

04 April 2017 | Strategy-Quant

Review: Turn of the Month effect Analysis of top 5 picks for Mar/Apr 2017 cycle

KLCI: 1,745.49 points

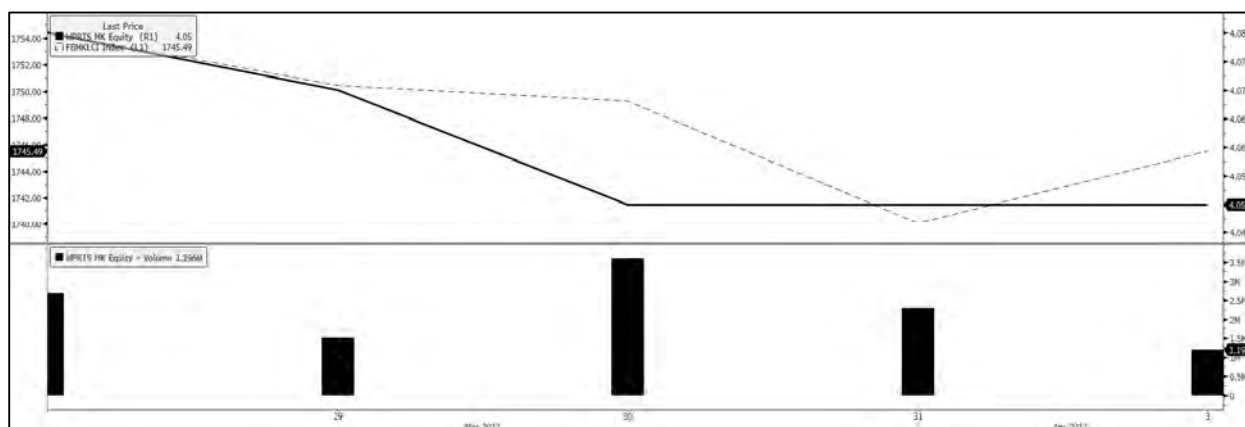
2017 Year-end Target: 1,830 points

Turn of the Month effect. Referring to our report dated 28 March 2017, we have duly analysed the performance of our top 5 picks based on the Turn of the Month Effect for March/April 2017 cycle. Our findings show that 2 out of the 5 top picks experienced an increase in their respective stock price on absolute basis during the turn of the month strategic days. The gainers, both on absolute and relative basis, were Public Bank and Hong Leong Bank. On the other hand, Westports, IOI and Astro lagged.

ANALYSIS OF THE TOP 5 PICKS

Top 5 picks. We list below our top 5 stocks recommendation together with the review analysis for the March/April 2017 cycle of the turn of the month strategic days:

- Westports (BUY; TP: RM5.00; EPR: 23.5%)



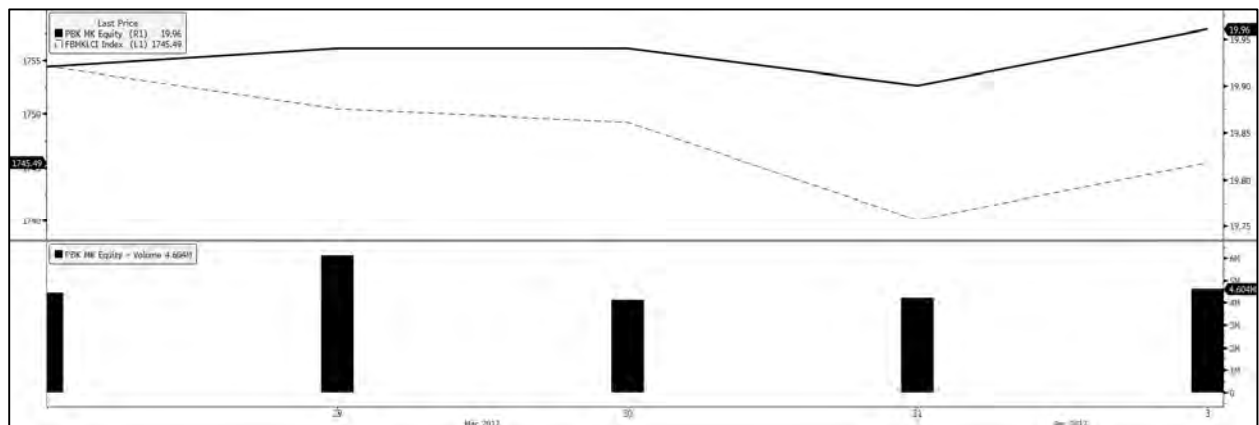
On absolute basis, Westport's stock price decreased by -0.7% from RM4.08 at the beginning to RM4.05 at the end of the March/April 2017 cycle of the turn of the month strategic days. The share price of Westports reached its monthly high of RM4.08 on 28 March 2016, the first day of the cycle. This was accompanied by a higher than average trading volume of 2.7m of the strategic days. The average trading volume for the cycle was 2.3m. The share price of Westports then declined thereafter to RM4.05 until the end of the cycle.

- Astro (BUY; TP: RM3.78; EPR: 37.0%)



On absolute basis, Astro’s stock price decreased by -3.8% from RM2.87 at the start to RM2.76 at the end of the March/April 2017 cycle of the turn of the month strategic days. Astro’s share price peaked at RM2.87 on cycle’s first day (28 March 2017), the same day the fourth quarter ended 31 January 2017 financial results were released. Based on the Astro’s results, the Average Revenue Per User (ARPU) increased from RM1.10 to RM100.4 despite the drop in subscription revenue. In addition, Astro will give priority to its pay customers by not over investing in subsidies for (set-top) boxes in a soft consumer year as there is no point seeing new customers if Astro cannot sustain the subscription. On relative basis, Astro underperformed the FBM KLCI from the start until the end of cycle.

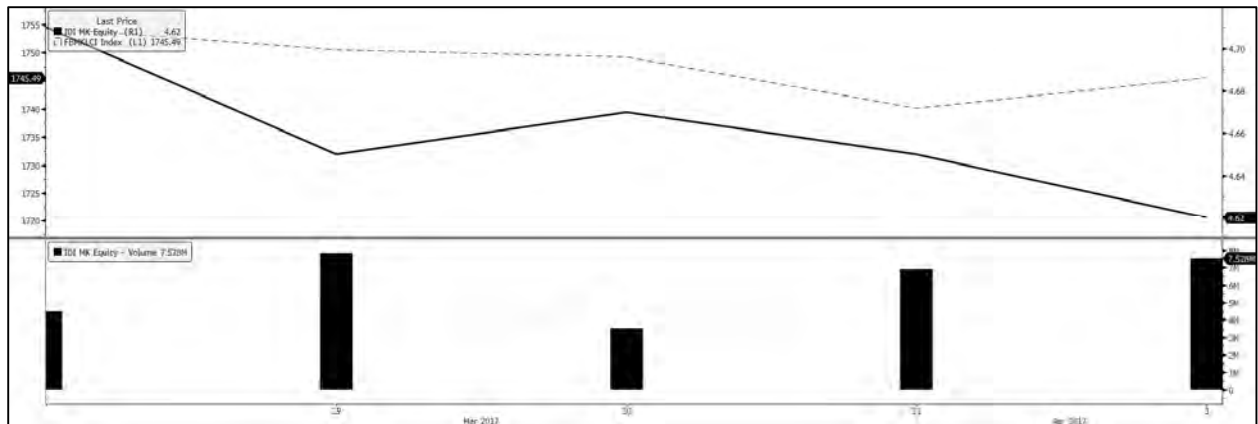
- Public Bank (BUY; TP: RM22.60; EPR: 13.2%)



On absolute basis, Public Bank’s stock price increased by merely 0.2% from the beginning to the end of the March/April 2017 cycle of the turn of the month strategic days. Aside from that, Public Bank’s stock price outperformed the FBM KLCI during the whole cycle.

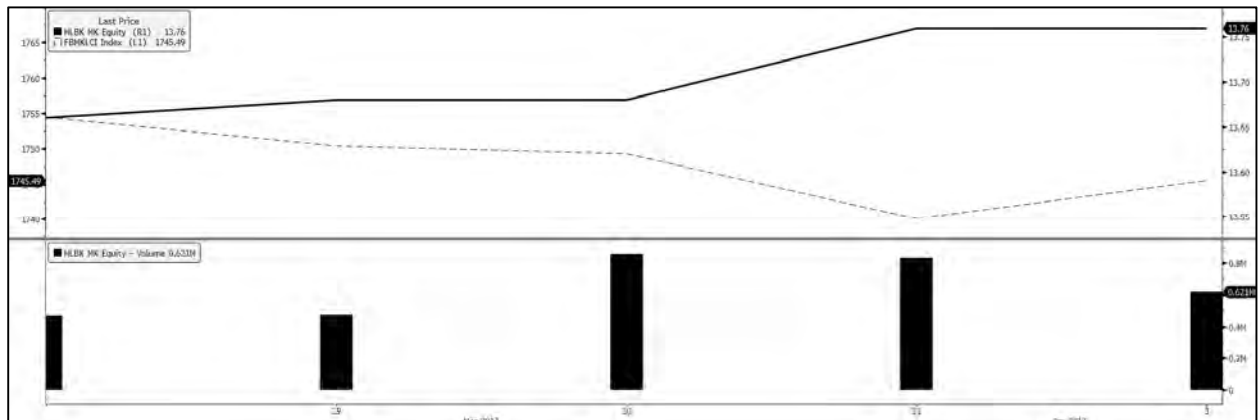
Observing the trend in trading volume and share price, we reckon that the turn of the month effect may have kicked off way earlier prior to the cycle for Public Bank. This is evident through high stock prices accompanied with higher than average trading volumes which occurred before the cycle began. For instance, on 17 March 2017 which was 11 days before the cycle started, volumes surged to 16.4 million while stock prices reached its monthly high of RM20.18 for the month of March.

- IOI Corp (BUY; RM5.30; EPR: 14.7%)



On absolute basis, IOI Corp's stock price decreased by -1.9% from the start to the end of the March/April 2017 cycle. On relative basis, IOI Corp underperformed the FBM KLCI from the start until the end of the cycle.

- Hong Leong Bank (BUY; RM15.50; EPR: 12.6%)




Hong Leong Bank's stock price experienced an increase of 0.7% on an absolute basis during the turn of the month cycle and also outperformed the FBM KLCI throughout the cycle. The share price of Hong Leong Bank peaked at RM13.76 during the fourth day of the cycle (31 March 2017), coinciding with a higher than average volume of RM0.8m.

SUMMARY OF TOP PICKS PERFORMANCE

Company	Target Price (RM)	Closing Price (6 Mar '17) (RM)	Total Volume for 7 Strategy Days (Million)	Average Volume for 7 Strategy Days (Million)	Dates With Volume Above 7-Day Period Average
Westports	5.00	4.05	11.2 million	2.3 million	28,30,3
Astro	3.78	2.76	9.0 million	1.8 million	28,31,3
Public Bank	22.60	19.96	23.5 million	4.7 million	29
IOI Corp	5.30	4.62	30.3 million	6.1 million	29,31,3
Hong Leong Bank	15.50	13.76	3.3 million	0.7 million	27,2,3

Source: Bloomberg, MIDFR

FBM KLCI year-end target. We reiterate our FBM KLCI 2017 year-end target at 1,830 points. 

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	Total return is expected to be <-15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.