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TRADING RADAR

Take some trading profits, Part 2

Strategy Report

This report is an update to our Trading Radar dated 7 May 2025.

Post-pause 200-point rebound…

World's equity market has been on the rise since 9 April in reaction to the US tariff pause. In tandem, the local market rebounded with benchmark FBM KLCI recovered 200 points from a low of 1,387 points on 9 April to a high of 1,587 points on 15 May.

…showing technical exhaustion and may have reached cyclical peak

The FBM KLCI is beginning to show technical exhaustion with RSI reverting down from near overbought level while MACD getting lesser positive. We reckon that the benchmark may have reached its short-term cyclical peak.

FBM KLCI



Technical highlights:

- RSI reverting down from the overbought threshold.
- MACD getting lesser positive.
- Index may be on the cusp of a short-term cyclical downswing

Fundamental highlights:

- Expect 5.6% earnings growth in 2025.
- Index trading at PER25 of 13.9x (below 10-year average of 16.0x).
- Year-end 2025 target of 1,590 points.

Most stocks showing technical exhaustion with some turned overbought

Similarly, at individual stocks level, most showing technical exhaustion with RSI nearing overbought threshold while MACD getting lesser positive. There are nonetheless some stocks within our coverage universe which have turned overbought with RSI recently exceeded 70 points.

Advise paring down long trading position in overbought stocks

In this instance, we advise to progressively pare down of long trading position in the stocks that have turned overbought. They are: (1) Allianz Malaysia, (2) Axiata Group, (3) Capital A, (4) Cahya Mata Sarawak, and (5) Malaysian Resources Corporation.

Allianz Malaysia



Technical highlights:

- RSI risen into overbought region and began to revert down.
- MACD still rising but getting lesser positive.
- Commence profit taking and progressively so when MACD turned negative.

Fundamental highlights:

- Market-leading position allows it to weather medical inflation well.
- High premium growth expected.
- Expect solid investment gains in subsequent quarters.

Axiata Group



Technical highlights:

- RSI went overbought and reverting down abruptly.
- MACD on the cusp of turning negative.
- Commence profit taking and progressively so when MACD turned negative.

Fundamental highlights:

- Impending merger between XL and Smartfren will be earnings dilutive in the immediate term.
- Net debt to EBITDA remains elevated at 2.74x, higher compared to its peers.
- Faces both greater regulatory and currency risks due to its regional.

Capital A



Technical highlights:

- RSI went overbought and began to revert down.
- MACD still rising but getting lesser positive.
- Commence profit taking and progressively so when MACD turned negative.

Fundamental highlights:

- Target completion of PN17 regularisation plan in 2HFY25.
- Load factor to remain >80%.
- Fares to remain higher than pre-COVID levels.

Cahya Mata Sarawak



Technical highlights:

- RSI spiked higher and levelling off in overbought region.
- MACD still positive albeit consolidating.
- Commence profit taking and more so when RSI begins to revert down and MACD gets lesser positive.

Fundamental highlights:

- Clinker Line 2 expected to lift cement capacity to 2.75-3.0m tonnes p.a.
- Poised to benefit from robust Sarawak infrastructure demand.
- Phosphate plant remains non-revenue generating, with full commercialisation dependent on the outcome of ongoing arbitration with its energy partner
- CMS Oiltools continues to regain traction.

Malaysian Resources Corporation



Technical highlights:

- RSI gradually risen and exceeded the overbought threshold.
- MACD still positive albeit consolidating.
- Commence profit taking and more so when RSI begins to revert down and MACD gets lesser positive.

Fundamental highlights:

- Strong project momentum with four major contract wins in CY25: significantly strengthening its RM26.1b order book as at 31 Dec 2024.
- Maintains a sizeable landbank GDV of RM37.8b, offering long-term development visibility.
- Transit-oriented development (TOD) remains a core strength, with ongoing and upcoming projects.

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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.