

KUALA LUMPUR (March 13): As the second quarter approaches, Rakuten Trade is bullish on the banking, construction, telecommunications (telco) and semiconductor industries for the rest of 2024, as it sees the benchmark index FBM KLCI recovering to 1,660 points by the end of the year.

Its vice president of research Thong Pak Leng said the banking sector continues to offer opportunities for investors, supported by robust earnings resilience.

“Loans growth remained decent circa 5-6% while net interest margin (NIM) will remain stable for the year amid a more stable interest rate regime,” he told reporters during a virtual media briefing on Rakuten Trade’s 2Q2024 market outlook.

Within the banking sector, Rakuten Trade picked RHB Bank Bhd, Malayan Banking Bhd and CIMB Group Holdings Bhd for their solid dividend yields while Hong Leong Bank Bhd and Public Bank are attractive for their potential upside.

Meanwhile, Thong added that the construction sector’s outlook remains positive, fuelled by the imminent initiation of major infrastructure ventures like MRT3, Penang MRT and flood mitigation projects.

“Furthermore, private-sector building activities are sustained by substantial investments in new semiconductor foundries and data centers. Construction companies guided for higher new job wins this year on the back of impending roll-out of mega infrastructure projects,” he said.

Rakuten Trade bullish on banking, construction, telco, semiconductor sectors

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Rakuten Trade’s top picks for the sector are Gamuda Bhd, IJM Corp Bhd, Kerjaya Prospek Group Bhd, Sunway Construction Group Bhd and Muhibbah Engineering (M) Bhd.

As for the semiconductor sector, Thong pointed to the ongoing artificial intelli-

gence (AI) “frenzy” coupled with stabilising demand for smartphones and resilient growth in automobile, which are expected to reflect in higher demand for semiconductor parts, thus higher production by the semiconductor players. This, he said, should result in higher earnings across the semiconductor industry.

“We like PIE Industrial Bhd and Nantongate Holdings Bhd due to their involvement in AI and telco segments which are poised to grow in 2024. We also like IT-MAX System Bhd for its solid earnings visibility underpinned by robust order books,” he added.

Lastly, Thong said that Rakuten Trade is overweight on the telco industry for its subscriber base expansion. He said demand for local mobile and broadband will be supported by wider coverage towards the completion of phase one of the National Digital Network Plan Initiative (Jendela).

Jendela is a government-funded programme to accelerate 4G network connectivity in the country.

Furthermore, Thong opined that the ongoing implementation of 5G will push average revenue per user (ARPU) due to quicker downloading and larger size of content.

Top picks within this sector for Rakuten Trade are CelcomDigi Bhd, Telekom Malaysia Bhd and OCK Group Bhd for its supporting role in the 5G and regional expansion.