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Strategy Report

TRADING RADAR

KL Finance Sees Positive Momentum

The KL Finance index has been beleaguered within a downward consolidation channel subsequent a rally to its all-time high level of 19,931 points on 10 September last year. However, after more than four months in the doldrums, it managed to break above the downward consolidation channel on 5 February 2025.

KL Finance broke above its consolidation channel

The recent technical breakout may be attributable to a fundamental reason. We reckon some investors are betting early on good earnings results (to be announced until the end of this month) among the KL Finance constituents.

It seems some investors are betting early on good earnings

KL Finance Index



Going forward, we could see even more upside to the KL Finance if earnings indeed came in well within or exceeding market expectations. In this regard, the technical target of KL Finance is pegged at a new all-time high level of 20,140 points.

KL Finance technical target pegged at 20,140 points

Our top trading picks

Referring to earlier Trading Radar report dated 21 January 2025, our top trading picks among the KL Finance constituents are **Alliance Bank** and **AMMB Holdings** with Technical Target Price (TTP) of RM5.80 and RM6.20, respectively.

Alliance Bank (TTP: RM5.80)

Fundamental highlights:

- Strong net income growth driven by NII and NOII.
- Robust momentum in gross loans growth with double digit year-on-year growth. Strong growth in all segments. SME, Commercial, Corporate and Consumer banking loans
- Asset quality improvements with GIL ratio is 2.0%. Improvements seen in all segments. GIL ratio for SMEs, and Commercial & Corporate
- Traction with regional and SME strategy with strong regional growth in both loans and deposits across Sarawak, Penang and Johor.



AMMB Holdings (TTP: RM6.20)

Fundamental highlights:

- Improvement in provisions.
- Robust NII growth with NIM improving due to growth in the business banking loans book. Furthermore, COF optimisation was also a factor, more precisely, liability management.
- Stable asset quality with GIL ratio at 1.67%.



Our top fundamental picks

Meanwhile, as per the latest Banking sector report dated 3 February 2025, our top fundamental picks are **Maybank** and **Public Bank** with Target Price (TP) of RM12.11 and RM5.16, respectively.

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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.