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Morning Pole Position

| 16th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
Local			
FBM KLCI	1,450.54	-13.46	-7.46
FBM Emas	10,315.67	-79.50	-8.78
FBM Syariah	10,443.97	-76.41	-14.83
FBM Small Cap	14,444.55	-8.25	-8.35
FBM ACE	5,013.12	3.09	-21.91
F4G BM	834.18	-6.97	-5.24
F4G BMS	863.46	-7.28	-12.12

Funds Flows		Net Buy (MYR'm)
Local Institutions		149.9
Local Retails		35.6
Foreign		-185.5

Foreign			
Dow Jones	33,592.92	56.22	-7.56
S&P 500	3,991.73	34.48	-16.25
Nasdaq	11,358.41	162.19	-27.40
FTSE	7,369.44	-15.73	-0.20
Hang Seng	18,343.12	723.41	-21.60
Nikkei	27,990.17	26.7	-2.78
Shanghai CI	3,134.08	50.68	-13.89
Strait Times	3,275.28	14.48	4.85

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5465	-0.0460	9.16
GBP / MYR	5.3824	-0.0473	-4.41
JPY100 / MYR	3.2590	-0.0259	-9.94
EUR/MYR	4.7320	-0.0185	0.38
SGD / MYR	3.3250	-0.0217	7.77
CNY / MYR	0.6465	-0.0059	-1.25
AUD / MYR	3.0666	-0.0122	1.32

Bond Yield Movements

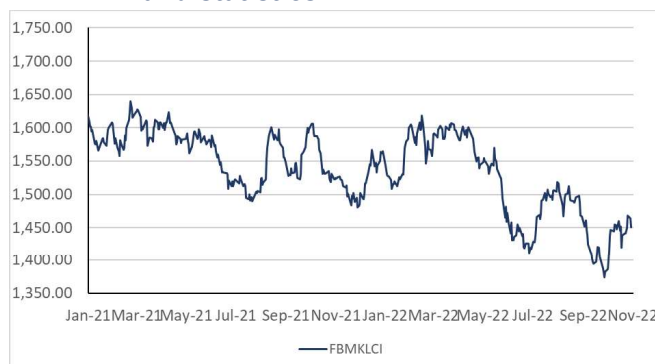
		Yield	Daily Change (bps)
MGS	3- year	3.8	-8
	10- year	4.34	-5
GII	3- year	3.86	-2
	10- year	4.42	-4
UST	2- year	4.37	-3
	10- year	3.80	-8

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,066.00	-96	-2.31
Brent (1 st month)	93.78	1.28	1.38
Gold (spot)	1,778.80	9.29	0.53

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,781
Value (MYR m)	1,677

Top 5 Value	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.026
AT	0.015	50.00	0.030
COMPUT	0.015	50.00	0.008
FOCUS	0.020	33.33	0.029
KNM	0.065	30.00	3.124

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
DGB	0.020	33.33	0.004
MTRONIC	0.025	25.00	0.022
BCMALL	0.025	25.00	0.008
TECHNAX	0.030	20.00	2.280
G3	0.030	20.00	1.449

Top 5 Losers	Last	Daily chg %	Value (MYR m)
PHB	0.005	-50.00	0.016
ASIAPLY-PA	0.060	-40.00	0.014
EAH	0.010	-33.33	0.173
XOXNET	0.025	-28.57	0.047
DGB	0.015	-25.00	0.002

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
AXIATA	14.600	5.000	2.89
HONGSENG	10.035	42.700	0.23
FIAMMA	9.330	7.464	1.23
TELADAN	6.325	4.685	1.38
TANCO	6.138	21.923	0.31

Market Pulse

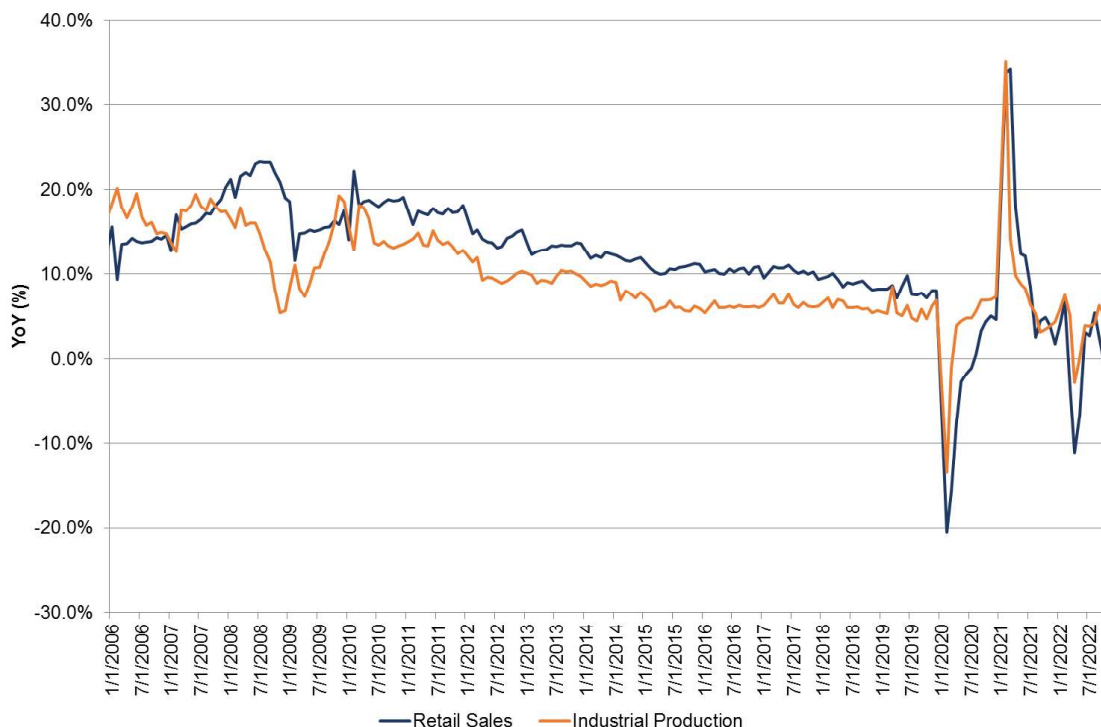
The KLCI closed lower yesterday at 1,450.54 which lost 13.46 points or 0.92% on conservative profit-taking activities before the GE15. KLCI constituents saw 25 losers and 3 gainers with the remaining 2 unchanged. The losers were led by Hartalega Holdings Bhd and Top Glove Corp Bhd, which lost 6.98% and 4.9%, respectively. Similarly broader market shares the negative sentiment from profit-taking activities, where losers outpaced gainers 541 to 332, while 376 counters were unchanged.

Positive market sentiments in the US were partially offset by the news that Poland was hit by two Russian missiles and killed two people despite the moderation of the US PPI (Producer Price Index) to 9.0% YoY from 8.5% YoY in September and more dovish statements from FOMC participants.

In Asia, China's industrial production (IP) and retail sales both worsened in October to 5.0% and -0.5% YoY, respectively (Exhibit 1), from 6.3% and 2.5% YoY in September and were below market expectations (Consensus: 5.3% and 0.7%). Although market has high expectations for Beijing's efforts to fine-tune its zero-Covid strategy and the reversal of its property financing policy, we believe the downward pressure on growth remains because (i) Covid cases could surge as the weather becomes colder which may elicit lockdowns, (ii) easing measures on ZCS could be largely offset by local officials' escalation of ZCS, as stamping out coronavirus is still perceived to be the most important performance measure for local officials under Xi Jinping, (iii) Beijing has yet to find a more reliable solution to reboot housing demand, while ZCS continues to weigh on new home sales. Therefore, the expectations of China to drive the ASEAN/Malaysia economy remains a bridge too far.

Back to Malaysia, with voting on the doorstep and rekindle of Russia/Ukraine war tension, we expect profit taking activities to continue today.

Exhibit 1: China IP and Retail Sales



Source: Bloomberg, compiled by PRSB

Our picks in Exhibit 2.

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.93	2.45	26.94
Guan Chong	GUAN MK	Outperform	2.19	2.78	26.94
Technical					
QL Resources	QLG MK	Outperform	5.40	5.77	6.85
Opcom Holdings	OHB MK	Buy	0.845	1.24	46.75
Gamuda	GAM MK	Outperform	3.70	4.30	16.22
Pentamaster Corporation	PENT MK	Buy	4.03	5.26	30.52
Formosa Prosonic Industries	FOR MK	Buy	3.13	3.92	25.24
Kerjaya Prospek Group	KPG MK	Outperform	1.13	1.39	23.01
MMS Ventures	MMSV MK	Buy	0.680	1.20	76.47
FM Global Logistics Holdings	FMH MK	Buy	0.535	0.82	53.27
Hibiscus Petroleum	HIBI MK	Buy	1.04	1.32	26.92
OSK Holdings	OSK MK	Buy	0.91	1.12	23.08
UWC	UWC MK	Buy	3.85	5.03	30.65
Dayang Enterprise	DEHB MK	Buy	1.23	1.44	17.07
CTOS Digital	CTOS MK	Buy	1.37	1.78	29.93
Ancom Nylex	ANC MK	Buy	0.93	1.24	33.33
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.61	0.71	16.39
Vitrox Corp Bhd	VITRO BHD	Buy	7.18	7.88	9.68
Pecca Group Bhd	PECCA MK	Buy	0.86	1.16	35.09
Nova Wellness Group Bhd	NOVA MK	Outperform	0.90	1.07	18.99
Duopharma Biotech Bhd	DBB MK	Outperform	1.40	1.44	2.86
Mega First Corp	MFCB MK	Outperform	3.29	3.63	10.18
Malton Bhd	MALT MK	Buy	0.40	0.44	10.00
MyEG Services Bhd	MYEG MK	Outperform	0.82	0.94	15.34
WCT Holdings Bhd	WCT MK	Outperform	0.38	0.43	14.67
ETF					
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.84	0.92	10.01
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.68	1.80	7.12
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.90	2.44	28.67

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

- **Mortgage Rates Could Tank Home Prices by 20%, Fed Study Finds.**
House prices, adjusted for inflation, soared during the pandemic by the most since the 1970s, analysis by Dallas Fed economist Enrique Martinez-Garcia showed. A “pessimistic” scenario where prices now retreat by 15% to 20% could subtract 0.5% to 0.7% from inflation-adjusted consumer spending, he wrote in a blog post Tuesday. (Source: [Bloomberg](#))
- **US Household Debt Jumps Most Since 2008 Even as Credit-Card Rates Surge.**
Households added \$351 billion in overall debt last quarter, taking the total to \$16.5 trillion, according to data released by the Federal Reserve Bank of New York on Tuesday. That’s an increase of 8.3% from a year earlier, the most since a 9.1% jump in the first quarter of 2008. The debt figures aren’t adjusted for inflation. (Source: [Bloomberg](#))
- **US Producer Prices Cool by More Than Forecast on Heels of CPI.**
The producer price index for final demand advanced 8% from a year ago, the smallest annual gain in more than a year, and 0.2% from month earlier, Labor Department data showed Tuesday. The median estimates in a Bloomberg survey of economists called for a 8.3% annual increase and a 0.4% rise from the prior month. (Source: [Bloomberg](#))
- **Economic Slowdown Worsens in EU’s East as Inflation Surge Hits.**
Economies in the European Union’s east slowed in the third quarter as consumers were hit by spiking energy costs triggered by Russia’s war in neighboring Ukraine and soaring interest rates. Gross domestic product in Poland, the region’s biggest economy, grew 3.5% in the July-to-September period, down from 5.5% in the previous quarter, data showed on Tuesday. Output in Romania and Hungary both slowed to 4% from 5.1% and 6.5% respectively. (Source: [Bloomberg](#))
- **UK Stocks Most Disliked Among Investors, BofA Survey Shows.**
There’s more gloom for UK stocks after the country lost its title of Europe’s largest equity market: Bank of America Corp. says investors are most bearish on British shares among major regions. Even after a partial recovery in British assets following September’s ‘mini budget’ turmoil, a net 25% of fund managers are underweight UK stocks, according to BofA’s latest survey. (Source: [Bloomberg](#))
- **UK Labor Market Feeds Inflation Pressure With Jump in Wages.**
The figures from the Office for National Statistics underline the case for the central bank to keep raising interest rates. Policy makers are seeking to head off a wage-price spiral after consumer prices jumped 10.1%, the most in four decades. (Source: [Bloomberg](#))
- **Japan’s Wave of Tourists Sends Hotels, Taxis Hunting for Staff.**
The number of people working at hotels and inns is 30% below pre-pandemic levels, according to the Japan Accommodation and Lodging Foundation, while airlines and tour bus operators report full bookings. (Source: [Bloomberg](#))
- **Australia Seen Hitting 3% Wage Growth as Inflation Risks Linger.**
Australia’s central bank Governor Philip Lowe is likely to see the faster wage growth he’s spent much of his six years at the helm rooting for in an economy that’s weathering its hottest inflation in three decades. (Source: [Bloomberg](#))
- **Biden, Jokowi unveil US\$20b deal to wean Indonesia off coal.**
US President Joe Biden and Indonesian President Joko Widodo will announce a climate finance deal providing US\$20 billion to help Indonesia pivot away from coal power. The funding deal, brokered between the US, Indonesia and Japan, is set to be outlined on Tuesday on the sidelines of the Group of 20 summit in Bali, following more than a year of talks. It is the largest single climate finance transaction ever, according to a senior US Treasury Department official. (Source: [TheEdgeMarkets](#))

- **Medical Tourism to Thailand Gets a Boost With New One-Year Visas.**
Thailand will start issuing one-year visas to people seeking medical treatment, as the Southeast Asian nation positions itself as a global hub for health-care tourism in the post-pandemic era. The Cabinet on Tuesday approved a proposal to lower the fee for such visas to 5,000 baht (\$140) from 6,000 baht mooted a year earlier, Tipanan Sirichana, a deputy spokeswoman for the government, said in a statement. The new permits will be issued starting Jan. 1, she said. (Source: [Bloomberg](#))

Corporate news

- **Dialog's 1Q net profit down slightly on higher project, operation cost.**
Dialog Group Bhd's net profit for the first quarter ended Sept 30, 2022 (1QFY2023) slipped 2.35% to RM125.79 million, from RM128.82 million a year earlier, due to higher project and operation cost. Earnings per share dropped to 2.23 sen from 2.28 sen, the integrated technical service provider's bourse filing showed. Quarterly revenue, however, climbed 40.8% to RM711.7 million, from RM505.45 million for 1QFY2022, on increased activities contributed by both local and international operations. (Source: [TheEdgeMarkets](#))

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