remain volatile as a consequence of the Russia-Ukraine conflict. Deleum announced huge leap in its net profit for Q2FY2022 and expects the activity levels to remain at a healthy level for H2FY2022. Similarly, Petronas Chemicals is also expecting its plant utilization rate to be above 90% in H2FY2022, following the completion of plant turnarounds in H1FY2022. In a different news, Petronas also has started inviting bids for its upstream assets in Africa, which could fetch as much as USD3 billion as part of its global operational shuffle.

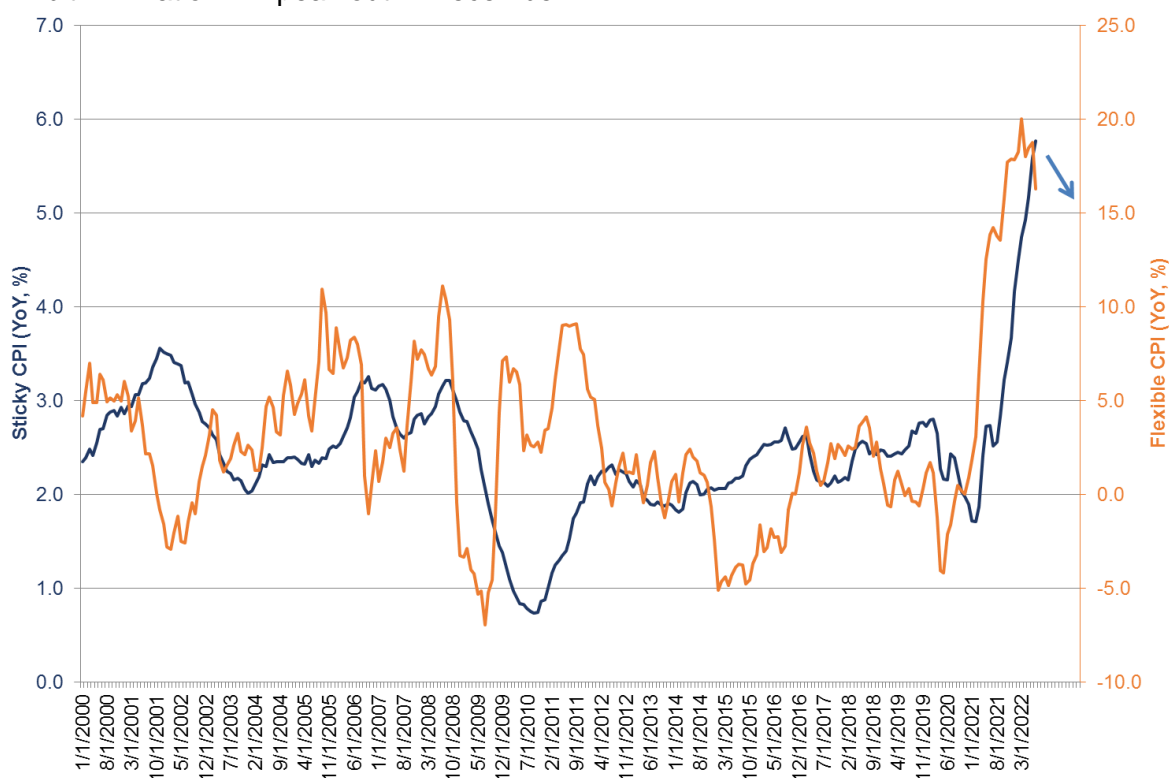
This year's Jackson Hole symposium could provide an opportunity to highlight supply constraints – both on the real economy and labour markets – and constraints on policy such as elevated inflation, which may drive policymakers to focus more on one side of their mandate over the near term (i.e., bringing inflation lower at the expense of labour market strength). However, we believe the Fed is unlikely to change its monetary path this year (Exhibit 1) until sticky-price CPI peaks in December (Exhibit 2). Historically, sticky-price CPI will peak 9 months after flexible CPI peaks. Flexible-price CPI comprises food and energy goods, the remainder being largely autos, apparel, and lodging away from home. The sticky-price CPI includes many service-based categories, including medical services, education, and personal care services, as well as most of the housing categories which change only infrequently.

Exhibit 1: Fed's Monetary Policy Path

FOMC	Rate Hike (%)	FF Upper Limit	QT (USD b)
4/5/2022	+0.50	1.00	
15/6/2022	+0.75	1.75	47.5
27/7/2022	+0.75	2.50	47.5
	Jackson Hole Economic Symposium		47.5
21/9/2022	+0.50	3.00	95
	No FOMC		95
2/11/2022	+0.25	3.25	95
	8/11 Mid-term Election		
14/12/2022	+0.25	3.50	95
1/2/2023	+0.25	3.75	95

Source: Bloomberg, PRSB, compiled by PRSB

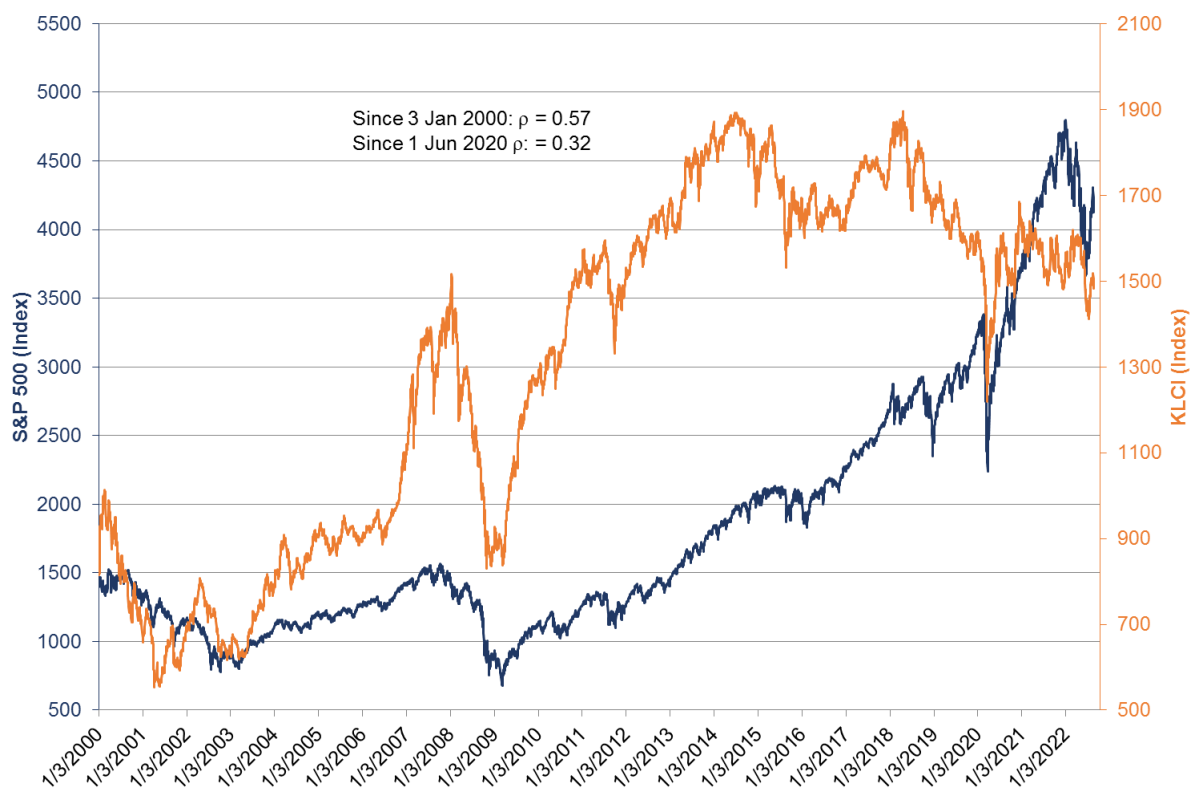
Exhibit 2: Inflation will peak out in December



Source: Atlanta Fed, compiled by PRSB

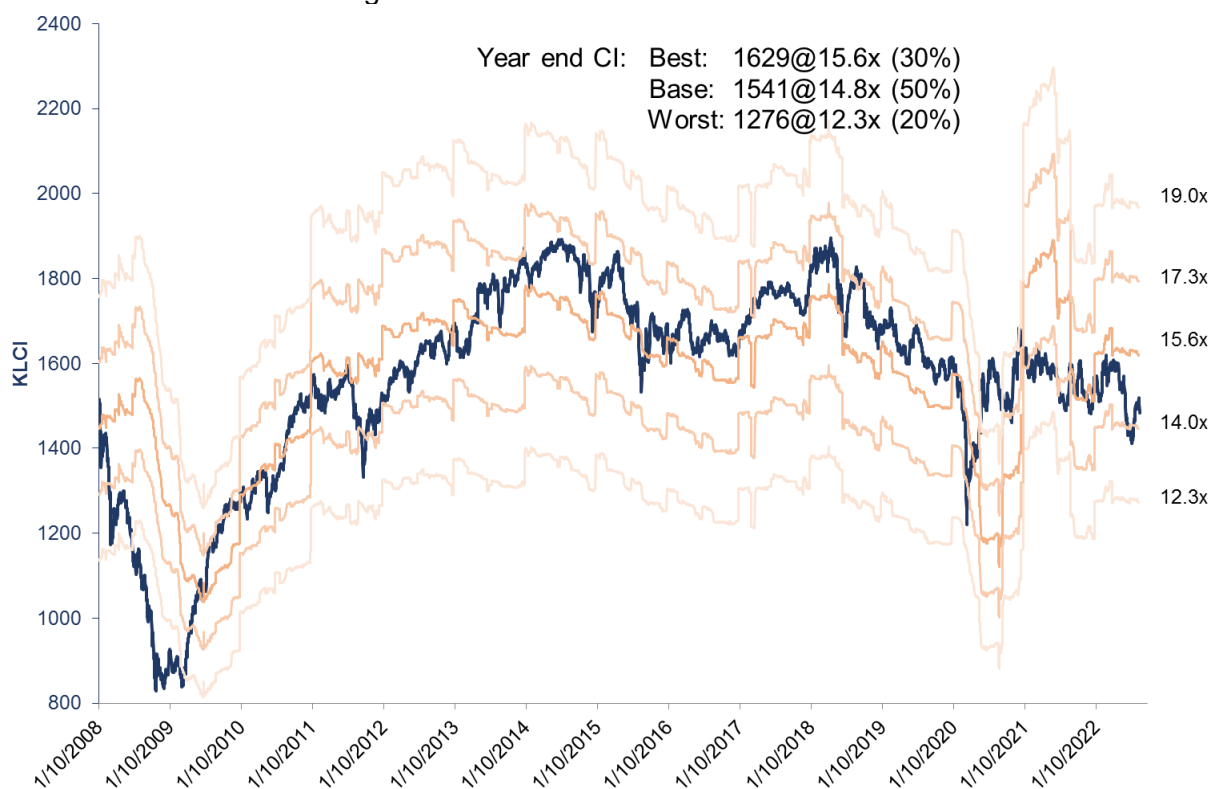
Since markets are always forward- looking, we believe equity markets, including Malaysia (Exhibit 3), will regain uptrend momentum post- Jackson Hole and thus maintain our year-end CI target at 1541 (Exhibit 4).

Exhibit 3: KLCI vs S&P 500



Source: Bloomberg, PRSB, compiled by PRSB

Exhibit 4: KLCI Year-end Target



Source: Bloomberg, compiled by PRSB

Nevertheless, we anticipate the KLCI to decline today as confirmed by the downtick of the RSI. Technically, the Index may test the immediate support at 1,470.96 pts and may fall lower to 1,450.00 pts. We set the resistance level at 1,500.00. Investors may start to shift gear in anticipation of Budget 2023 while speculation on GE15 will cause the market sentiment to remain volatile. Our picks in Exhibit 5.

Exhibit 5: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.76	2.45	39.20
Guan Chong	GUAN MK	Outperform	2.43	2.78	14.40
<b>Technical</b>					
Genting Malaysia	GENM MK	Outperform	2.96	3.21	8.45
IHH Healthcare	IHH MK	Outperform	6.34	7.00	10.41
Kawan Food	KFB MK	Outperform	2.10	2.19	4.29
Matrix Concept	MCH MK	Outperform	2.29	2.57	12.23
Ta Ann	TAH MK	Buy	3.86	4.64	20.21
Telekom	T MK	Outperform	5.65	6.28	11.15
QL Resources	QLG MK	Outperform	5.10	5.77	13.14
CB Industrial Product Holding	CB MK	Buy	1.39	1.76	26.62
Opcom Holdings	OHB MK	Buy	0.82	1.24	51.22
KSL Holdings	KSL MK	Buy	0.83	0.96	16.36
Gamuda	GAM MK	Outperform	3.75	4.30	14.67
Chin Well Holdings	CWH MK	Outperform	1.68	2.00	19.05
Supercomnet Technologies	SCT MK	Buy	1.35	1.73	28.15
Kelington Group	KGRB MK	Buy	1.31	1.71	30.53
Pentamaster Corporation	PENT MK	Buy	4.08	5.26	28.92
AME Elite Consortium	AME MK	Buy	1.56	2.03	30.13
Formosa Prosonic Industries	FOR MK	Buy	3.11	3.92	26.05
Pertama Digital	PRTMA MK	Buy	1.03	1.31	27.18
IJM Corp Bhd	IJM MK	Outperform	1.73	2.06	19.08
Kerjaya Prospek Group Bhd	KPG MK	Outperform	1.16	1.39	19.83
MMS Ventures	MMSV MK	Buy	0.84	1.20	42.86
<b>ETF</b>					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.89	USD 2.21	16.70
MyETF MSCI SEA Islamic Dividend	MEMMID MK	Buy	0.80	0.85	5.62
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.65	1.80	9.36
TradePlus HSCEI Daily (-1x) Inverse Tracker	HSCEI1XI MK	Buy	2.18	2.35	7.80
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.66	1.86	12.05

Source: Bursa, Bloomberg, PRSB, price as of 23<sup>rd</sup> August 2022

## Malaysian news highlights

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- **Over 30 proposals forwarded in Budget 2023 consultation covering people, business and economy.**

More than 30 proposals were made in the Budget 2023 consultation which touched on aspects of the people, business, economy and government, in line with the theme of "Strengthening Recovery and Facilitating Reforms towards Economic Resilience and Well-Being of Keluarga Malaysia" (The Malaysian Family). The Ministry of Finance (MOF) said that among its recommendations is to strengthen programmes to increase the income of low-income people, provide opportunities and assistance to the bottom 40% income group, the elderly and people with disabilities (OKU), and increase the development of human capital and skilled workers. (Source: [TheEdgeMarkets](#))

- **SC: Expansion of SRI sukuk, bond grant scheme to facilitate sustainable finance.**

The Securities Commission Malaysia (SC) on Tuesday (Aug 23) announced the expansion of the Sustainable and Responsible Investment (SRI) Sukuk and Bond Grant Scheme to facilitate companies raising sukuk to meet their sustainable finance needs. The SC said that the grant is also now extended to SRI-linked sukuk issued under the SC's SRI-linked Sukuk Framework introduced in June. "The expansion of the grant will enable eligible SRI-linked sukuk issuers to apply to offset up to 90% of the external review cost incurred, subject to a maximum of RM300,000 per issuance. (Source: [TheEdgeMarkets](#))

- **Govt to mull more targeted subsidies for those truly in need — MOF.**

The Government will consider implementing a more targeted subsidy mechanism, so that only those who are truly in need of assistance will benefit from it, said Deputy Finance Minister Datuk Mohd Shahar Abdullah. Moving forward, he said the Government remains committed to ensuring the people's well-being, including protecting households from the full impact of rising commodity and food prices worldwide. "Following the Government's move to continue and enhance the subsidies, the expenditure for aid and subsidies is estimated to increase to RM77.7 billion, compared with Budget 2022's allocation of RM31 billion," he said in a speech at the Budget 2023 consultation event at the Ministry of Finance (MOF) here on Tuesday (Aug 23). (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **US Business Activity Contracts Again, Weakest Since May 2020.**

The S&P Global flash composite purchasing managers output index slid 2.7 points to 45, the weakest reading since May 2020, the group reported Tuesday. Excluding the pullback in the early months of the pandemic, the August figure is the weakest print in data back to 2009. Readings below 50 indicate contraction. (Source: [Bloomberg](#))

- **US New-Home Sales Plummet to Slowest Pace Since Early 2016.**

Purchases of new single-family homes decreased 12.6% to a 511,000 annualized pace from a revised 585,000 in June, government data showed Tuesday. The median estimate in a Bloomberg survey of economists called for a 575,000 rate. (Source: [Bloomberg](#))

- **European Power Prices Smash Records in Another Inflation Blow.**

Power prices for Wednesday soared to records around Europe, heaping further pressure on governments to accelerate plans for how to shield households from devastating bills and rising inflation. Fresh highs are becoming a nearly daily occurrence for Europe's power markets, with prices now many times higher than the average for the past few years as the energy crisis is only getting worse. (Source: [Bloomberg](#))



- **Japan's Inflation Trend Measures Reach Record High.**

Multiple gauges showed new records and signaled broader inflation according to data released by the Bank of Japan Tuesday. The trimmed mean, a measure of price growth that factors out the biggest gains and falls, renewed its record by rising 1.8% from a year earlier. The mode, or the most frequent pace of price increase, climbed to 0.7%, the highest gain in data going back to 2001. (Source: [Bloomberg](#))

- **Its Largest Lake Is So Dry, China Digs Deep to Water Crops.**

A severe heat wave is wreaking havoc across much of southern China. High temperatures have sparked mountain fires that have forced the evacuation of 1,500 people in the southwest, and factories have been ordered to cut production as hydroelectric plants reduce their output amid drought conditions. The extreme heat and drought have wilted crops and shrunk rivers including the giant Yangtze, disrupting cargo traffic. (Source: [Bloomberg](#))

## Corporate news

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- **Petronas explores US\$3 bil African upstream asset sale.**

Malaysian state oil company Petroliaam Nasional Bhd (Petronas) has started inviting bids for its upstream assets in Africa, which could fetch as much as US\$3 billion, people with knowledge of the matter said. Petronas is working with an adviser to gauge interest in the portfolio, which includes operations in Chad, according to the people, who asked not to be identified because the information is private. (Source: [TheEdgeMarkets](#))

- **IOI Corp sees weaker FY23 ahead after closing FY22 with a 24% profit rise, declares eight sen dividend.**

IOI Corp Bhd's net profit for the fourth quarter ended June 30, 2022 (4QFY22) jumped 50.75% to RM541.8 million from RM359.4 million in the corresponding quarter last year, thanks to higher contributions from its plantation and resource-based manufacturing segments. As a result, earnings per share (EPS) rose to 8.72 sen from 5.74 sen, its Bursa Malaysia filing showed. Revenue grew 7.99% to RM3.74 billion from RM3.46 billion. (Source: [TheEdgeMarkets](#))

- **Malakoff 2Q net profit edges slightly higher to RM119 mil, declares 2.8 sen dividend.**

Malakoff Corp Bhd saw its net profit for the second quarter ended June 30, 2022 (2QFY22) rise marginally to RM119.15 million from RM117.73 million on higher contribution from Tanjung Bin Power Sdn Bhd (TBP) and lower net finance costs. Revenue for the quarter climbed 46.33% to RM2.32 billion from RM1.58 billion, primarily due to higher energy payments recorded from TBP and Tanjung Bin Energy Sdn Bhd (TBE) on the back of higher applicable coal price. (Source: [TheEdgeMarkets](#))

- **Sports Toto declares 4.7 sen dividend as 4Q profit jumps 52% on continued recovery.**

Sports Toto Bhd's net profit for the fourth quarter ended June 30, 2022 (4QFY22) jumped 52.33% to RM46.41 million from RM30.47 million in the same period last year, as the group continued to see business recovery with higher sales from its number forecast operator (NFO) business STM Lottery Sdn Bhd, and its luxury car dealer HR Owen plc. (Source: [TheEdgeMarkets](#))

- **Retail business lifts AEON Co 2Q profit more than four-fold to RM47.28 mil.**

AEON Co (M) Bhd's net profit for the second quarter ended June 30, 2022 (2QFY22) surged more than four times or 332.08% to RM47.28 million from RM10.94 million in the same period last year, boosted by a higher revenue contribution from its retail business segment. Earnings per share rose to 3.37 sen from 0.78 sen, its Bursa Malaysia filing on Tuesday (Aug 23) showed. Quarterly revenue grew 25.31% to RM1.1 billion from RM874.2 million in the same period a year ago. (Source: [TheEdgeMarkets](#))

## Regional company reports

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### **Technical Pulse: Home Depot Inc.**

- A retest of the immediate support at 303.00-318.00 is possible before price edges higher.
- The neckline breakout of an inverted head and shoulder formation at 310.60 is pointing towards a bullish upside.
- The ichimoku crossover of the conversion line over the base line also provides a bullish signal.
- Price could reach resistance zone 1 at 338.00-350.00 before heading towards resistance zone 2 at 365.00-375.00 thereafter.



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SELL: Total return expected to be negative.

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

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