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Morning Pole Position

| 19th September 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
Local			
FBM KLCI	1,467.31	-1.13	-6.39
FBM Emas	10,474.58	-0.62	-7.38
FBM Syariah	10,578.82	-13.97	-13.73
FBM Small Cap	14,392.17	31.48	-8.68
FBM ACE	4,833.75	-11.15	-24.70
F4G BM	848.57	-0.60	-3.60
F4G BMS	873.45	-2.21	-11.11

Funds Flows	Net Buy (MYR'm)
Local Institutions	84.0
Local Retails	69.9
Foreign	-153.9

Foreign			
Dow Jones	30,822.42	-139.4	-15.18
S&P 500	3,873.33	-28.02	-18.73
Nasdaq	11,448.40	-103.95	-26.82
FTSE	7,236.68	-45.39	-2.00
Hang Seng	18,761.69	-168.69	-19.81
Nikkei	27,567.65	-308.26	-4.25
Shanghai CI	3,126.40	-73.52	-14.10
Strait Times	3,268.29	0.31	4.63

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5350	0.0080	8.88
GBP / MYR	5.2279	0.0046	-7.16
JPY100 / MYR	3.1617	0.0036	-12.63
EUR/MYR	4.5318	0.0084	-3.87
SGD / MYR	3.2265	0.0016	4.58
CNY / MYR	0.6499	-0.0004	-0.73
AUD / MYR	3.0625	0.0163	1.19

Bond Yield Movements

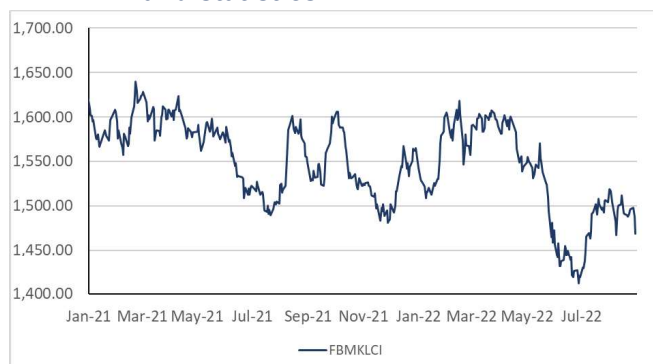
		Yield	Daily Change (bps)
MGS	3- year	3.36	-2
	10- year	4.13	2
GII	3- year	3.51	3
	10- year	4.16	10
UST	2- year	3.85	-2
	10- year	3.45	0

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,783.00	-134	-3.42
Brent (1 st month)	91.57	0.77	0.85
Gold (spot)	1,674.94	11.20	0.67

Source: Treasury.gov, Bursa and BNM

FBM KLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,622
Value (MYR m)	2,667

Top 5 Value	Last	Daily chg %	Value (MYR m)
IHH	6.320	1.94	163.917
MAYBANK	8.860	0.11	144.033
PBBANK	4.470	0.68	129.667
CIMB	5.370	-0.37	104.034
DNEX	0.825	0.00	78.442

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
KGROU	0.010	100.00	0.000
AT	0.015	50.00	0.015
MINETEC-PA	0.015	50.00	0.000
EATECH	0.045	28.57	0.157
SCOMIES	0.025	25.00	0.013

Top 5 Losers	Last	Daily chg %	Value (MYR m)
SCGM	0.715	-70.93	12.708
MNC	0.010	-33.33	0.02
BCMALL	0.015	-25.00	0.01
FOCUS	0.015	-25.00	0.01
EDUSPEC	0.015	-25.00	0.01

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
BORNOIL	1.100	50.000	0.02
CITAGLB	6.099	32.100	0.205
BJCORP	4.600	20.000	0.24
HCK-WA	12.000	12.000	1.17
PA	1.271	4.540	0.28

Market Pulse



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

KLCI was not spared from selling pressure as it had broken the 0.382 Fibonacci Support, closing lower at 1,467.31 pts with -29.22 pts (-1.95%) compared to the previous week's session. Its constituent saw 21 losers and 9 gainers for the week, with Axiata and Sime Darby becoming the worst losers shredding 6.04% and 5.58%, respectively. We believe the market sentiment will remain mixed, and investors will continue to be cautious due to the lack of a strong catalyst to boost the broad market at the moment as investors wait for the Budget 2023 tabling on the 7th October 2023 and updates on the GE15.

Meanwhile, on the U.S. market, some investors pricing in an additional 25bps by Fed this week (Exhibit 1) after receiving mixed signals from the economy. August's CPI decelerated less than expected to 8.3% YoY (Consensus: 8.1% YoY), while core inflation rose to 6.3% YoY (Consensus: 6.1% YoY). Following that, core producer prices offered a hopeful story as it is continuing its YoY decline trend since April, falling to 7.3% YoY in August. The week ended with weekly jobless claims falling to 213,000, the lowest since early summer, and retail sales rose 0.3% YoY (Consensus: -0.1% YoY). Positive surprised in retail sales was due to a 4.2% decline in gas spending helped to foster a solid increased in spending on cars, "miscellaneous stores" and restaurants and bars.

Nevertheless, the market may remain volatile until the 20th-21st FOMC September meeting as investors accessing how aggressive Fed would be in its effort to tame inflation. Hence, we anticipate the KLCI to drop this week as confirmed by the downtick of the RSI. Technically, the KLCI may test the immediate support at 1,450.00 pts and may fall lower to 1,408.83 pts. We set the resistance level at 1,512.00. Our picks in Exhibit 2 and our picks for the week on the 3 sectors namely construction, oil and gas, and technology are Gamuda, Hibiscus Petroleum, and CTOS.

Exhibit 1: Probability of rate Hike in September



Source: CME FEdWatch, compiled by PRSB

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.90	2.45	28.95
Guan Chong	GUAN MK	Outperform	2.33	2.78	19.31
Technical					
Genting Malaysia	GENM MK	Outperform	2.88	3.21	11.46
Matrix Concept	MCH MK	Outperform	2.36	2.57	8.90
Ta Ann	TAH MK	Buy	3.69	4.64	25.75
Telekom	T MK	Outperform	5.76	6.28	9.03
QL Resources	QLG MK	Outperform	5.13	5.77	12.48
CB Industrial Product Holding	CB MK	Buy	1.29	1.76	36.43
Opcom Holdings	OHB MK	Buy	0.800	1.24	55.00
KSL Holdings	KSL MK	Buy	0.790	0.96	21.52
Gamuda	GAM MK	Outperform	3.95	4.30	8.86
Chin Well Holdings	CWH MK	Outperform	1.69	2.00	18.34
Supercomnet Technologies	SCT MK	Outperform	1.53	1.73	13.07
Kelington Group	KGRB MK	Buy	1.37	1.71	24.82
Pentamaster Corporation	PENT MK	Buy	4.13	5.26	27.36
AME Elite Consortium	AME MK	Buy	1.46	2.03	39.04
Formosa Prosonic Industries	FOR MK	Buy	3.07	3.92	27.69
IJM Corp Bhd	IJM MK	Outperform	1.66	2.06	24.10
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.780	1.20	53.85
Dialog Group	DLG MK	Buy	2.29	2.95	28.82

FM Global Logistics Holdings	FMH MK	Buy	0.575	0.82	42.61
Solarvest Holdings	SOLAR MK	Buy	0.77	1.12	45.45
Hibiscus Petroleum	HIBI MK	Buy	1.03	1.32	28.16
OSK Holdings	OSK MK	Buy	0.89	1.12	25.84
Malakoff Corporation	MLK MK	Buy	0.71	0.86	21.99
UWC	UWC MK	Buy	4.12	5.03	22.09
Dayang Enterprise	DEHB MK	Buy	1.12	1.44	28.57
Deleum	DLUM MK	Outperform	0.79	0.84	7.01
CTOS Digital	CTOS MK	Buy	1.44	1.78	23.61
Ancom Nylex Berhad	ANC MK	Buy	0.99	1.24	25.25

ETF

MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.82	USD 1.93	6.18
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
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.26	1.39	10.60
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.59	0.85	43.22
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.71	1.86	8.77

Source: Bursa, Bloomberg, PRSB, price as of 15th September 2022

Malaysian news highlights

- **Malaysia-China trade expected to hit record high this year — MITI.**

The two-way trade between Malaysia and China is expected to hit a new record high this year with the implementation of the Regional Comprehensive Economic Partnership (RCEP) agreement, said Deputy International Trade and Industry Minister Datuk Lim Ban Hong. Lim said the trade is expected to grow despite the pandemic's effects and the global uncertainty caused by geopolitical tensions. "The latest Chinese trade statistics revealed that Malaysia-China overall trade in the first eight months of 2022 reached US\$131.21 billion (RM595.1 billion), growing 21.1% from the corresponding period last year," he said in his opening address at the 19th China-Asean Business and Investment Summit Roundtable Dialogue between Malaysia and chief executive officers from China. (Source: [TheEdgeMarkets](#))

- **Govt does not interfere in OPR decisions, says Zafrul.**

The Government does not intervene in decisions on the overnight policy rate (OPR) as it is determined by Bank Negara Malaysia's (BNM) Monetary Policy Committee, said Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz. The finance minister said the OPR comes under the Central Bank of Malaysia Act 2009, and the Government does not interfere in BNM's affairs. "Many say the Government prioritises the banks [by increasing the OPR], but this is not decided by the Government, and neither does the Government interfere in this matter. This perspective should be corrected. (Source: [TheEdgeMarkets](#))

- **Do more to address housing matters effectively — Rehda.**

With rising concerns about inflation and higher living costs, people are living more frugally, and many industries could be affected by consumers' weakening buying power. The Real Estate and Housing Developers' Association Malaysia (Rehda) said more is needed to mend the housing and construction industries to ensure that issues faced by industry players are addressed effectively. "We need government intervention to mitigate rising prices of building materials, for example, by temporarily waiving or reducing duties on certain construction materials until prices normalise or are more manageable. (Source: [TheEdgeMarkets](#))

- **Retailers call for govt consultation over tobacco generational endgame prior to any implementation, says local think tank.**

The Malaysian retail industry is ill-informed about the tobacco generational endgame (GEG) and implores the government to consult with them prior to any implementation of the policy, according to local think tank Datametrics Research Information Sdn Bhd (DARE). In a statement on Thursday (Sept 15), DARE said that the poll it conducted comprising a sample size of 150 respondents — from major retail chain operators, petrol marts and sundry shops — from the Malaysian retail industry revealed that retailers had not been briefed nor consulted on the GEG and its implementation process and procedures. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Soft Retail Sales, Fewer Jobless Claims Paint Mixed US Economic Picture.**

The retail sales report showed that while households are breathing a sigh of relief from lower prices at the gas pump, widespread inflation is limiting Americans' ability to spend on discretionary items. Total sales rose 0.3%, though the figures aren't adjusted for price changes. (Source: [Bloomberg](#))

- **Soaring energy bills could put seven-in-ten UK pubs out of business.**

Nearly 70% of pubs in the UK may face closure due to skyrocketing energy bills if the government fails to provide an urgent relief package soon, reported Anadolu. Sacha Lord, head of the Night Time Industries Association, urged the government to act without delay, as businesses remain in the dark over their future, according to a report by local newspaper, The Independent. (Source: [TheEdgeMarkets](#))

- China Youth Jobless Rate Drops From Record Despite New Graduates.**
 The surveyed jobless rate for those aged 16-24 slid to 18.7% last month from 19.9% in July, the National Bureau of Statistics said Friday, the first decrease in 10 months. The national urban unemployment rate also eased, to 5.3% from 5.4%. (Source: [Bloomberg](#))
- China's Economy Shows Signs of Recovery as Stimulus Ramps Up.**
 Industrial production, retail sales and fixed-asset investment all grew faster than economists expected last month. The urban jobless rate slid to 5.3%, while the youth unemployment rate fell from a record high. The boost to retail sales was partly due to a lower base of comparison from a year earlier and a surge in car sales after Beijing gave buyers subsidies on electric vehicles. Industrial output was also supported by a big spike in electricity production during August's heatwave, a rebound that's unlikely to be sustained. (Source: [Bloomberg](#))
- South Korea's Record Low Unemployment Gives BOK Rate Latitude.**
 The seasonally adjusted unemployment rate fell to 2.5% from 2.9% the previous month, confounding estimates for it to rise to 3%, data from the statistics office showed Friday. Separately, the nation added 807,000 jobs in August from a year earlier. (Source: [Bloomberg](#))
- Korea's Exports of Key Memory Chip Plummet as Demand Chills.**
 South Korea's exports of its most lucrative memory chip fell by the most since 2019, indicating a deepening slump in technology demand central to global economic growth. Shipments of dynamic random access memory fell 24.7% from a year earlier in August, compared with a 7% decline in the previous month, according to data released Friday by the trade ministry. (Source: [Bloomberg](#))
- Southeast Asia needs US\$210 bil annual investment on renewables, says Irena.**
 Southeast Asian nations need to more than double their annual investment on renewables to accelerate energy transition and to meet climate goals, a report released on Thursday by the International Renewable Energy Agency (Irena) showed. Irena said that in the long term, average annual investment of US\$210 billion is needed on renewable energy, energy efficiency and to support technologies and infrastructure in the period to 2050, to limit a global temperature rise to 1.5 degrees Celsius. The investment is more than two and a half times the amount currently planned by Southeast Asian governments to reach their goals, Irena said. (Source: [TheEdgeMarkets](#))
- Singapore to create up to 20,000 finance jobs in five years.**
 Singapore aims to add as many as 20,000 finance jobs over five years, as the government seeks to bolster areas including wealth management and sustainable financing. The Asian financial hub is projected to add 3,000 to 4,000 net roles on average every year during 2021 to 2025, while the financial sector will grow by 4% to 5% per year in the plan unveiled on Thursday (Sept 15) by the Monetary Authority of Singapore (MAS). (Source: [TheEdgeMarkets](#))
- Indonesia unveils new regulation to boost renewable energy use.**
 Indonesia has issued a regulation to encourage renewable energy use in one of the world's biggest carbon emitters, including a plan to retire some coal plants early, a presidential decree said. The world's largest exporter of coal aims to increase the proportion of renewables in its energy mix to 23% by 2025, but has only reached around 12% so far. Coal currently powers around 60% of the country's electricity needs. (Source: [TheEdgeMarkets](#))
- Philippines Sees Record Current Account Gap as Imports Surge.**
 The Philippine central bank raised its forecast for the current account gap to a record, reflecting a surge in imports on the back of the economy's recovery and higher commodity costs. The 2022 deficit is now expected at \$20.6 billion, about 8% higher than the \$19.1 billion seen previously. (Source: [Bloomberg](#))

- **Petronas' Gentari signs 12 MOUs with international hydrogen players.**
Petroleum Nasional Bhd's (Petronas) wholly-owned entity, Gentari Sdn Bhd, has signed 12 memorandums of understandings (MOUs) with international hydrogen sector players to leverage its advantages as the main driver of green energy. Prime Minister Datuk Seri Ismail Sabri Yaakob said hydrogen energy is a new industry and Petronas has taken steps to explore this energy source as a flexible medium in the transfer of energy across sectors. (Source: [TheEdgeMarkets](#))
- **Genting Malaysia submits bid for 10-year Macau gaming concession.**
Genting Malaysia Bhd (GenM) said it has submitted a bid for the award of a new 10-year gaming concession for the operation of casino games of fortune in Macau. The bid was submitted by its indirect subsidiary, GMM SA, to the Macau Special Administrative Region (SAR) on Thursday, the group said in a bourse filing. It said the tender for the gaming concession represents an opportunity for the group to expand its business in the leisure and hospitality sector, as well as diversify its geographical footprint and participate in the recovery prospects of the Macau gaming segment. (Source: [TheEdgeMarkets](#))
- **Sime Darby says all options on the table, including IPO, on healthcare unit after IHH deal aborted.**
Sime Darby Bhd said there is no final decision yet on whether the group will revive plans to list its healthcare unit on the Bursa Main Market. The diversified group will continue to explore all options, including an IPO for its 50%-owned subsidiary Ramsay Sime Darby Health Care Sdn Bhd (RSDH), after talks with IHH Healthcare Bhd to buy 100% of RSDH from its owners were terminated. "All options are on the table, but there are no conclusive decisions at this juncture," Sime Darby's spokesperson told theedgemarkets.com when asked whether the group will reconsider the listing of RSDH. (Source: [TheEdgeMarkets](#))
- **MAHB's total passenger volume jumped 130% y-o-y to 7.95 mil in August.**
Malaysia Airports Holdings Bhd (MAHB) saw its total passenger movements jump 130% year-on-year (y-o-y) to 7.95 million in August from 3.46 million — the highest passenger volume recorded in 2022. In a statement to Bursa Malaysia, MAHB's network of airports recorded a 178% surge in international passenger movements to 3.3 million from RM1.19 million. This was partly driven by the summer holiday period and visa relaxation in Saudi Arabia from July 30. Domestic passenger movements also grew 105% to 4.7 million from 2.27 million. (Source: [TheEdgeMarkets](#))
- **DiGi.Com-Celcom Axiata merger gets SC's nod.**
Axiata Group Bhd moved a step closer to merging the telecommunication operations of its subsidiary Celcom Axiata Bhd with Norwegian Telenor Group's unit DiGi.Com Bhd, after the Securities Commission Malaysia (SC) approved the plan. The completion of the proposed transaction will now be subject to the approval of Bursa Malaysia and by both Axiata and DiGi.Com shareholders. In June, the Malaysian Communications and Multimedia Commission (MCMC) had issued a notice of no objection to the proposed merger. (Source: [TheEdgeMarkets](#))
- **RAM Ratings revises Genting, GenM's outlook from negative to stable.**
RAM Rating Services Bhd (RAM Ratings) on Thursday revised the outlook for Genting Bhd and Genting Malaysia Bhd (GenM) from negative to stable, and reaffirmed their AA1 ratings. The revision is premised on the expectation that the group remains on track to meet its rating thresholds in the financial year ended Dec 30, 2023 (FY23), supported by better than expected recovery traction and balance sheet and liquidity positions in FY21. (Source: [TheEdgeMarkets](#))

- **High Court strikes out Serba Dinamik's bid to stay appointment of interim liquidator, orders group to pay RM500,000 costs.**

The High Court (commercial division) had on Thursday (Sept 15) struck out a stay application by Serba Dinamik Holdings Bhd (SDHB) and three of its subsidiaries to temporarily stop the appointment of Victor Saw of PwC Malaysia as an interim liquidator. This comes after SDHB, Serba Dinamik Sdn Bhd (SDSB), Serba Dinamik Group Bhd (SDGB) and Serba Dinamik International Ltd (SDIL), which were represented by Mak Lin Kum, withdrew the stay application filed on Aug 25. The application was filed just two days after the court ordered the appointment of the liquidator. (Source: [TheEdgeMarkets](#))

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Corporate Actions/ Entitlements

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgement Date	Payment/ Cessation Date
1155	MAYBANK	RM0.2800	First Interim Dividend	19/9/2022	20/9/2022	19/10/2022
5024	HUPSENG	RM0.0100	First Interim Dividend	19/9/2022	20/9/2022	7/10/2022
5100	BPPLAS	RM0.0150	Interim Dividend	19/9/2022	20/9/2022	7/10/2022
5021	AYS	RM0.0100	Final Dividend	20/9/2022	21/9/2022	17/10/2022
5048	YB	2 shares to 1 warrant	Warrant Bonus Issue	20/9/2022	21/9/2022	-
5236	MATRIX	2 to 1	Bonus Issue	20/9/2022	21/9/2022	-
5292	UWC	RM0.0291	Interim Dividend	20/9/2022	21/9/2022	5/10/2022
5069	BLDPLNT	RM0.0500	Final Dividend	21/9/2022	22/9/2022	13/10/2022
2828	CIHLDG	RM0.1200	Final Dividend	23/9/2022	26/9/2022	11/10/2022
4863	TM	RM0.0900	Interim Dividend	23/9/2022	26/9/2022	21/10/2022
5147	SAMCHEM	RM0.0100	Second Interim Dividend	23/9/2022	26/9/2022	12/10/2022

Source: Bloomberg, compiled by PRSB

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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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