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### Morning Pole Position

| 23<sup>rd</sup> September 2022 |

All market data as at previous trading day

#### Market indices

Indices	Last	Daily chg	YTD chg%
<b>Local</b>			
FBM KLCI	1,439.16	-8.02	-8.19
FBM Emas	10,293.55	-36.54	-8.98
FBM Syariah	10,358.22	-31.67	-15.53
FBM Small Cap	14,251.24	0.15	-9.58
FBM ACE	4,818.65	40.53	-24.94
F4G BM	834.31	-3.46	-5.22
F4G BMS	854.84	-3.47	-13.00

<b>Funds Flows</b>		<b>Net Buy (MYR'm)</b>
Local Institutions		78.1
Local Retails		45.3
Foreign		-123.4

<b>Foreign</b>			
Dow Jones	30,076.68	-107.1	-17.23
S&P 500	3,757.99	-31.94	-21.15
Nasdaq	11,066.80	-153.39	-29.26
FTSE	7,159.52	-78.12	-3.05
Hang Seng	18,147.95	-296.67	-22.44
Nikkei	27,153.83	-159.3	-5.69
Shanghai CI	3,108.91	-8.27	-14.59
Strait Times	3,263.07	1.28	4.46

#### Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5670	0.0135	9.65
GBP / MYR	5.1726	0.0135	-8.14
JPY100 / MYR	3.2143	0.0468	-11.18
EUR/MYR	4.5122	0.0033	-4.28
SGD / MYR	3.2218	0.0007	4.42
CNY / MYR	0.6456	-0.0003	-1.39
AUD / MYR	3.0375	0.0021	0.36

#### Bond Yield Movements

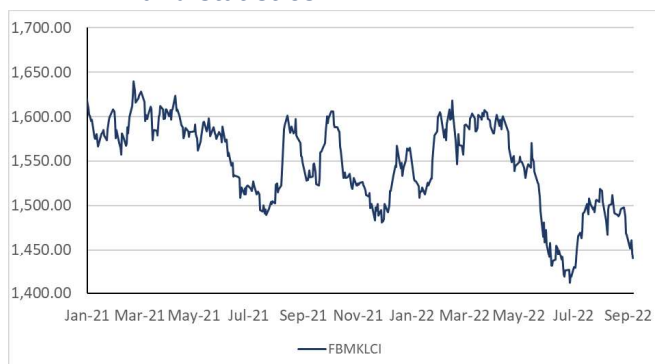
		Yield	Daily Change (bps)
<b>MGS</b>	3- year	3.56	3
	10- year	4.24	4
<b>GII</b>	3- year	3.67	9
	10- year	4.30	9
<b>UST</b>	2- year	4.11	9
	10- year	3.7	19

#### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,826.00	-61	-1.57
Brent (1 <sup>st</sup> month)	90.33	0.33	0.37
Gold (spot)	1,671.33	-2.41	-0.14

Source: Treasury.gov, Bursa and BNM

#### FBM KLCI and statistics



Source: Bloomberg

#### Market Turnover

Vol (m shrs)	2,167
Value (MYR m)	1,679

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.380	-1.28	99.708
PMETAL	4.020	-2.90	89.253
MAYBANK	8.710	-0.23	85.548
PCHEM	8.500	-1.28	71.476
TOPGLOV	0.630	-2.33	62.045

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
BIOHLDG-PA	0.035	40.00	0.001
PASUKGB	0.020	33.33	0.007
JOE	0.020	33.33	0.004
BCMALL	0.020	33.33	0.003
AEM	0.020	33.33	0.002

Top 5 Losers	Last	Daily chg %	Value (MYR m)
MLAB	0.010	-33.33	0.001
BERTAM	0.055	-26.67	0.000
MTRONIC	0.015	-25.00	0.115
IMPIANA	0.015	-25.00	0.018
TALAMT	0.015	-25.00	0.000

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
SAPNRG	2.250	50.000	0.04
TWL	0.825	15.000	0.055
PETGAS	164.100	10.000	16.72
AXREIT	13.290	7.107	1.86
MYEG	3.776	4.549	0.835

## Market Pulse



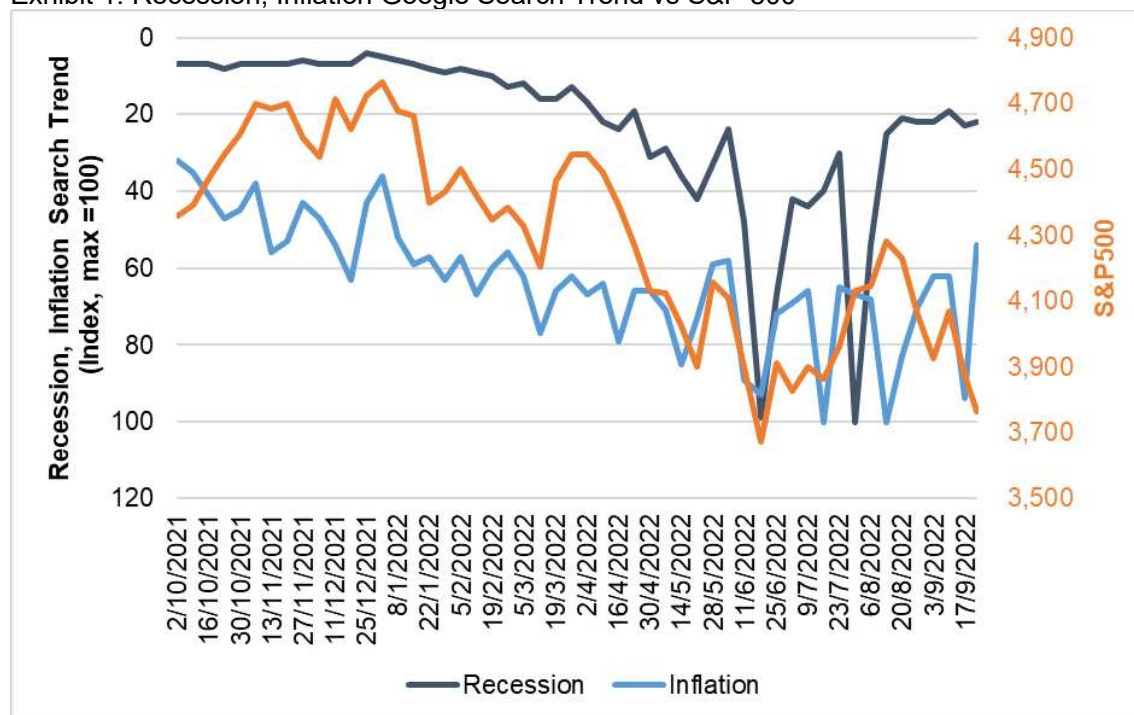
Source: Chart created using tradingview.com's tools, PRSB

Sentiment continued to be weak as KLCI extended the decline, closing at 1,439.16 pts with -8.02 pts (-0.55%) compared to the previous day's session. KLCI's constituents saw 19 losers and 6 gainers, while remaining 5 unchanged. The worst performers of the day were Hartalega and Press Metal, shredding 3.23% and 2.90%, respectively. The broad market shared the same weak sentiment as losers outpaced gainers by 447 to 372 while the remaining 424 were unchanged. Additionally, sentiment took a hit from Russia's escalation of its war with Ukraine. This led the market to be on the lookout for developments in the Russia-Ukraine conflict after President Putin announced a partial military mobilisation to the Donbas region and its risks of possible supply chain disruptions and more sanctions on Russia.

U.S. market extended its decline as investors paid more attention to Jerome Powell's statement on Wednesday, "We will keep at it until the job is done," and "I wish there were a painless way to do that. There isn't." On top of that, Powell also left the market guessing once again since there is no clear deadline for when the Fed will finish with quantitative tightening. Investors are thus becoming more concerned that the Fed is oversteering and driving the economy into a recession.

Looking at the Google Search trend (data is inverted) in Exhibit 1, S&P500 performed badly when the keyword search for "Recession" and "Inflation" was high. This makes us believe that algorithms and AI trading may have reacted to the Google Search trend as one of their big data.

Exhibit 1: Recession, Inflation Google Search Trend vs S&P 500



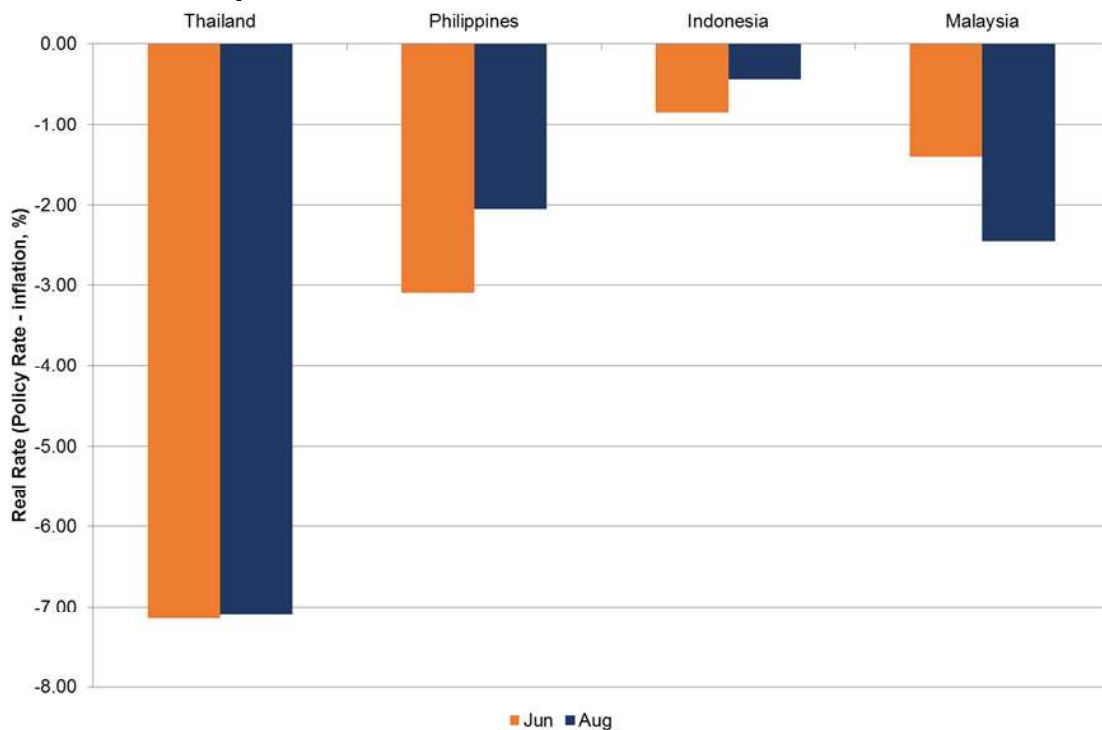
Source: Google Trend, Bloomberg, compiled by PRSB

On the flip side, initial unemployment claims increased by 5,000 to 213,000 in the week ended September 17, well below the market consensus of 218,000. Jobless claims have generally been dropping as employers try to fill millions of open positions while retaining the workers they already have. However, hiring is expected to weaken as the Federal Reserve continues to raise interest rates, with employment being a key sacrifice in the central bank's effort to bring inflation down.

We expect Malaysia's August inflation, which is to be announced today, at 4.7%. With Indonesia's front-loaded 50bps hike yesterday and Malaysia remains at a negative real rate (Exhibit 2), BNM may have to consider another 25 bps policy rate hikes either after the Budget or the GE15, despite the recent decline in commodity prices. However, our linear regression model indicates that MYR is unlikely to hit MYR5.00 to USD (Exhibit 3) even without further hikes. In the meantime, weaker ringgit will benefit export-oriented companies such as Pentamaster and PT Resources.

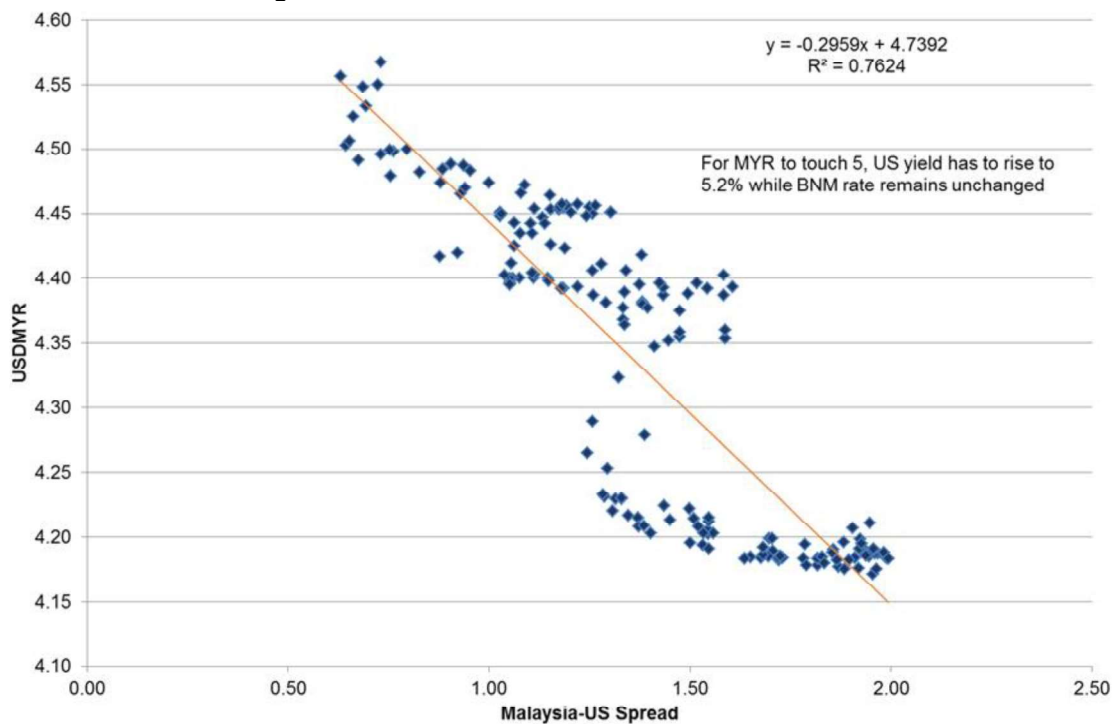
Since the market sentiment is still weak, we anticipate the KLCI to drop today as confirmed by the downtick of the Momentum oscillator. Technically, the KLCI may test the immediate support at 1,427.78 pts and may fall lower to 1,408.83 pts. We set the resistance level at 1,466.20 pts. Our picks in Exhibit 4.

Exhibit 2: Real Policy Rate in ASEAN 4



Source: Bloomberg, compiled by PRSB

Exhibit 3: MYRUSD Regression Model



Source: Bloomberg, PRSB, compiled by PRSB

Exhibit 4: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.92	2.45	27.60
Guan Chong	GUAN MK	Outperform	2.31	2.78	20.35
<b>Technical</b>					
Genting Malaysia	GENM MK	Outperform	2.86	3.21	12.24
Telekom	T MK	Outperform	5.80	6.28	8.28
QL Resources	QLG MK	Outperform	5.04	5.77	14.48
CB Industrial Product Holding	CB MK	Buy	1.27	1.76	38.58
Opcom Holdings	OHB MK	Buy	0.835	1.24	48.50
KSL Holdings	KSL MK	Buy	0.800	0.96	20.00
Gamuda	GAM MK	Outperform	4.00	4.30	7.50
Chin Well Holdings	CWH MK	Outperform	1.69	2.00	18.34
Supercomnet Technologies	SCT MK	Outperform	1.61	1.73	7.45
Kelington Group	KGRB MK	Buy	1.40	1.71	22.14
Pentamaster Corporation	PENT MK	Buy	4.20	5.26	25.24
AME Elite Consortium	AME MK	Buy	1.45	2.03	40.00
Formosa Prosonic Industries	FOR MK	Buy	3.05	3.92	28.52
IJM Corp Bhd	IJM MK	Outperform	1.68	2.06	22.62
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.760	1.20	57.89
Dialog Group	DLG MK	Buy	2.18	2.95	35.32
FM Global Logistics Holdings	FMH MK	Buy	0.590	0.82	38.98
Solarvest Holdings	SOLAR MK	Buy	0.77	1.12	45.45
Hibiscus Petroleum	HIBI MK	Buy	0.93	1.32	41.94
OSK Holdings	OSK MK	Buy	0.89	1.12	25.84
Malakoff Corporation	MLK MK	Buy	0.67	0.86	28.36
UWC	UWC MK	Buy	4.09	5.03	22.98
Dayang Enterprise	DEHB MK	Buy	1.14	1.44	26.32
Deleum	DLUM MK	Outperform	0.76	0.84	10.53
CTOS Digital	CTOS MK	Buy	1.39	1.78	28.06
Ancom Nylex	ANC MK	Buy	1.03	1.24	20.39
BP Plastics Holdings	BPP MK	Buy	1.49	1.80	20.81
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	16.39
<b>ETF</b>					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.77	USD 1.93	9.18
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.81	0.92	14.11
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.64	1.80	9.73
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.23	1.39	13.29
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.55	0.85	53.64
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.71	1.86	8.77

Source: Bursa, Bloomberg, PRSB, price as of 22<sup>nd</sup> September 2022

## Malaysian news highlights

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- **CPO futures close lower on rising stockpile concerns.**  
Crude palm oil futures contracts on Bursa Malaysia Derivatives retreated from Wednesday's gains to end lower on Thursday as caution gripped traders over possible rising stock, dealers said. A dealer said concerns are growing that Malaysia's palm oil stocks may rise to a three-and-a-half-year high by end-2022 as exports are likely to take a hit, dampened by Indonesia's waiving export levies to bring down stockpiles. (Source: [TheEdgeMarkets](#))
- **Govt optimistic of achieving zero hardcore poverty by 2025.**  
The government is optimistic of achieving the target of zero hardcore poverty by the end or 2025, with new integrated and holistic approaches in implementing the pilot projects towards increasing their income. Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed said this confidence is based on the government's earnestness in raising strategic cooperation with various parties including the universities, non-governmental organisations and private sector, in helping this group get out of the poverty line. (Source: [TheEdgeMarkets](#))
- **Industry board targets RM28b timber exports by 2025.**  
The Malaysian Timber Industry Board (MTIB) is aiming for timber exports to hit RM28 billion by 2025, its chairman Datuk Hishamuddin Abdul Karim said. He said this is in line with the National Timber Agrocommodity Policy launched by the Ministry of Plantation Industries and Commodities, with support from the National Timber Industry Strategic Plan 2021-2025. "Empowering the development of the country's timber industry will always be a priority for MTIB when facing current issues and challenges, including issues related to raw material resources, manpower, shipping, production costs, and productivity. (Source: [TheEdgeMarkets](#))
- **BNM: Malaysia's daily FX turnover jumps to US\$22.16b, highest on record since 2017.**  
Malaysia's daily foreign exchange (FX) turnover on Wednesday (Sept 21) jumped to its highest on record since 2017 at US\$22.16 billion (RM101.21 billion), from US\$15.06 billion on Tuesday, according to Bank Negara Malaysia's (BNM) latest update as FX markets took a cue from higher US interest rate prospects to fight inflation and as investors weighed the possibility of a Russia-Ukraine war escalation. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **Fed's New Normal for Pace of Tightening May Be Hard to Escape.**  
Rapid tightening in response to persistent high inflation is getting the Fed to its intended final destination for rates much faster than anyone envisioned just a few months ago. And policy makers may have trouble down-shifting to a slower pace given the emphasis they've placed on near-term developments, even though it takes some time for policy moves to have an impact. (Source: [Bloomberg](#))
- **US Jobless Claims Rise Slightly, Still Near Lowest Since May.**  
Initial unemployment claims increased by 5,000 to 213,000 in the week ended Sept. 17, after a downward revision in the prior week, Labor Department data showed Thursday. The median estimate in a Bloomberg survey of economists called for 217,000 new applications. (Source: [Bloomberg](#))
- **EU considers more action to tame energy prices, fix liquidity squeeze.**  
The European Commission is working on more measures to tame sky-high gas prices and support energy firms facing a liquidity crunch, and may lay out its plans to EU countries next week. The European Union's executive last week proposed emergency energy measures, including bloc-wide windfall profit levies on energy firms. EU countries are now negotiating the proposals and aim to approve them at a meeting of EU ministers on Sept 30. (Source: [TheEdgeMarkets](#))



- **Euro-Zone Consumer Sentiment Hits Record Low on Energy Wo.**  
Euro-area consumer confidence slumped to its lowest level on record as households brace for a winter energy crunch and a further acceleration of already soaring inflation. A monthly gauge from the European Commission fell to -28.8 in September, according to data released on Thursday. That compared with analyst estimates for a decline to -25.5. (Source: [Bloomberg](#))
- **Japan to Restore Visa-Free Travel From Oct. 11 as Covid Pandemic Recedes.**  
Japan's move to scrap most restrictions on foreign tourists comes as the country's deadliest wave of the pandemic recedes. It also coincides with the yen slumping to its lowest levels against the dollar in almost a quarter of a century, making the archipelago an inexpensive, attractive destination for visitors from overseas. (Source: [Bloomberg](#))
- **Taiwan's Central Bank Makes Modest Rate Hike as Growth Slows.**  
The central bank raised its policy rate by 12.5 basis points to 1.625%, in line with forecasts of most economists surveyed by Bloomberg. It also increased its reserve requirement ratio by a quarter point. At the same time, the bank cut its 2022 economic growth forecast for the third time this year - to 3.51% -- with gross domestic product expected to slow further next year to 2.9%. (Source: [Bloomberg](#))
- **Indonesia's central bank raises rates by 50 bps to head off inflation risks.**  
Indonesia's central bank increased interest rates by more than expected on Thursday (Sept 22) as it sought to rein in inflation after the government raised subsidised fuel prices earlier this month, while also supporting the rupiah currency. Bank Indonesia (BI) raised the seven-day reverse repurchase rate by 50 basis points (bps) to 4.25%. Out of 30 economists polled by Reuters, 27 had expected a 25 bps move, while the remaining three had bet on the larger 50 bps rate hike. (Source: [TheEdgeMarkets](#))
- **Thailand Swears Central Bank Autonomy as Baht Extends Slump.**  
Thailand's acting prime minister, who earlier this week called for measures to halt the baht's slide, said the government won't meddle with the central bank and how it handles the currency. Prawit Wongsuwan, who is leading the government after a court last month suspended Prayuth Chan-Ocha, said on Thursday he directed Finance Minister Arkhom Termpittayapaisith to "only talk" to the Bank of Thailand about the baht's recent slump. (Source: [Bloomberg](#))

## Corporate news

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- **UEM Sunrise inks MOUs with Petronas' units on sustainability, green energy.**  
UEM Sunrise Bhd said it is collaborating with two units of Petrolam Nasional Bhd (Petronas) in areas relating to sustainability, renewable and green energy, carbon emission solutions, as well as exploration of green mobility. The group said it inked memorandums of understanding (MOUs) with the two companies, Petronas Global Technical Solutions Sdn Bhd (PGTSSB) and Gentari Sdn Bhd, on Thursday (Sept 22). The collaboration will also include incorporating existing and new sustainable solutions within UEM Sunrise developments, the group added in a filing with Bursa Malaysia. (Source: [TheEdgeMarkets](#))
- **Yinson's 2Q net profit rises 13.5% on higher offshore production and offshore marine segment.**  
Yinson Holdings Bhd's net profit in the second quarter ended July 31, 2022 (2QFY23) rose 13.49% to RM143 million from RM126 million a year ago, supported by higher contribution from the group's offshore production and offshore marine segment. As a result, earnings per share increased to 6.2 sen per share, from RM5.6 sen in 2QFY22, its filing with Bursa Malaysia showed. Revenue for the quarter jumped 53.7% to RM1.62 billion from RM1.05 billion a year earlier. (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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The ratings are based on the forecast total return (including dividends) over the next 12 months.

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