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Morning Pole Position

| 1st December 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,488.80	11.84	-5.02
FBM Emas	10,633.70	89.19	-5.97
FBM Syariah	10,783.09	120.52	-12.07
FBM Small Cap	14,934.34	23.48	-5.24
FBM ACE	5,211.15	14.43	-18.82
F4G BM	863.05	7.44	-1.96
F4G BMS	895.91	11.08	-8.82

Funds Flows	Net Buy (MYR' m)
Local Institutions	89.7
Local Retails	-14.3
Foreign	-75.4

<i>Foreign</i>			
Indices	Last	Daily chg	YTD chg%
Dow Jones	34,589.77	737.24	-4.81
S&P 500	4,080.11	122.48	-14.39
Nasdaq	11,468.00	484.22	-26.70
FTSE	7,573.05	61.05	2.55
Hang Seng	18,597.23	392.55	-20.52
Nikkei	27,968.99	-58.85	-2.86
Shanghai CI	3,151.34	1.59	-13.42
Strait Times	3,276.36	36.30	4.89

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.4440	-0.0640	6.70
GBP / MYR	5.3272	-0.1054	-5.39
JPY100 / MYR	3.2058	-0.0586	-11.41
EUR/MYR	4.6080	-0.0727	-2.25
SGD / MYR	3.2472	-0.0388	5.25
CNY / MYR	0.6236	-0.0055	-4.75
AUD / MYR	2.9859	-0.0525	-1.34

Bond Yield Movements

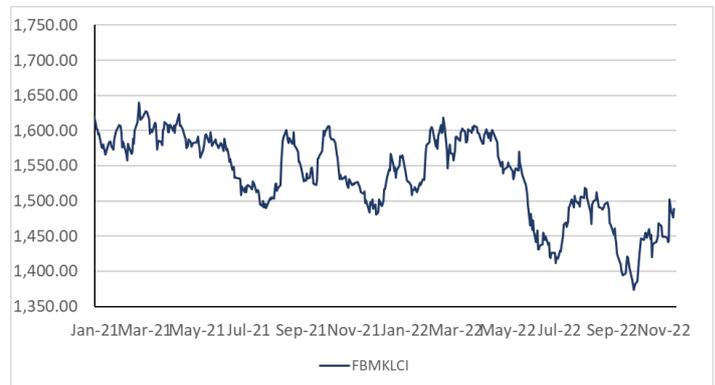
		Yield	Daily Change (bps)
MGS	3- year	3.81	0
	10- year	4.11	-2
GII	3- year	3.86	-9
	10- year	4.19	-3
UST	2- year	4.38	-10
	10- year	3.68	-7

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,234.00	15	0.36
Brent (1 st month)	85.36	1.66	1.98
Gold (spot)	1,769.07	20.05	1.15

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	4,709
Value (MYR m)	4,410

Top 5 Value	Last	Daily chg %	Value (MYR m)
PBBANK	4.500	2.04	365.787
CIMB	5.800	-0.34	282.838
MAYBANK	8.630	-0.80	210.734
TENAGA	9.420	4.43	167.199
MAXIS	3.840	-1.79	142.494

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
ALAM	0.025	66.67	0.105
FINTEC	0.015	50.00	0.007
EAH	0.015	50.00	0.001
IQQGROUP	1.040	40.54	5.039
COMPUGT	0.020	33.33	0.057

Top 5 Losers	Last	Daily chg %	Value (MYR m)
PHB	0.005	-50.00	0.005
AT	0.010	-33.33	0.004
TALAMT	0.015	-25.00	0.013
HENGYUAN	3.570	-21.54	80.518
SERBADK	0.020	-20.00	0.586

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
HEXTECH	22.785	1.945	13.4
SUNWAY	14.760	9.000	1.68
TANCO	8.225	23.500	0.38
BJCORP	6.000	24.000	0.25
PTRANS	4.950	4.500	1.18

Market Pulse



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

The KLCI gained 11.84 points or 0.80% to close at 1,488.80 yesterday but the sentiment was relatively mixed with its constituents saw 14 gainers and 14 losers with the remaining 2 unchanged. The gainers were led by Nestle Malaysia Bhd and Petronas Dagangan Bhd, which gained 6.52% and 6.16%, respectively. Meanwhile, the losers were led by Hong Leong Financial Group Bhd and IHH Healthcare Bhd, which lost 2.53% and 2.52%, respectively. Similarly, the broader market also shared the same mixed sentiment although gainers led losers slightly at 524 to 468, while 381 counters were unchanged.

U.S. stocks cheered in the final hour of trading last night after Federal Reserve Chairman Jerome Powell said the Fed's pace of interest-rate increases can slow as soon as its December meeting, refuelling the Fed pivot movement again. This resulted in the probability of a 75bps hike for the December FOMC meeting falling to 25.3% from 33.7% on the previous day. Nevertheless, Powell mentioned that the ultimate level of the Fed's benchmark rate would have to be higher than it was thought a few months ago, while he tried to keep any talk of rate cuts off the table, keeping his hawkish stance.

At the same time, investors digested a round of economic data, including a weaker-than-expected reading on private-sector payrolls and an upward revision to third-quarter economic growth. Data released on job openings in the U.S. fell to 10.3 million in October from 10.7 million in September signals the labour market is cooling off as the economy softens, but the cooling may not be enough to satisfy the Fed. Meanwhile, ADP said the private sector added 127,000 jobs in November, below the consensus of 190,000 supporting the labour market cooling off claims. In other data, third-quarter gross domestic product figures were revised to show a 2.9% annual rise versus an initial estimate of 2.6%.

Back in Malaysia, although yesterday's daily KLCI candle ended with a formation resembling a spinning top that typically indicates indecision, the long bullish body of the candle is longer than the previous day's bearish body which may signal a reversal is underway. This is also supported by the interception of the two lines in the stochastic oscillator. As such, we expect KLCI to try to break the 0.500 Fibonacci level of 1,496.90 today while the 0.382 Fibonacci level of 1,467.74 will be the resistance level for today. Our picks are in Exhibit 1.

Exhibit 1: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.96	2.45	25.00
Guan Chong	GUAN MK	Outperform	2.36	2.78	17.80
Technical					
QL Resources	QLG MK	Outperform	5.57	5.77	3.59
Opcom Holdings	OHB MK	Buy	0.780	1.24	58.97
Gamuda	GAM MK	Outperform	3.98	4.30	8.04
Pentamaster Corporation	PENT MK	Buy	4.30	5.26	22.33
Formosa Prosonic Industries	FOR MK	Buy	3.33	3.92	17.72
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.640	1.20	87.50
FM Global Logistics Holdings	FMH MK	Buy	0.555	0.82	47.75
Hibiscus Petroleum	HIBI MK	Buy	1.11	1.32	18.92
OSK Holdings	OSK MK	Buy	0.93	1.12	21.08
UWC	UWC MK	Buy	4.13	5.03	21.79
Dayang Enterprise	DEHB MK	Buy	1.40	1.44	2.86
CTOS Digital	CTOS MK	Buy	1.42	1.78	25.35
Ancom Nylex	ANC MK	Buy	0.95	1.24	30.53
CCK Consolidated Holdings	CCK MK	Outperform	0.69	0.71	3.65
Vitrox Corp Bhd	VITRO BHD	Buy	7.30	7.88	7.88
Pecca Group Bhd	PECCA MK	Buy	0.83	1.16	39.16
Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	20.34
Mega First Corp	MFCB MK	Outperform	3.34	3.63	8.53
Malton Bhd	MALT MK	Buy	0.41	0.44	7.32
MyEG Services Bhd	MYEG MK	Outperform	0.89	0.94	6.21
ETF					
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.82	0.92	12.71
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	1.80	2.44	35.82

Source: Bursa, Bloomberg, PRSB, price as of 30th November 2022

Malaysian news highlights

- **Banks well capitalised to support economic recovery, says BNM.**

The banking sector remains strong, and banks are well capitalised to support economic recovery and to withstand potential stress, Bank Negara Malaysia (BNM) said. With excess capital buffers of RM123.1 billion, the central bank said banks will continue to support credit flows into the economy. In its monthly highlights — October 2022 report on Wednesday (Nov 30), BNM said capital ratios rose marginally in October, driven by increases in retained earnings and new issuances of capital instruments. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Key Gauges of US Economy Paint Mixed Third-Quarter Picture.**

Inflation-adjusted gross domestic product, or the total value of all goods and services produced in the economy, increased at a 2.9% annualized rate during the period, Commerce Department data showed Wednesday. That reflected upward revisions to consumer and business spending, and compares with a previously reported 2.6% advance. (Source: [Bloomberg](#))

- **Retirements Drive US Labor-Participation Shortfall, Powell Says.**

“Some of the participation gap reflects workers who are still out of the labor force because they are sick with Covid-19 or continue to suffer lingering symptoms from previous COVID infections,” Powell said Wednesday in remarks prepared for a speech at the Brookings Institution in Washington. (Source: [Bloomberg](#))

- **US Job Openings Fall to 10.3 Million in Hopeful Sign for Fed.**

The number of available positions decreased to 10.3 million in October from 10.7 million a month earlier, the Labor Department’s Job Openings and Labor Turnover Survey, or JOLTS, showed Wednesday. The figure was roughly in line with the median estimate in a Bloomberg survey of economists. (Source: [Bloomberg](#))

- **US Rents Fall for Third Straight Month in ‘Sharper’ Pullback.**

A national index of rents fell by 1%, the third straight month-over-month decline and the steepest drop in data going back to 2017, Apartment List said in a blog post Tuesday. The apartment market is cooling, in part because builders are adding supply and people are choosing to stay with family or roommates as they cope with higher costs for everything from utilities to groceries. As a result, landlords are easing up, especially in areas where rents rose the most during the pandemic boom. (Source: [Bloomberg](#))

- **Eurozone inflation finally slows in sign of hope for ECB.**

Eurozone inflation slowed for the first time in one-and-a-half years, offering a glimmer of hope to the European Central Bank (ECB) in its struggle to quell the worst consumer-price shock in a generation. The reading for November was 10%, Eurostat said on Wednesday, less than the 10.4% median estimate of economists surveyed by Bloomberg. The drop, from 10.6% in October, was the biggest since 2020 and was thanks to slower advances in energy and service costs, even as food prices grew more quickly. (Source: [TheEdgeMarkets](#))

- **China Home Sales Slump Persists Even as Rescue Efforts Mount.**

The 100 biggest real estate developers saw new-home sales drop 25.5% from a year earlier to 559 billion yuan (\$78.9 billion) in November, according to preliminary data from China Real Estate Information Corp. That narrowed from a 28% decline in October. (Source: [Bloomberg](#))

- **China’s Covid Controls Adjusted in Guangzhou’s Lockdown Measures.**

All but one of Guangzhou’s 11 districts ended the measures in so-called temporarily-controlled areas, which prevented residents from leaving their housing compounds, according to statements issued Wednesday on local governments’ WeChat accounts. Other stringent restrictions, including bans on people leaving their apartments, remained in many high-risk areas, leaving in place a complex web

of rules for locals to navigate. (Source: [Bloomberg](#))

- **India's Growth Slows to 6.3% Amid Price Pressures.**

India's economy expanded at a slower pace last quarter as price pressures, rising interest rates and sluggish trade tempered demand in Asia's third-largest economy. Gross domestic product grew 6.3% in the July to September quarter compared to a year ago, a drop from the preceding quarter's 13.5%, according to data released by India's statistics ministry on Wednesday. The number is in line with a median forecast of 6.2% in a Bloomberg survey of economists. (Source: [Bloomberg](#))

Corporate news

- **Axiata, Telenor announce completion of Celcom-Digi merger.**

The merger of Celcom Axiata Bhd and Digi.com Bhd's telco operations have been completed, according to a joint statement from Axiata Group Bhd, Digi.com and the latter's parent company, Telenor Asia Pte Ltd. With the merger completion, Axiata and Telenor (parties) now have equal ownership of 33.1% each in the newly-merged entity named Celcom Digi. "On a pro forma basis for the financial year 2021, Celcom Digi will serve an estimated 20 million customers, with revenues of RM13 billion, and earnings before interest, tax, depreciation and amortisation (Ebitda) of around RM5.8 billion. The company remains committed to the previous-announced synergy target of RM8 billion," the statement read. (Source: [TheEdgeMarkets](#))

- **Serba Dinamik's 1Q net loss widens to RM104.6 mil.**

Serba Dinamik Holdings Bhd's net loss swelled to RM104.6 million for the first quarter ended Sept 30, 2022 (1QFY2023), from RM42.11 million a year earlier, dragged by losses across all of the group's segments bar its education and training (E&T) segment, as well as RM67.24 million in corporate expenses and consolidation elimination. Loss per share climbed to 2.81 sen from 1.14 sen in 1QFY2022, according to the oil and gas services provider's Bursa Malaysia filing on Wednesday (Nov 30). Revenue for the quarter declined 73.28% year-on-year (y-o-y) to RM213.58 million in 1QFY2023 from RM799.35 million previously, due to the group's segments recording drops in contributions across the board. (Source: [TheEdgeMarkets](#))

- **Berjaya Corp posts lower 1Q loss as most biz segments improve.**

Diversified group Berjaya Corp Bhd (BCorp) narrowed its net loss to RM16.42 million for the first quarter of FY2023 (1QFY2023) from RM59.31 million in the same quarter a year ago, as most of its business segments showed better performance. Group revenue for 1QFY2023 of July-September came in at RM2.24 billion, up 62% from RM1.39 billion in 1QFY2022, its Bursa Malaysia filing showed. Loss per share contracted to 0.29 sen from 1.03 sen. The segments that performed better under the group were the retail-food, property, hospitality and services segments, following the resumption of international and domestic travel, and further relaxation of Covid-19 standard operating procedures, the filing showed. (Source: [TheEdgeMarkets](#))

- **Bank Islam's 3Q net profit jumps 41% on higher net income.**

Bank Islam Malaysia Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY2022) jumped 40.57% to RM142.86 million from RM101.63 million in the same period last year mainly due to higher net income offset by higher total overheads. During the quarter under review, Bank Islam also saw higher tax expenses following a special one-off tax which took effect for the year assessment 2022, as per the Finance Act gazetted in 2021. Net income increased by RM111.2 million or 22.2%, mainly due to higher net fund-based income during the quarter driven by financing growth, while total overheads were higher by RM53.5 million or 18.8% over 3QFY2021 overheads mainly due to higher staff costs by RM40.2 million and general expenses by RM13.3 million. (Source: [TheEdgeMarkets](#))

- **MAHB's Oct 2022 passenger traffic at 71% of pre-Covid levels.**

Malaysia Airports Holdings Bhd (MAHB) recorded 8.34 million passengers across its network of airports in October 2022, amounting to 71.1% of 11.68 million passengers recorded in the pre-pandemic period of October 2019, it said. The number of passengers in October 2022 was also more than double the 4.1 million passengers recorded in October 2021, MAHB's filing showed. The

improvement was contributed significantly by traffic recovery in Malaysia, which accounted for 65% of the total figure. Passengers in Malaysia totalled 5.42 million, from 1.31 million a year ago and representing 63.2% of October 2019 levels. (Source: [TheEdgeMarkets](#))

- **Higher revenue and margin lift Bonia's 1Q net profit, pays two sen dividend.**
Bonnia Corp Bhd posted a net profit of RM14.21 million or 7.07 sen earnings per share for the first quarter ended Sept 30, 2022 (1QFY2023), as revenue and gross profit margin improved as economic activities resumed. In the same period last year, it posted a net loss of RM4.84 million or loss per share of 2.41 sen. The improved quarterly net profit was also due to a low base effect in the same quarter last year, as sales were depressed by Covid-19 restrictions and lockdown affecting its operations in both Malaysia and Singapore, the fashion retailer's bourse filing showed. (Source: [TheEdgeMarkets](#))
- **Capital A reports bigger 3Q losses despite six-fold revenue jump as forex loss, associates drag.**
Capital A Bhd, formerly AirAsia Group Bhd, posted a wider net loss of RM901.31 million for its third quarter ended Sept 30, 2022 (3QFY2022), compared with RM887 million in the corresponding quarter in FY2021, as the group was impacted by a share of loss from associates and foreign exchange losses. This was despite the group recording RM1.96 billion revenue for 3QFY2022, more than six times the RM295.89 million it made in 3QFY2021, following the relaxation of travel restrictions, including testing, quarantine and entry requirements. (Source: [TheEdgeMarkets](#))
- **Hibiscus Petroleum raises US\$120m via long-term debt facility.**
Hibiscus Petroleum Bhd has entered into its maiden long-term debt facility agreement with four banks — HSBC Bank Malaysia Bhd, Bank of China Malaysia Bhd, Industrial and Commercial Bank of China (M) Bhd and Standard Chartered Bank Malaysia Bhd — to raise US\$120 million (RM533.7 million). The facility — comprising a US\$99 million term loan and a US\$21 million revolving credit facility — will be used primarily to drive organic growth plans for current producing and development assets as well as to fund working capital requirements, the group said in a statement. (Source: [TheEdgeMarkets](#))
- **CIMB posts RM1.41b net profit in 3Q, on track to exceed FY2022 targets.**
CIMB Group Holdings Bhd posted a net profit of RM1.41 billion for the third quarter ended Sept 30, 2022 (3QFY2022) versus a net loss of RM100.59 million a year ago. Apart from stronger net interest income, it is worth noting that the banking group incurred a whopping RM1.2 billion goodwill impairment, which was triggered by the prolonged impact of Covid-19 in Thailand, in the previous corresponding quarter that dragged CIMB into the red. Its net interest income after modification loss grew 9.3% to RM2.98 billion for the quarter under review, from RM2.73 billion in 3QFY2021. (Source: [TheEdgeMarkets](#))

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