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## Morning Pole Position

| 14<sup>th</sup> October 2022 |

All market data as at previous trading day

### Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,373.36	-7.21	-12.39
FBM Emas	9,798.52	-53.88	-13.35
FBM Syariah	9,767.54	-54.09	-20.35
FBM Small Cap	13,617.59	8.43	-13.60
FBM ACE	4,617.65	-13.72	-28.07
F4G BM	793.15	-5.48	-9.90
F4G BMS	801.87	-6.89	-18.39
<i>Funds Flows</i>			
<b>Net Buy (MYR'm)</b>			
Local Institutions			131.5
Local Retails			22.2
Foreign			-153.7
<i>Foreign</i>			
Dow Jones	29,210.85	-28.34	-19.61
S&P 500	3,577.03	-11.81	-24.95
Nasdaq	10,417.10	-9.09	-33.42
FTSE	6,826.15	-59.08	-7.56
Hang Seng	16,701.03	-131.33	-28.62
Nikkei	26,396.83	-4.42	-8.32
Shanghai CI	3,025.51	45.71	-16.88
Strait Times	3,083.19	-21.81	-1.30

### Currencies\*

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6825	0.0095	12.42
GBP / MYR	5.1688	0.0068	-8.21
JPY100 / MYR	3.2009	-0.0065	-11.55
EUR/MYR	4.5439	0.0069	-3.61
SGD / MYR	3.2580	0.0124	5.60
CNY / MYR	0.6533	0.0025	-0.21
AUD / MYR	2.9312	0.0015	-3.15

\*Data as at 12/10/2022 due to the BNM website temporarily down.

### Bond Yield Movements

		Yield	Daily Change (bps)
<b>MGS*</b>	3- year	3.9	2
	10- year	4.43	0
<b>GII*</b>	3- year	3.88	0
	10- year	4.48	0
<b>UST</b>	2- year	4.47	19
	10- year	3.97	6

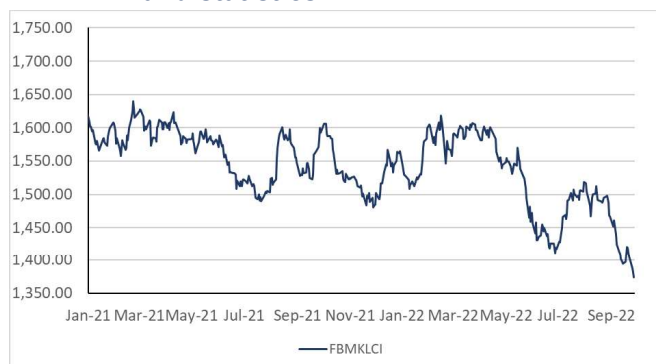
\*Data as at 12/10/2022 due to the BNM website temporarily down.

### Commodities

	Last	Daily chg	Daily chg %
CPO (3 <sup>rd</sup> month)	3,701.00	-75	-1.99
Brent (1 <sup>st</sup> month)	94.69	2.28	2.47
Gold (spot)	1,666.26	-8.34	-0.50

Source: Treasury.gov, Bursa and BNM

### FBM KLCI and statistics



### Market Turnover

Vol (m shrs)	2,030
Value (MYR m)	1,691

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.300	0.19	103.731
MAYBANK	8.510	0.83	102.271
PBBANK	4.220	0.48	62.656
GAMUDA	3.990	0.50	44.134
GENM	2.610	-2.97	35.557

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
LKL	0.250	900.00	0.327
PHB	0.010	100.00	0.042
AT	0.015	50.00	0.015
ANZO	0.015	50.00	0.011
ARTRONIQ	0.700	26.13	11.489

Top 5 Losers	Last	Daily chg %	Value (MYR m)
CAP	0.005	-50.00	0.002
MNC	0.005	-50.00	0.000
DGB	0.010	-33.33	0.001
MMAG	0.020	-20.00	0.153
MTRONIC	0.020	-20.00	0.074

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
KAB	15.977	40.449	0.41
NOVAMSC	3.178	33.452	0.095
YINSON	66.400	31.174	2.13
ECOFIRS	9.429	27.731	0.35
TROP	26.486	20.532	1.27

## Market Pulse



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

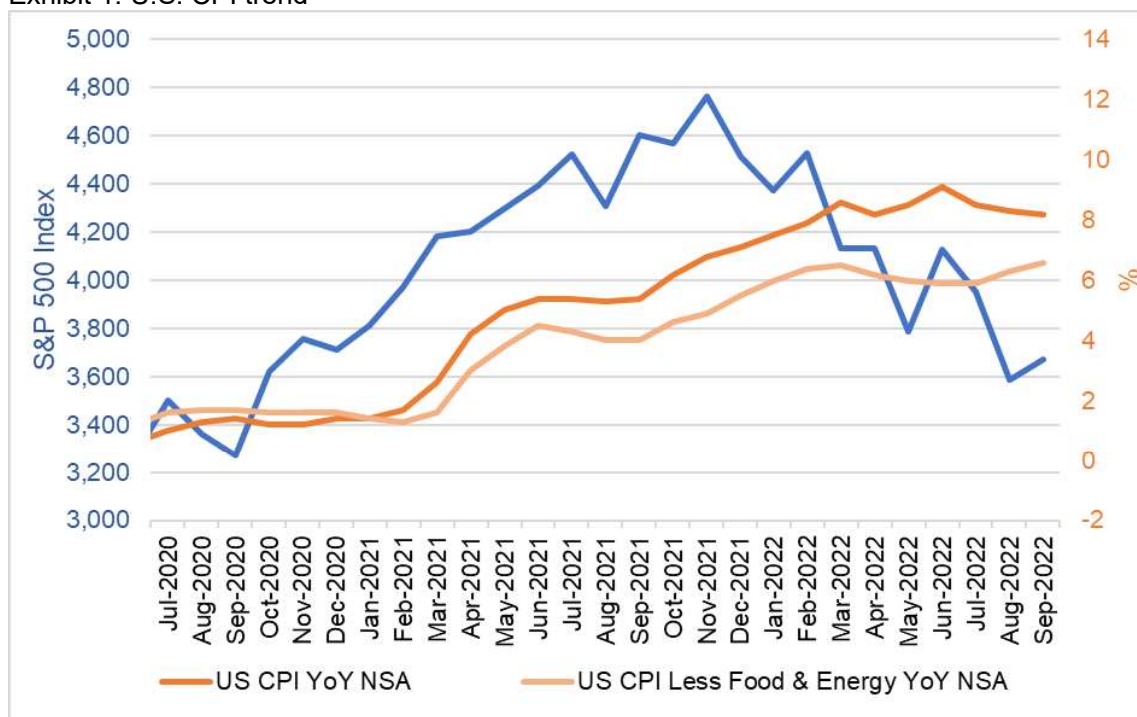
The KLCI extended its losses amidst weak global market sentiment ahead of the U.S. inflation data release and lack of direction on the local political front. It closed at 1,373.36 pts with -7.21 pts (-0.52%) as it was dragged by 16 losers compared to 12 gainers and 2 unchanged. Some buying interest was seen on glove counters, with Top Glove and Hartalega gaining 8.66% and 6.36%, respectively, which is likely due to rotational play. While the telecommunication stocks extended their loss to be the top 5 losers of the day, Axiata, Digi and Maxis fall 4.07%, 3.61%, and 3.52%, respectively. Similarly, the broad market shared the same weak sentiment as losers overtook gainers with 521 to 321, while the remaining 353 counters were unchanged.

The U.S. market rebounded last night as the trend “bad news, good news” ensued. U.S. CPI underscored expectation as it came in at 8.2% vs 8.1%, but still down from 8.3% in August. However, the rise in core CPI (actual 6.6% vs consensus 6.5%) spooked the market during the early trading hours (Exhibit 1). Shelter or rent still rising which is still in line with our view that U.S. inflation would peak in December in relation to Flexible and Sticky CPI. Meanwhile, high mortgage rates would help to cool off the housing market.

Nevertheless, investors are convinced that the aggressive Fed is here to stay for FOMC November, that some even start to price in a potential 100 bps hike (Exhibit 2). Investors' focus would likely be a shift to third quarter earnings reporting seasons next week, in search of clarity amidst recession prospects next year. On the other side of the world, the 20<sup>th</sup> National Congress of the Chinese Communist Party will start on 16<sup>th</sup> October 2022, and this will conclude whether President Xi Jinping is able to consolidate his power.

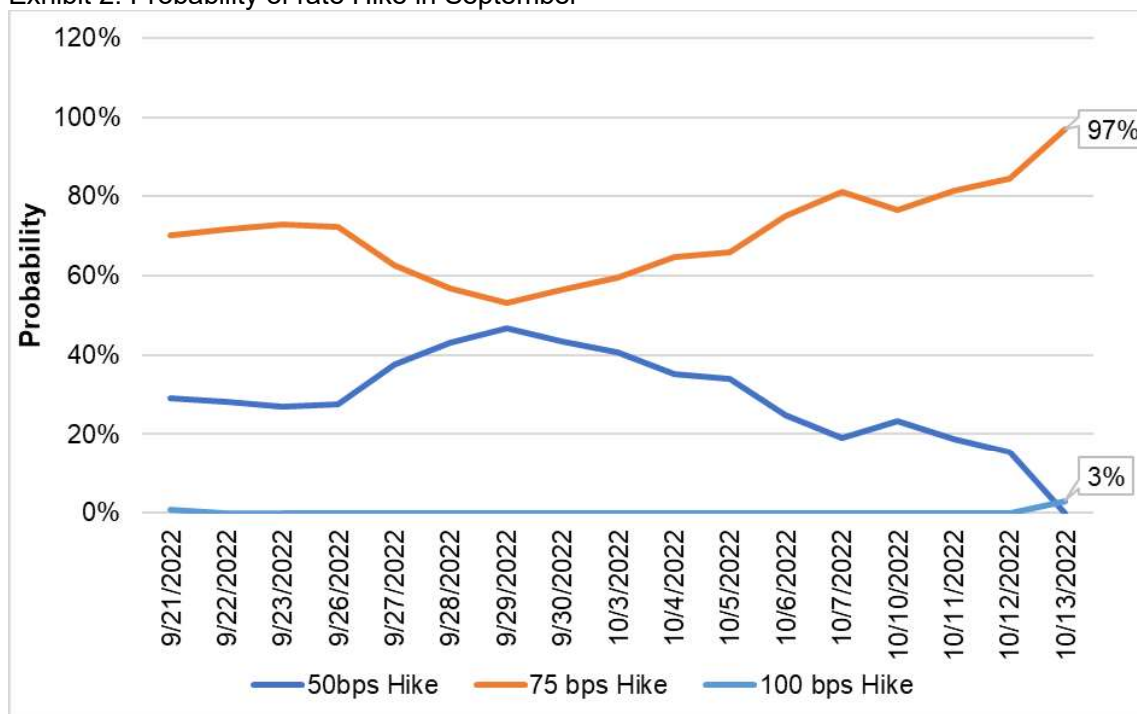
Local market sentiment for today is likely to remain weak as investors digesting U.S. September consumer prices data and uncertainty on the local political front, but we think that there is a chance for KLCI to rebound today. UMNO and BN have confirmed that it will go solo for GE15, reiterating our view of a KLCI to hit 1,571 points by year-end if election play kicks in and UMNO manage to maintain the majority. Although KLCI closed below the 1,378.37 level yesterday, again, we think that level still serves as a strong support to provide a chance for KLCI to stage a rebound today. This is also supported by RSI heading toward oversold territory. Technically, the KLCI may continue to trade in between 1,400 pts and 1,378.37 pts level. Our Picks in Exhibit 3.

Exhibit 1: U.S. CPI trend



Source: Bloomberg, US Bureau of Labor Statistics, PRSB

Exhibit 2: Probability of rate Hike in September



Source: CME FEdWatch, compiled by PRSB

Exhibit 3: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
<b>Fundamental</b>					
Bermaz Auto	BAUTO MK	Buy	1.88	2.45	30.32
Guan Chong	GUAN MK	Outperform	2.06	2.78	34.95
<b>Technical</b>					
QL Resources	QLG MK	Outperform	5.03	5.77	14.71
Opcom Holdings	OHB MK	Buy	0.790	1.24	56.96
KSL Holdings	KSL MK	Buy	0.765	0.96	25.49
Gamuda	GAM MK	Outperform	3.95	4.30	8.86
Chin Well Holdings	CWH MK	Outperform	1.65	2.00	21.21
Supercomnet Technologies	SCT MK	Outperform	1.50	1.73	15.33
Pentamaster Corporation	PENT MK	Buy	3.69	5.26	42.55
Formosa Prosonic Industries	FOR MK	Buy	2.88	3.92	36.11
Kerjaya Prospek Group	KPG MK	Outperform	1.18	1.39	17.80
MMS Ventures	MMSV MK	Buy	0.635	1.20	88.98
FM Global Logistics Holdings	FMH MK	Buy	0.515	0.82	59.22
Hibiscus Petroleum	HIBI MK	Buy	0.91	1.32	45.05
OSK Holdings	OSK MK	Buy	0.86	1.12	30.23
UWC	UWC MK	Buy	3.48	5.03	44.54
Dayang Enterprise	DEHB MK	Buy	1.11	1.44	29.73
CTOS Digital	CTOS MK	Buy	1.31	1.78	35.88
Ancom Nylex	ANC MK	Buy	0.97	1.24	27.84
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.60	0.71	19.33
Vitrox Corp Bhd	VITRO BHD	Buy	6.90	7.88	14.13
Pecca Group Bhd	PECCA MK	Buy	0.83	1.16	40.00
Nova Wellness Group Bhd	NOVA MK	Outperform	0.91	1.07	17.03
Duopharma Biotech Bhd	DBB MK	Outperform	1.29	1.44	11.63
Mega First Corp	MFCB MK	Outperform	3.15	3.63	15.08
<b>ETF</b>					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.65	USD 1.93	17.12
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.79	0.92	16.28
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.60	1.80	12.48
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.15	1.39	21.17
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.48	0.85	77.89
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.90	1.86	-2.11

Note: Kelington, Deleum and Globetronic were removed as it hit its respective cut loss  
Source: Bursa, Bloomberg, PRSB, price as of 13<sup>th</sup> October 2022

## Malaysian news highlights

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- **MDEC launches MDCAP to support sustainability adoption by businesses.**

The Malaysia Digital Climate Action Pledge (MDCAP), a corporate pledge that aims to build capacity and increase the adoption of sustainability and climate action by businesses across the digital economy, was launched on Thursday (Oct 13). MDCAP was jointly developed by Malaysia Digital Economy Corporation (MDEC), the country's lead digital economy agency, in partnership with United Nations Global Compact Network Malaysia and Brunei (UNGCMYB). MDEC said the first cohort of MDCAP signatories consist of 28 businesses from the digital economy sector. (Source: [TheEdgeMarkets](#))

## Global news highlights

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- **Don't Get Too Excited About Gas Prices as a Bright Spot in Inflation Report.**

In an effort to pivot focus away from core inflation that climbed to a four-decade high, the Biden administration seized on lower energy prices, even though they didn't factor into the data. The small dip in fuel prices was seen as signs of positive momentum in the president's efforts to ease consumer pains. (Source: [Bloomberg](#))

- **Biden Says New Action on US Gasoline Prices Coming Next Week.**

President Joe Biden again criticized high US gasoline prices and said he'd announce new actions next week to combat what he described as a key driver of inflation. "The price of gas is still too high and we need to keep working to bring it down," Biden said at an event in Los Angeles. "I'll have more to say about that next week," he added, without elaboration. (Source: [Bloomberg](#))

- **As US Mortgage Rates Near 7%, a Warning They Could Go Much Higher.**

Mortgage rates may head toward 8.5% if they break through the 7% threshold they're on the verge of now, according to the chief economist of the National Association of Realtors. That possibility is based on a technical analysis of mortgage rates from NAR's Lawrence Yun, who studied key levels of resistance that borrowing costs will face after Thursday's news that a closely watched measure of inflation hit a 40-year high. (Source: [Bloomberg](#))

- **US Jobless Claims Reach Six-Week High in Wake of Hurricane Ian.**

Applications for US unemployment insurance increased to a six-week high, driven in part by a jump in Florida claims in the aftermath of Hurricane Ian. Initial unemployment claims rose by 9,000 to 228,000 in the week ended Oct. 8, Labor Department data showed Thursday. The median estimate in a Bloomberg survey of economists called for 225,000 new applications. (Source: [Bloomberg](#))

- **Europe's Energy Price Caps Risk Derailing Efforts to Curb Demand.**

Europe's efforts to reduce energy demand this winter risk getting derailed by government measures to ease the economic impact of surging fuel and power costs. That's according to analysts from Morgan Stanley to Rystad Energy AS and Citigroup Inc. who argue that price caps and subsidies are eroding the urgency to curb consumption at a time when Europe still faces a struggle to keep homes warm and the lights on in the coming months. (Source: [Bloomberg](#))

- **India Car Sales Jump 92% on Pent-Up Demand Ahead of Holidays.**

Sales of cars and SUVs in India soared 92% in September from a year earlier, driven by demand in major cities ahead of the festival season as pandemic restrictions eased. Data from the Society of Indian Automobile Manufacturers showed sales of passenger vehicles totaled 307,389 last month, compared with 160,212 in September 2021. Car sales climbed 122% to 142,727 units, while SUVs rose 73% to 151,759. Van sales totaled 12,903. (Source: [Bloomberg](#))

- **TSMC Cuts Capital Spending 10% in a Warning for Tech Sector.**  
TSMC said it expects to spend about \$36 billion in 2022 on capital equipment, down from at least \$40 billion previously. The sharp reduction in expenditure -- an important indicator of its own expectations for growth across sectors from smartphones to servers and electric vehicles -- suggest the Taiwanese firm is bracing for a broader-than-anticipated downturn. (Source: [Bloomberg](#))

## Corporate news

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- **Bursa Malaysia voted Best Stock Exchange for Islamic Listings.**  
Bursa Malaysia Bhd has been voted the Best Stock Exchange for Islamic Listings in the IFN Service Providers Poll 2022. The IFN Service Providers Poll has revealed the nine most outstanding service providers from around the world for the year 2022 in the global Islamic finance industry, as selected and voted by their peers. The poll was conducted by Islamic Finance News (IFN), the world's leading Islamic finance news and solutions provider. (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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