

PHILLIP RESEARCH SDN BHD

199001007125 (198695-X)

B-18-6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel No: 03-2783 0300

Morning Pole Position

| 8th December 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,466.88	-4.67	-6.42
FBM Emas	10,543.66	-39.34	-6.77
FBM Syariah	10,877.91	-25.35	-11.30
FBM Small Cap	15,160.46	-200.98	-3.81
FBM ACE	5,498.71	-0.78	-14.34
F4G BM	854.29	-3.10	-2.95
F4G BMS	886.40	-8.04	-9.79

Funds Flows	Net Buy (MYR'm)
Local Institutions	230.8
Local Retails	28.3
Foreign	-259.1

<i>Foreign</i>			
Dow Jones	33,597.92	1.58	-7.54
S&P 500	3,933.92	-7.34	-17.46
Nasdaq	10,958.55	-56.34	-29.95
FTSE	7,489.19	-32.2	1.42
Hang Seng	18,814.82	-626.36	-19.59
Nikkei	27,686.40	-199.47	-3.84
Shanghai CI	3,199.62	-12.91	-12.09
Strait Times	3,225.45	-26.92	3.26

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.3980	0.0025	5.59
GBP / MYR	5.3447	-0.0099	-5.08
JPY100 / MYR	3.1995	-0.0170	-11.59
EUR/MYR	4.6073	-0.0040	-2.27
SGD / MYR	3.2362	-0.0032	4.89
CNY / MYR	0.6302	0.0016	-3.74
AUD / MYR	2.9427	-0.0102	-2.77

Bond Yield Movements

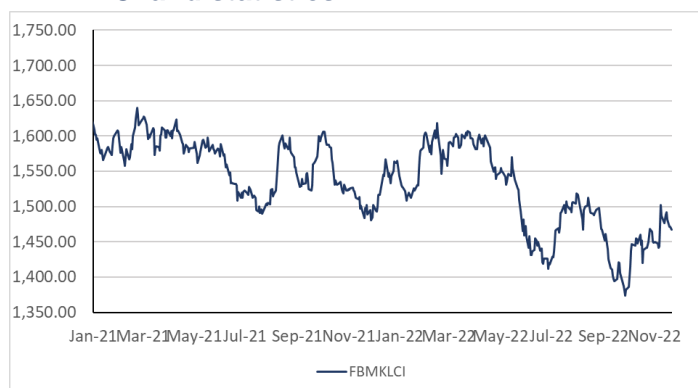
		Yield	Daily Change (bps)
MGS	3- year	3.64	3
	10- year	4.06	2
GII	3- year	3.78	3
	10- year	4.14	0
UST	2- year	4.26	-8
	10- year	3.42	-9

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,969.00	-125	-3.05
Brent (1 st month)	77.43	-2.29	-2.87
Gold (spot)	1,785.95	15.04	0.85

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	3,347
Value (MYR m)	2,250

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.660	1.62	243.167
PBBANK	4.420	-0.67	97.451
PCHEM	8.550	-0.12	74.120
SFPTECH	1.770	-1.67	49.661
MAYBANK	8.650	0.46	45.391

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
BCMALL	0.030	50.00	0.935
XDL	0.030	50.00	0.536
KGROUP	0.015	50.00	0.111
AHB	0.185	48.00	9.917
OVERSEA	0.110	29.41	0.081

Top 5 Losers	Last	Daily chg %	Value (MYR m)
TAWIN-PA	0.030	-57.14	0.000
VSOLAR	0.005	-50.00	0.001
KANGER	0.040	-20.00	0.690
SMTRACK	0.060	-14.29	2.518
MERIDIAN	0.030	-14.29	0.052

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
HEXTECH	29.900	2.300	13.5
SEG	17.700	29.500	0
SIGN	8.000	3.200	2.76
MICROLN	3.563	3.750	1.11
HEXIND	3.139	5.330	0.645

Market Pulse



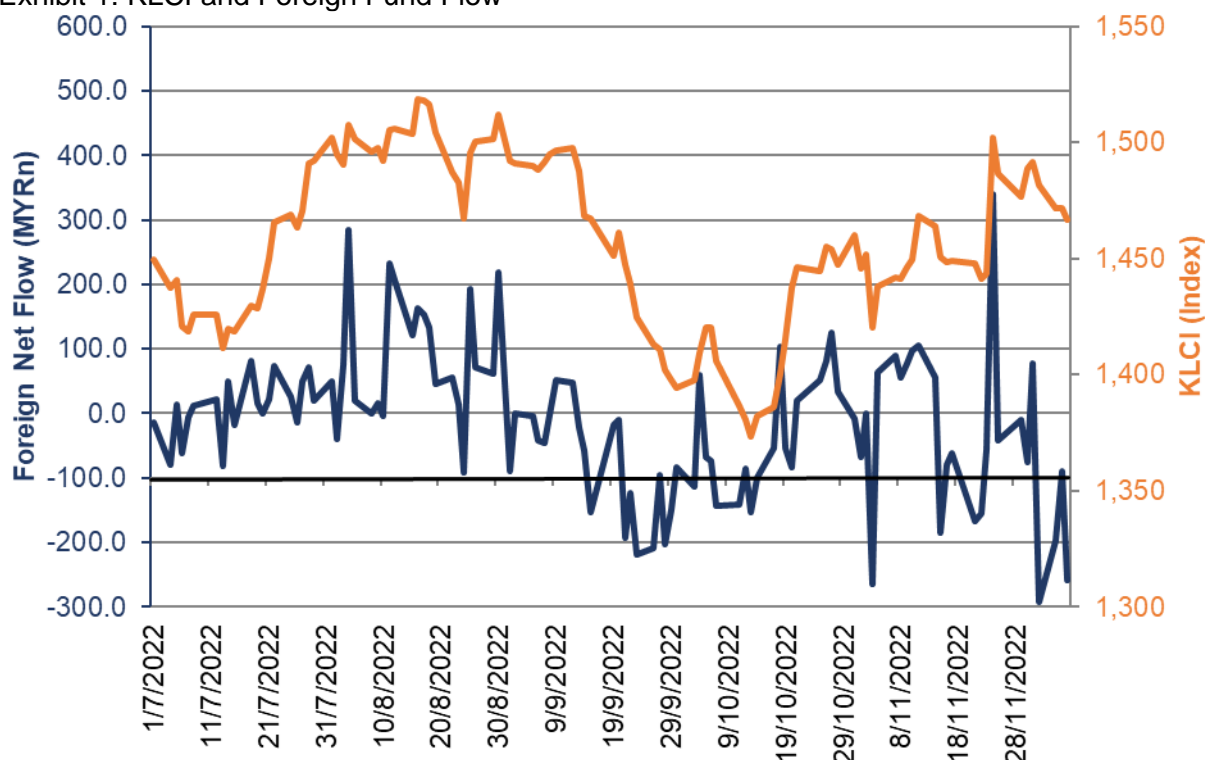
Source: Chart created using tradingview.com's tools, PRSB

The KLCI lost 4.67 points or 0.32% yesterday to close at 1,466.88, following the weak sentiment seen across regional markets. The KLCI constituents saw 19 losers and 8 gainers while 3 remained unchanged. The losers were led by Axiata Group Bhd and Petronas Dagangan Bhd, which lost 3.88% and 2.19%, respectively. Similarly, the broader market shares the negative sentiment with losers beating gainers 501 to 401, while 369 counters were unchanged.

Despite China relaxing some of its ZCS, the U.S. market extended its loss last night as investors wait to seek more clarity on the Fed monetary policy during the FOMC December meeting on 14th December. In the meantime, the probability of a 50bps hike during the meeting is inching downwards to 75% from 77% yesterday while any good news on the economy is considered to be bad news and bad news stays as bad news.

Since Malaysia still have a positive correlation with the U.S. market, Malaysia market may follow the weak sentiment seen in the U.S (Exhibit 1). However, we believe Malaysia's investors would adopt a wait-and-see approach or even take the opportunity of the market weakness to do some bargain-hunting activity. Yesterday, KLCI closed near 0.382 Fibonacci level of 1,467.74 support, with a bearish hammer proving its resiliency. If the selling pressure from foreign investors persists (Exhibit 1), KLCI may breach this support and trade lower. This is also supported by the stochastic oscillator indicating that the selling momentum is likely to continue. For today, we think that KLCI will remain rangebound between 1,460.00 and 1,467.74. Our picks are in Exhibit 2.

Exhibit 1: KLCI and Foreign Fund Flow



Source: Bursa, Bloomberg, compiled by PRSB

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.99	2.45	23.12
Guan Chong	GUAN MK	Outperform	2.43	2.78	14.40
Technical					
QL Resources	QLG MK	Outperform	5.54	5.77	4.15
Opcom Holdings	OHB MK	Buy	0.785	1.24	57.96
Gamuda	GAM MK	Outperform	3.88	4.30	10.82
Pentamaster Corporation	PENT MK	Buy	4.62	5.26	13.85
Formosa Prosonic Industries	FOR MK	Buy	3.27	3.92	19.88
Kerjaya Prospek Group	KPG MK	Outperform	1.20	1.39	15.83
MMS Ventures	MMSV MK	Buy	0.675	1.20	77.78
FM Global Logistics Holdings	FMH MK	Buy	0.555	0.82	47.75
Hibiscus Petroleum	HIBI MK	Buy	1.06	1.32	24.53
OSK Holdings	OSK MK	Buy	0.94	1.12	19.79
UWC	UWC MK	Buy	4.27	5.03	17.80
Dayang Enterprise	DEHB MK	Buy	1.34	1.44	7.46
CTOS Digital	CTOS MK	Buy	1.42	1.78	25.35
Ancom Nylex	ANC MK	Buy	0.98	1.24	27.18
Vitrox Corp Bhd	VITRO BHD	Buy	7.55	7.88	4.30
Pecca Group Bhd	PECCA MK	Buy	0.82	1.16	41.72
Nova Wellness Group Bhd	NOVA MK	Outperform	0.88	1.07	21.71
Mega First Corp	MFCB MK	Outperform	3.35	3.63	8.21
Malton Bhd	MALT MK	Buy	0.41	0.44	8.64

ETF

MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.80	0.92	14.83
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.61	1.80	12.12
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.78	2.44	37.35

Source: Bursa, Bloomberg, PRSB, price as of 7th December 2022

“The remaining of this page is intentionally left blank”

Malaysian news highlights

- **Malaysian Rubber Council allocates RM17.3 mil for Hiring Malaysian Workers Fund 2.0.**
The Malaysian Rubber Council (MRC), an agency governed by the Ministry of Plantation and Commodities (MPC), has allocated a total budget of RM17.3 million for the Hiring Malaysian Workers Fund (HMWF) 2.0, an initiative for encouraging Malaysian employees' involvement in the rubber industry. The HMWF is in line with the government's policy of prioritising the creation of more job opportunities for Malaysians, while addressing the manpower shortage issue. (Source: [TheEdgeMarkets](#))
- **Oil palm sector in dire need of nearly 200,000 foreign workers, says MEOA.**
The country's oil palm sector is in dire need of close to an additional 200,000 foreign workers, said the Malaysian Estate Owners' Association (MEOA). In a statement, MEOA said the figure is based on the latest updates by government agencies at the National Labour Forum organised by the Malaysian Palm Oil Association (MPOA) on Tuesday (Dec 6). (Source: [TheEdgeMarkets](#))

Global news highlights

- **These Are the Tech Companies Slashing Jobs in an Uncertain Economy.**
The tech industry is slashing jobs at a pace nearing the early days of the Covid-19 pandemic. In November, the sector announced 52,771 cuts, for a total of 80,978 this year, according to Challenger, Gray & Christmas Inc., a consulting firm that tallies job cuts announced or confirmed by companies across telecom, electronics, hardware manufacturing and software development. It's the highest monthly total for the industry since the firm started keeping data in 2000. (Source: [Bloomberg](#))
- **US Mortgage Rates Fall a Fourth Week, Longest Stretch Since 2019.**
The contract rate on a 30-year fixed mortgage eased 8 basis points to 6.41% in the week ended Dec. 2, still the lowest since mid-September, according to Mortgage Bankers Association data released Wednesday. Rates have retreated for the past month as the Federal Reserve has signaled it will soon slow down the pace of interest-rate hikes, likely at next week's policy meeting. (Source: [Bloomberg](#))
- **EU Adopts Rules to Spur Clearing Shift to Europe From London.**
The European Union will require banks to monitor their exposure to clearinghouses and maintain active clearing accounts in the bloc as part of new financial market rules put forward by its executive on Wednesday. The European Commission's proposals are designed to encourage more business to move to clearing houses in continental Europe from the City of London by June 2025, when a temporary waiver that allows its banks and money managers to clear trades in the UK expires. (Source: [Bloomberg](#))
- **China Is the Wild Card for Global Inflation in 2023.**
The broad view for next year is that inflation around the world will slow as interest rates rise, recession looms and consumers spend less. Cooling commodity, food and energy prices, magnified by the favorable comparison with last year's steep gains, will combine to slow the broad rate of inflation. But China's reopening could rattle those expectations. (Source: [Bloomberg](#))
- **Xi's Swift Covid Retreat Shows China Masses They Have Real Power.**
China on Wednesday eased a range of Covid restrictions, including allowing some people to quarantine at home rather than in centralized camps and scrapping test requirements to enter most public venues. That followed previous moves by major cities like Beijing, Shanghai and Shenzhen to wind back mass testing and sweeping lockdowns that pushed China's economic growth to near a four-decade low. (Source: [Bloomberg](#))

- **Indian Households Expect Prices to Cool, Says RBI Survey.**

Indian households expect prices to cool in the coming days and the economy to improve, surveys from the central bank found. Inflation perceptions in November dropped by 40 basis points to 9.8%, according to a Reserve Bank of India survey of 6,066 urban households in 19 major cities. Three-month and one-year ahead expectations declined by 40 and 20 basis points, respectively. (Source: [Bloomberg](#))

Corporate news

- **SC greenlights QES Group's stock listing transfer to Main Market.**

QES Group Bhd has secured approval from the Securities Commission (SC) for the transfer of its stock's listing from the ACE Market to the Main Market of Bursa Malaysia. The Shah Alam-based automated test equipment manufacturer said this in a filing with the stock exchange on Wednesday (Dec 7). (Source: [TheEdgeMarkets](#))

- **Gamuda to acquire 30% stake in solar energy firm for RM200 mil.**

Gamuda Bhd plans to acquire a 30% stake in ERS Energy Sdn Bhd for RM200 million via the subscription of shares in the solar energy company. ERS Energy is one of the largest solar engineering, procurement, construction and commissioning players in the region, with a total project experience of close to 700 MW completed large-scale solar projects, said Gamuda in a Bursa Malaysia filing. (Source: [TheEdgeMarkets](#))

- **Sunview clinches RM120 mil EPCC contract for solar energy facility in Bestari Jaya.**

Sunview Group Bhd has bagged a RM120 million engineering, procurement, construction and commissioning (EPCC) contract relating to a solar energy-generating facility located in Bestari Jaya, Selangor the group said its wholly-owned subsidiary Fabulous Sunview was awarded the contract by Nextenaga Sdn Bhd to undertake the EPCC job for the development of Nextenaga's 29.99MWac Bukit Badong large scale solar photovoltaic project. (Source: [TheEdgeMarkets](#))

DISCLAIMER

Legal and Regulatory Notices (Electronic Communications)
© 2018 PRSB.

Important disclosures

This research report is strictly confidential and has been prepared for information purposes only by Phillip Research Sdn Bhd ("PRSB"), a subsidiary of Phillip Capital Holdings Sdn Bhd ("PCH") and is meant for circulation to its clients and clients of other subsidiaries companies of PCH particularly Phillip Mutual Berhad ("PMB"), Phillip Capital Management Sdn Bhd ("PCM"), Phillip Wealth Planners Sdn Bhd ("PWP") and Phillip Capital Sdn Bhd ("PCSB") (collectively refer to as Phillip Group other licensed intermediaries ("PGOLI")) only or such other persons as may be deemed eligible to receive such research report, information or opinion contained herein. Neither the publication/communication nor any portion hereof may be reprinted, distributed, sold, resold, redistributed, copied, reproduced, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of PRSB.

The policy of PRSB is to only publish research that is impartial, independent, clear, fair, and not misleading. Analysts never receive compensation from companies they cover. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure is for your information only and does not constitute any recommendation, representation or warranty. Absence of a disclosable position should not be taken as endorsement on the validity or quality of the research report or recommendation.

To maintain the independence and integrity of PRSB's research, PGOLI activities such as fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and research business lines are distinct from one another. This means that PRSB is not part of and does not report to any of PGOLI. Accordingly, PGOLI does not supervise nor control the activities of PRSB's research analysts. PRSB's research analysts report to the Head of Research, who in turn report to PRSB's senior management.

PRSB and PGOLI have in place internal controls designed to manage conflicts of interest that may arise as a result of PGOLI engaging in fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and PRSB activities. Some examples of these controls include: the use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with PRSB and PGOLI's Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among PRSB's research personnel, fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, and financial planning, PGOLI's financial product issuers and PRSB's research analysts do not compromise the integrity and independence of PRSB's research.

Neither analysts nor their household members/associates/may have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities up to the date of the publication of this research report.

Unless specified otherwise, PRSB did not receive investment banking/non-investment banking income from, and did not manage/co-manage a public offering for, the listed company during the past 12 months, and it does not expect to receive investment banking compensation from the listed company within the coming three months. Unless mentioned otherwise, PRSB does not own a material disclosable position, and does not make a market, in the securities.

We hereby certify that the views expressed in this research report accurately reflect our views about the securities and/or the issuers and that no part of our compensation were or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. We hereby confirm that our analyst(s) has/have not been placed under any undue influence, intervention or pressure by any person(s) in compiling this research report. This report is prepared without any intention to raise, lower or maintaining the price of the securities covered or to induce the recipient to buy or sell the securities covered. In addition, our analyst(s) included herein attest that he/she/they was/were not in possession of any material, non-public price sensitive information regarding the subject company at the time of publication of the report. Save from the disclosure below (if any), we are not aware of any material conflict of interest.

Key to PRSB investment ratings:

Equity:

BUY: Total stock return (including dividends) expected to exceed 20% annually;

O-PF: Total expected return below 20% annually but exceeding market return;

U-PF: Total expected return positive but below market return;

SELL: Total return expected to be negative.

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.

ETFs (Criteria applies to rating assignments from 16th December 2019):

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.

Funds:

The rating a mathematical scoring system that include risks (standard deviation, Sharpe Ratio) and returns (1-year, 3-year, 5-year and consistency) BUY: Total return (including income distribution) is positive and above peers' average while risk factors are low;

O-PF: Total return is positive and above peers' average but has higher risk factors; SELL: Total return is negative.

For a history of the recommendations and price targets for companies mentioned in this report, as well as company specific disclosures, please write to: Phillip Research Sdn Bhd, B-18-6, Block B Level 18, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.

The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject PRSB and/or its associate companies to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of PRSB at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person (include but not limited to Financial Planners and Marketing Representative or a non-analyst), such views and opinions may not correspond to the published view of PRSB. This is not a solicitation or any offer to buy or sell. This publication/communication is for information purposes only and does not constitute any recommendation, representation, warranty or guarantee of performance. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. PRSB, and PGOLI do not accept any responsibility and cannot be held liable for any person's use of, or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, PRSB accepts no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

Subject to any applicable laws and regulations at any given time, PRSB, PGOLI and their respective affiliates or companies or individuals connected with PRSB may have used the information contained herein before publication and may have positions in, may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, investors should be aware that PRSB, PGOLI and/or their respective affiliates or companies or such individuals may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation. Disclosures therein include the position of PRSB and PGOLI only. Unless specified otherwise, PRSB did not receive any compensation or other benefits from the subject company covered in this publication/communication.

The analysts/contributors to this publication/communication may be employed by any relevant PGOLI entity, which is different from the entity that distributes the publication/communication in the respective jurisdictions.

PRSB, PGOLI and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. PGOLI may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

Investors should not consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. PRSB produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. PRSB and PGOLI publishes research product in a number of different ways including the posting of product on the PGOLI portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this report is not intended for “use” as a “benchmark”.

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. ‘Stop loss’ levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, Reuters or PGOLI prices or yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the ‘1933 Act’), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via PhillipCapital Group entity in your home jurisdiction.