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Morning Pole Position

| 17th October 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,382.47	9.11	-11.81
FBM Emas	9,858.32	59.80	-12.83
FBM Syariah	9,854.79	87.25	-19.64
FBM Small Cap	13,659.88	42.29	-13.33
FBM ACE	4,652.10	34.45	-27.53
F4G BM	797.91	4.76	-9.36
F4G BMS	809.93	8.06	-17.57

Funds Flows	Net Buy (MYR'm)
Local Institutions	111.5
Local Retails	-12.2
Foreign	-99.3

<i>Foreign</i>			
Dow Jones	29,634.83	-403.89	-18.45
S&P 500	3,583.07	-86.84	-24.82
Nasdaq	10,321.39	-327.76	-34.03
FTSE	6,858.79	8.52	-7.12
Hang Seng	16,587.69	198.58	-29.11
Nikkei	27,090.76	853.34	-5.91
Shanghai CI	3,071.99	55.63	-15.60
Straits Times	3,039.61	-0.84	-2.69

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.7030	0.0115	12.92
GBP / MYR	5.3033	0.0943	-5.82
JPY100 / MYR	3.1845	-0.0108	-12.00
EUR/MYR	4.5854	0.0290	-2.73
SGD / MYR	3.3026	0.0321	7.04
CNY / MYR	0.6538	0.0013	-0.14
AUD / MYR	2.9620	0.0134	-2.13

Bond Yield Movements

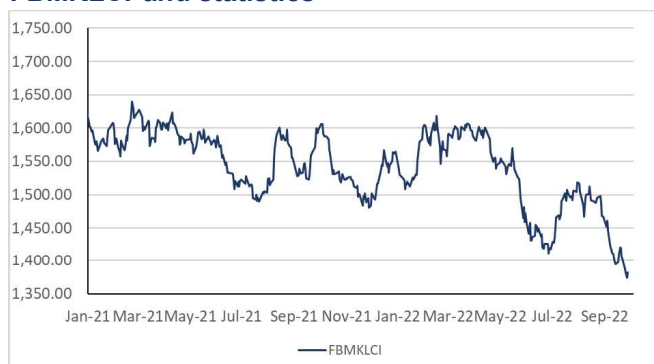
		Yield	Daily Change (bps)
MGS	3- year	3.93	1
	10- year	4.46	1
GII	3- year	3.96	8
	10- year	4.50	1
UST	2- year	4.48	1
	10- year	4	3

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,866.00	165	4.46
Brent (1 st month)	91.46	-3.23	-3.41
Gold (spot)	1,641.76	-24.04	-1.44

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,253
Value (MYR m)	1,760

Top 5 Value	Last	Daily chg %	Value (MYR m)
PBBANK	4.200	0.72	94.859
CIMB	5.300	0.00	91.624
PCHEM	8.550	1.18	81.986
MAYBANK	8.450	-0.24	77.420
TOPGLOV	0.690	0.00	70.568

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
MNC	0.010	100.00	0.001
ZENTECH	0.030	50.00	0.092
MLAB	0.015	50.00	0.018
DOLPHIN	0.020	33.33	0.025
PASUKGB	0.020	33.33	0.019

Top 5 Losers	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.005	-50.00	0.003
PHB	0.005	-50.00	0.000
AT	0.010	-33.33	0.014
ANZO	0.010	-33.33	0.005
CHINAETF-USD	0.903	-30.00	0.000

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
BJFOOD	32.000	40.000	0.875
WIDAD	4.980	18.200	0.395
OVH	2.816	18.165	0.15
KAB	7.107	17.335	0.415
NOVAMSC	1.362	14.336	0.095

Market Pulse



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

The KLCI extended its losses for the week 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 1,382.47 pts with -23.53 pts (-1.67%) as it dragged by 25 losers compared to 5 gainers for the week. Dialog and Axiata were the largest losers, shredding 10.20% and 9.06% respectively while the glove counters seen some rotational play as Hartalega and Top Glove gained 11.24% and 6.98% respectively.

In the U.S. market, the major indexes were mostly lower this week as investors weighed inflation data and its implications for the Fed policy. Even with the release of the first major third-quarter corporate earnings reports, all eyes seemed to remain on the macroeconomic environment, particularly inflation. Unrelenting inflation has dashed hopes for a quick pivot away from aggressive interest rate hikes by the Fed, which in turn is undermining the U.S. corporate earnings outlook for 2023 and fuelling debate about whether the next major financial crisis might be on the way. On top of that, President Xi Jinping's defense of Zero Covid Strategy during his opening speech at the 20th National Party Congress offers less comfort to the global supply chain situation and China economy outlook.

The local market sentiment for the week is likely to remain weak as uncertainty continues to ensue on the local political front. Although KLCI closed below the 1,400 level for the week, we think that 1,378.37 level will serve as a strong support to provide a chance for KLCI to stage a rebound for the week. This is also supported by RSI heading toward oversold territory and potentially stage a rebound. Technically, the KLCI may continue to trade in between 1,408.83 pts and 1,378.37 pts level. Our Picks in Exhibit 1.

Exhibit 1: 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	2.05	2.78	35.61
Technical					
QL Resources	QLG MK	Outperform	5.02	5.77	14.94
Opcom Holdings	OHB MK	Buy	0.850	1.24	45.88

KSL Holdings	KSL MK	Buy	0.750	0.96	28.00
Gamuda	GAM MK	Outperform	3.90	4.30	10.26
Chin Well Holdings	CWH MK	Outperform	1.66	2.00	20.48
Supercomnet Technologies	SCT MK	Outperform	1.56	1.73	10.90
Pentamaster Corporation	PENT MK	Buy	3.72	5.26	41.40
Formosa Prosonic Industries	FOR MK	Buy	2.89	3.92	35.64
Kerjaya Prospek Group	KPG MK	Outperform	1.19	1.39	16.81
MMS Ventures	MMSV MK	Buy	0.640	1.20	87.50
FM Global Logistics Holdings	FMH MK	Buy	0.525	0.82	56.19
Hibiscus Petroleum	HIBI MK	Buy	0.94	1.32	41.18
OSK Holdings	OSK MK	Buy	0.86	1.12	30.99
UWC	UWC MK	Buy	3.52	5.03	42.90
Dayang Enterprise	DEHB MK	Buy	1.11	1.44	29.73
CTOS Digital	CTOS MK	Buy	1.32	1.78	34.85
Ancom Nylex	ANC MK	Buy	1.00	1.24	24.00
BP Plastics Holdings	BPP MK	Buy	1.40	1.80	28.57
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	17.36
Vitrox Corp Bhd	VITRO BHD	Buy	6.96	7.88	13.15
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	1.30	1.44	10.77
Mega First Corp	MFCB MK	Outperform	3.20	3.63	13.28
ETF					
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

Source: Bursa, Bloomberg, PRSB, price as of 14th October 2022

Malaysian news highlights

- **Govt has money to implement Budget 2023 — PM.**

Prime Minister Datuk Seri Ismail Sabri Yaakob on Sunday said the government has money to implement Budget 2023, tabled on Oct 7, with the largest budget ever prepared involving an allocation of RM372.3 billion. "When we announced the budget in Parliament, that meant we already had the money to implement everything that we promised... the money is already there but [the Budget] has not been passed yet. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Fed Officials Look at Higher Peak for Rates as Inflation Endures.**

Federal Reserve policymakers suggested that they're prepared to raise interest rates higher than previously planned, though not necessarily at a faster pace, to defeat persistent high inflation. Kansas City Fed President Esther George said Friday that officials should raise rates to a restrictive level while avoiding too much haste, which could "disrupt financial markets and the economy in a way that ultimately could be self-defeating." (Source: [Bloomberg](#))

- **US Retail Sales Stagnate as Inflation, Rates Hit Consumers.**

The value of overall retail purchases were little changed in September after an upwardly revised 0.4% gain in August, Commerce Department data showed Friday. Excluding gasoline, retail sales were up 0.1%. The figures aren't adjusted for inflation. (Source: [Bloomberg](#))

- **Natural Gas Caps Its Longest US Losing Streak in 21 Years.**

US gas has tumbled for eight straight weeks, with prices down more than 30% from a 14-year high in August. Futures in Europe, a region increasingly reliant on American supplies of the heating and power-plant fuel after Russia's invasion of Ukraine, are also down on rising stockpiles. (Source: [Bloomberg](#))

- **UK corporation tax to rise to 25% on PM Truss's U-turn.**

Britain's corporation tax will rise to 25%, said Prime Minister Liz Truss after she sacked finance minister Kwasi Kwarteng and U-turned on a programme of tax cuts on Friday. In a Sept 23 "mini-budget", Kwarteng had said corporation tax would be frozen at 19%, scrapping a rise to 25% planned by his predecessor, alongside a raft of other unfunded tax cuts which have since roiled financial markets. (Source: [TheEdgeMarkets](#))

- **Bank of England Says More People Are Hoarding Cash After Covid.**

The Bank of England said more people are hoarding cash as a way of protecting wealth after the pandemic. The UK central bank said the value of notes and coins in circulation rose 17% to £12.3 billion (\$13.9 billion) at the end of June 2022 compared with early 2020, when coronavirus lockdowns were in force. (Source: [Bloomberg](#))

- **Xi Sticks to Economic Goals Calling Development Top Priority.**

At the opening of the 20th party congress in Beijing, in which Xi is likely to secure a third term in power, he echoed development-first phrasing used in congress addresses by every party leader since Jiang Zemin in 2002. "Development is the party's top priority in governance," he said. (Source: [Bloomberg](#))

- **Xi Defends Covid Zero Without Showing China Path Out of Pandemic.**

Chinese President Xi Jinping again defended his signature Covid Zero policy, while avoiding setting a timeline on when the strategy that's become a source of growing frustration for the public will be changed. "We have put people first and put lives first, and upheld 'dynamic Covid Zero' without wavering," he said Sunday in a speech at the opening of the ruling Communist Party's twice-a-decade congress in Beijing. (Source: [Bloomberg](#))

- **Key Takeaways From Xi Jinping's Two-Hour Speech.**
President Xi Jinping delivered a wide-ranging speech Sunday laying out the Communist Party's agenda for China over the next five years, covering everything from Taiwan to tech policy. (Source: [Bloomberg](#))
- **India's Rupee Will Endure Dollar Strengthening, Sitharaman Says.**
The Indian currency will withstand the recent strengthening of the dollar, Finance Minister Nirmala Sitharaman said, reiterating a central bank forecast that the South Asian economy will grow at 7% in the year to March, 2023. "The Indian rupee has performed much better than many other emerging market currencies," Sitharaman said at a media briefing in Washington D.C. late on Saturday. The country's central bank was working to contain the rupee's volatility, she said, adding that the "rupee will find its own level." (Source: [Bloomberg](#))
- **South Korea Cooperating With US on Chips, Still Has Concerns.**
South Korea's trade minister said key chip producers Samsung Electronics Co. and SK Hynix Inc. won approval from the US to keep operating in China, but that concerns remain over the impact of Washington's sweeping new restrictions. "South Korea is fully cooperating with the US," Ahn Duk-geun said in an interview with Bloomberg News, explaining that the US decisions were based on an understanding that Korean chipmakers' fabs in China are crucial in stabilizing the global supply chain. (Source: [Bloomberg](#))
- **Southeast Asia central banks dig into toolkit to fight risks.**
Policymakers across Southeast Asia are reaching for both conventional and unconventional instruments available in their toolbox to stem plunging currencies and cool price gains. While the region's problems are middling compared to some neighbours in the South, countries face their biggest challenges in decades. The Philippine peso retraced an all-time low this week, while the Malaysian ringgit drifted to the weakest in almost 25 years, as a stronger dollar ups the risk of imported inflation. (Source: [TheEdgeMarkets](#))
- **Singapore says Covid-19 XBB subvariant's infection wave to peak by mid-November.**
Covid-19 cases have been on the rise over the past month in Singapore, mainly due to the Omicron XBB subvariant, with the infection wave expected to peak around mid-November. The republic's Ministry of Health (MOH) said it has been closely tracking the trajectory of the current wave, and has taken steps to ensure that Singapore's healthcare capacity remains protected. (Source: [TheEdgeMarkets](#))
- **Philippine Central Bank Monitors Peso for Signs of Speculation.**
The Philippine central bank is monitoring currency transactions for potential speculation as part of its efforts to mitigate the peso's volatility, Finance Secretary Benjamin Diokno said. "The central bank has initiated actions to moderate sudden movements in the peso, including participation in the foreign-exchange market as well as looking into possible cases of speculative activities," said Diokno, who sits on the monetary authority's board. (Source: [Bloomberg](#))

Corporate news

- **EPF ups shares in AMMB to 11.27%.**
Employees Provident Fund increased its stake in banking group AMMB Holdings Bhd to 11.27%. The institutional fund bought five million shares on Tuesday (Oct 11), bringing its cumulative shareholding to 373.19 million, up 57.94 million shares from 315.25 million shares (9.52% stake) on June 21. EPF has been buying shares in the banking group over the past three months. Since July, it has purchased a total of 67.8 million shares. (Source: [TheEdgeMarkets](#))
- **No appeal from US fund over dismissal of suit against IHH Healthcare.**
No appeal has been filed by Emqore Envesecure Private Capital Trust against a court decision to dismiss the US fund's lawsuit seeking over US\$6.5 billion (RM30.56 billion) in damages from IHH Healthcare Bhd and others. Disclosing this in a stock exchange filing on Friday (Oct 14), IHH said

Emqore had a 30-day window to file an appeal against the New Jersey District Court's order dated Sept 7. "IHH will make further announcements as and when there are material developments on the above matter," it added. (Source: [TheEdgeMarkets](#))

- **All eyes on other concessionaires following Gamuda's successful highway concessions restructuring.**

Now that Gamuda Bhd's highway concessions have been successfully restructured, all eyes are now on the other concessionaires, including IJM Corp Bhd. The news of Gamuda's successfully restructured highway concession on Thursday (Oct 13) came on the same day as an announcement by caretaker Prime Minister Datuk Seri Ismail Sabri Yaakob that the government has agreed with the proposal to restructure four highway toll concession companies under Prolintas to reduce the toll rates of the highways involved. (Source: [TheEdgeMarkets](#))

- **Leong Hup unit gets another extension to respond to MyCC's poultry feed price-fixing allegations.**

The Malaysia Competition Commission (MyCC) has granted Leong Hup International Bhd's unit another extension to submit its representation in response to the watchdog's proposed decision on poultry feed price-fixing. The poultry player said MyCC has extended the deadline for its wholly owned subsidiary, Leong Hup Feedmill Malaysia Sdn Bhd, to file its written representations to Dec 19. This came after LFM received MyCC's amended proposed decision and supplementary proposed decision on Tuesday (Oct 11), Leong Hup said in a bourse filing. (Source: [TheEdgeMarkets](#))

- **TNB gets approval to refurbish Sg Perak hydropower plant.**

Tenaga Nasional Bhd's unit has obtained approval from the Energy Commission to refurbish Sungai Perak hydroelectric power plants with a capacity of 650.75MW. TNB said the project, dubbed Hydro Life Extension Programme, involves six power stations comprising 18 units, with refurbishment works commencing in 2024. The first unit is expected to be in commercial operation in 2025 under the new 40-year power purchase agreement, said the utility giant in a stock exchange filing on Friday (Oct 14). (Source: [TheEdgeMarkets](#))

- **TNB: ICPT-based electricity generation cost recovery at RM5.8b for July-December 2022.**

Malaysian Government-controlled utility Tenaga Nasional Bhd (TNB) expects to recover RM5.8 billion between July and December 2022 under its electricity generation cost recovery scheme based on the imbalance cost pass-through (ICPT) mechanism. "The ICPT mechanism allows TNB to remain neutral to fuel price vagaries, as it allows us to pass through any variations in generation cost in the form of rebates or surcharges," TNB said in its latest corporate presentation. (Source: [TheEdgeMarkets](#))

- **MHB unit inks MOU to speed up job opportunities in energy sector.**

Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) has signed a memorandum of understanding (MOU) with Gigih Avenue Sdn Bhd (GASB) to collaborate in a programme to provide training and certification in welding and employment opportunities for eligible local welders. The collaboration amplifies efforts to develop a technical-skilled workforce among local talents, in order to build a manpower supply for the oil and gas and various energy sectors in Malaysia. (Source: [TheEdgeMarkets](#))

Entitlements

Stock Code	Stock Name	Entitlements	Description	Ex-Date	Lodgement Date	Payment/Cessation Date
3026	FBBHD	RM0.0140	Interim Dividend	18/10/2022	19/10/2022	28/10/2022
5081	EIG	RM0.0050	Final Dividend	18/10/2022	19/10/2022	18/11/2022
9385	LAYHONG	RM0.0030	Final Dividend	18/10/2022	19/10/2022	16/11/2022
3255	HEIM	RM0.4000	Interim Dividend	19/10/2022	20/10/2022	11/11/2022
3053	CCIB	RM0.0064	Interim Dividend	20/10/2022	21/10/2022	3/11/2022
5007	CHINWEL	RM0.0800	Second Interim Dividend	21/10/2022	25/10/2022	24/11/2022

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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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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.

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