Thursday, 20 October 2022

TRADING RADAR

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Technical Market Views:

- **RSI of FBM KLCI with bullish divergence bouncing back above oversold**
- **FBM KLCI may rise towards 1,500 points level within the next 1-3 months**

Stock Highlights:

- **CIMB Group – TTP: RM5.67 (T Buy)**
- **Maybank – TTP: RM9.03 (T Buy)**
- **Telekom Malaysia – TTP: RM6.00 (T Buy)**
- **Genting Plant – TTP: RM7.29 (T Buy)**
- **Sarawak Plant – TTP: RM2.44 (T Buy)**

FTSE Bursa Malaysia KLCI Index

Technical Target: 1,500 points



Source: TradingView Chart — TradingView, MIDFR

- The 14-day **Relative Strength Index (RSI)** of FBM KLCI is bouncing back above the **oversold** level. It fell below the 30% oversold mark in the third week of September 2022.
- Thenceforth, a **bullish divergence** emerged (whereby the RSI of FBM KLCI exhibited a higher-low pattern against a lower-low index points level).
- In the chart above, we highlight similar occurrences during June-July 2022 period as well as in December 2021. In both instances, the RSI technical signals (i.e. oversold and bullish divergence) of FBM KLCI were followed by index upswings of between 100-130 points within the ensuing 1-3 months.
- Based on the prevailing RSI technical signals, we are expecting **the FBM KLCI to stage an upswing towards 1,500 points level (or circa its 200-day SMA)** within the next 1-3 months.

CIMB Group Holdings Berhad

(1023 | CIMB MK) Financial Services | Finance

TECHNICAL BUY

Technical Target Price: RM5.67



Source: TradingView Chart — TradingView, MIDFR

- The RSI of CIMB is bouncing off the oversold threshold and its price is now back above the 200-day SMA level.
- Against the backdrop of improving broader technical sentiment, we expect the positive momentum to drive its price higher towards immediate first and second resistance levels of RM5.52 and RM5.67 respectively.

FUNDAMENTAL HIGHLIGHTS

- **Recovering financials.** CIMB's 1HFY22 core net profit of RM2.7b showed a +3.5%yoy performance as result of stronger contributions to net interest income. We believe the bank can also look toward improving fee income and lower credit costs in the coming quarters.
- **Positive revisions to core figures.** CIMB has revised its FY22 targets positively in its last results briefing. These include higher lower credit costs, stronger loan growth, higher ROE and lower cost-to-income ratios, as the Group remains optimistic of a better financial performance for the year.
- **Loan restructuring comes to an end.** As the Group's restructuring activity in the Thai, Singapore and Indonesian commercial space comes to a close, we see less loan contraction pressure in the coming quarters, alleviating sources of downside risk to loan growth. The overall portfolio is also a lot more optimised as a result.

KEY STATISTICS	
Syariah compliant	No
Issue shares (m)	10698.48
Estimated free float (%)	41.39
Market Capitalisation (RM'm)	56,456.23
52-wk price range (RM)	4.72-5.75
Beta vs FBM KLCI (x)	1.17
3-mth average daily volume (m)	13.04
3-mth average daily value (RM'm)	69.42
Top Shareholders (%)	
Khazanah Nasional Bhd	24.50
Employees Provident Fund Board	14.37
Amanah Saham Nasional Bhd	10.29

Malayan Banking Berhad

(1155 | MAY MK) Financial Services | Finance

TECHNICAL BUY

Technical Target Price: RM9.03



Source: TradingView Chart — TradingView, MIDFR

- The RSI of Maybank is bouncing off the oversold threshold level.
- Against the backdrop of improving broader technical sentiment, we expect the positive momentum to drive its price higher towards an immediate first resistance of RM8.74 (which approximates its 200-day SMA) and a second resistance of RM9.03 (which equates to its recent peak in August-September period).

FUNDAMENTAL HIGHLIGHTS

- **Solid dividend yields.** On a consistent basis, Maybank's dividends are the highest in the industry, due to its dividend reinvestment scheme. Its payouts are usually in the 80-90% range. We are forecasting a 6.6% dividend yield in FY22.
- **Strong regional presence.** Maybank observes solid loan growth in each of its foreign segments, holding sizeable stakes in Indonesia, Singapore, the Philippines and Thailand. This acts as a buffer to country-specific pressures, as well as serving as a proxy to more lucrative foreign markets.
- **ESG leader.** Maybank's status as a regional ESG leader, makes it an attractive buy for foreign and ESG-centric investors. It has done a commendable job in formulating frameworks, policies and governance structures over the past few years, and has since shifted its priorities towards execution and working out the finer details.

KEY STATISTICS	
Syariah compliant	No
Issue shares (m)	11878.51
Estimated free float (%)	36.38
Market Capitalisation (RM'm)	102,277.18
52-wk price range (RM)	7.87-9.18
Beta vs FBM KLCI (x)	0.90
3-mth average daily volume (m)	8.02
3-mth average daily value (RM'm)	70.31
Top Shareholders (%)	
Amanah Saham Nasional Bhd	38.38
Employees Provident Fund Board	13.07
Yayasan Pelaburan Bumiputra	7.19

Telekom Malaysia Berhad

TECHNICAL BUY

(4863 | T MK) Telecommunications & Media | Telecommunication Services Provider

Technical Target Price: RM6.00



Source: TradingView Chart — TradingView, MIDFR

- The RSI of TM is bouncing back above the oversold threshold and its price reverted above the 200-day SMA.
- Against the backdrop of improving broader technical sentiment, we expect the positive momentum to drive its price higher towards immediate first and second resistance levels of RM5.75 and RM6.00 respectively.

FUNDAMENTAL HIGHLIGHTS

- **Steady growth momentum.** TM's 2QFY22 topline grew by +11.8%yoy on the back of robust performance across all lines of services, notably Internet and Data. The Group managed to achieve a normalised PATAMI of RM449.3m or +76.3yoy, the highest quarterly net profit in ten years.
- **Strong performance across the board.** Segment wise, Unifi recorded +8.9%yoy revenue increase in 2QFY22, primarily due to continuous growth of fixed broadband subscribers (+14.1%yoy). TM wholesale (TMW) rose by +26.4%yoy in the quarter, owing mostly to greater income from voice and data services.
- **Nation preferred network infrastructure provider.** We favor TM as the Group stands to benefit from leasing its fibre to DNB for the 5G rollout. TMW recorded the highest installation for High-Speed Broadband (HSBB) Access in June 2022, primarily due to mobile network operators (MNOs) and content service provider under JENDELA. TMW also delivered more than 4.5k cumulative 4G and 5G backhaul sites in supporting the MyDIGITAL blueprint for enhanced digital inclusivity nationwide.

KEY STATISTICS	
Syariah compliant	Yes
Issue shares (m)	3,773.70
Estimated free float (%)	33.15
Market Capitalisation (RM'm)	20,415.53
52-wk price range (RM)	4.68-6.10
Beta vs FBM KLCI (x)	0.81
3-mth average daily volume (m)	4.16
3-mth average daily value (RM'm)	23.41
Top Shareholders (%)	
Khazanah Nasional Bhd	20.03
Employees Provident Fund Board	16.67
Amanah Saham Nasional Bhd	15.26

Genting Plantations Berhad

(2291 | GENP MK) Plantation | Plantation

TECHNICAL BUY

Technical Target Price: RM7.29



Source: TradingView Chart — TradingView, MIDFR

- The RSI of Genting Plant is bouncing back above the oversold threshold.
- Against the backdrop of improving broader technical sentiment, we expect the positive momentum to drive its price higher towards an immediate first resistance of RM6.70 (which equates to its recent peak in August-September period) and a second resistance of RM7.29 (which approximates its 200-day SMA).

FUNDAMENTAL HIGHLIGHTS

- **Recent result.** GPB's 1HFY22 normalized earnings surged by +87%yoy to RM353.6m with higher PBT achieved of RM515.7m. This was primarily fueled by the stronger palm product prices realized despite having a low FFB production and sales volume of refined products. Improvement in earnings was also driven by lower net opex ratio following GPB effective cost management during the quarter which saw EBITDA margin rose 11ppt-yoy.
- **Operational outlook.** 6M22's FFB production declined by -4%yoy to 930,000/mt impacted by mixed weather pattern in Northern and Southern Peninsular, wet weather conditions in Sabah and continued high rainfall in Central Kalimantan. This has resulted disruption in harvesting activities and FFB & CPO evacuation process.
- **Mostly upstream.** The group's upstream business which makes up of c. 92% of group PBIT is highly exposed to the current strength of CPO prices. GPB exercises 85% spot MPOB price selling strategy for its upstream business and the profit continue increased by +48%yoy to RM369.0m backed by higher ASP of CPO RM4,907/mt (+51%yoy) and PK RM3,484/mt (+46%yoy) realized in 2Q.

KEY STATISTICS	
Syariah compliant	Yes
Issue shares (m)	897.20
Estimated free float (%)	19.22
Market Capitalisation (RM'm)	5,212.72
52-wk price range (RM)	5.50 - 9.47
Beta vs FBM KLCI (x)	0.97
3-mth average daily volume (m)	0.15
3-mth average daily value (RM'm)	0.92
Top Shareholders (%)	
Genting Bhd	54.44
Employees Provident Fund Board	12.50
Kumpulan Wang Persaraan Diperbadan	7.47

Sarawak Plantations Berhad

TECHNICAL BUY

(5135 | SPLB MK) Plantation | Plantation

Technical Target Price: RM2.44



Source: TradingView Chart — TradingView, MIDFR

- The RSI of Sarawak Plant exhibited a bullish divergence (whereby its RSI exhibited a higher-low pattern against a lower-low stock price level) since late June onwards and is bouncing back above the oversold level.
- Against the backdrop of improving broader technical sentiment, we expect the positive momentum to drive its price higher towards an immediate first resistance of RM2.26 (which equates to its recent peak in August) and a second resistance of RM2.44 (which approximates its 200-day SMA).

FUNDAMENTAL HIGHLIGHTS

- **Recent result.** SPB reported a higher operating profit before tax of RM91.8m, up +75.9%yoy, due to greater contributions from the oil palm operations, which offset high distribution expenses, as well as high cost of sales, which marginally up 1.2%yoy to -RM263.1m. As a result, profit margin expanded by 5.35 ppts to 18.9 ppts in 6M22 (6M21:13.6 ppts).
- **Operational outlook.** SPB reported FFB and CPO production of 140,850 Mt (-3.8%ytd) and 50,167 Mt (-23.8%ytd) respectively in 6MY22 dragged by wet weather impacts coupled with labour shortage. Nonetheless, ASP CPO and PK realized during the period significantly higher to RM6,225/Mt (+54.3%) and RM3,849/Mt (+57.9%) in-line with local avg CPO prices of RM6,302/Mt.
- **Pure upstream.** Being a pure upstream company with high connectivity of CPO movement, SPB's FY21 earnings have risen dramatically to c.RM121.7m (+108%yoy) in parallel with rising CPO prices. The stock returned 10%, a gain of +18% including div. yield during the period, outperforming its peers due to a higher selling strategy that derived from 100% spot MPOB pricing.

KEY STATISTICS	
Syariah compliant	Yes
Issue shares (m)	340.97
Estimated free float (%)	19.02
Market Capitalisation (RM'm)	597.13
52-wk price range (RM)	1.91-3.38
Beta vs FBM KLCI (x)	1.10
3-mth average daily volume (m)	0.10
3-mth average daily value (RM'm)	0.21
Top Shareholders (%)	
Ta Ann Holdings Bhd	29.41
State Financial Secretary	25.52
Urusharta Jamaah Sdn Bhd	5.06

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

TECHNICAL STOCK RECOMMENDATIONS

TECHNICAL BUY	The share price return is expected to *rise* by >10% over the next 2 months.
ADD	The share price return is expected to *rise* by >5% over the next 1 month.
REDUCE	The share price return is expected to *fall* by >5% over the next 1 month.
TECHNICAL SELL	The share price return is expected to *fall* by >10% over the next 2 months.