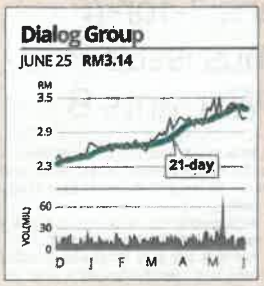
SUPPORTLINE
by FONG MIN YUAN



DIALOG Group Bhd saw the continuation of a rebound that started last Friday, which is taking the counter to challenge the 50-day simple moving average (SMA).

The stock experienced a correction of over 10% since it began its descent at RM3.46 on June 11.

At present, it appears the downtrend may be taking a breather although a clear reversal is not yet on the books.

For the immediate term, some technical indicators are suggesting a return to upside momentum with certain indexes having fallen to oversold conditions.

The slow-stochastic momentum index is seeing a return of the percent K oscillator from the oversold area to enact a positive crossing with the percent D oscillator, marking a possible return to bullishness.

The 14-day relative strength index is also showing an upside push from oversold territory and now sits at 31 points.

Still signalling a downtrend is the daily moving average convergence/divergence line, which has fallen into negative territory.

It remains at a distance from the signal line, suggesting that the current downtrend remains intact.

Given the mixed signals, a return to an uptrend cannot be confirmed over the immediate term.

Should the share price push higher past the 50-day SMA, it would face its next resistance at RM3.30, slightly above the short-term 14- and 21-day SMAs.

A positive crossing of these uppermost SMAs would improve the upside prospects of the share price and put it in good stead to return yet higher to its recent peak of RM3.46.

Nevertheless, to the lower end of the chart, the immediate support of RM3.11 remains close by, suggesting that a sudden sharp pullback would result in a breach and a descent to the next support of RM3.

The comments above do not represent a recommendation to buy or sell.

Note: This article first appeared in StarBiz Premium yesterday.

MSM looking for new export markets

Company prepares for removal of sugar monopoly

By P. ARUNA
aruna@thestar.com.my

KUALA LUMPUR: MSM Malaysia Holdings Bhd plans to enter new export markets, including Africa, as it seeks to shield itself from potential policies to remove monopoly in the sugar industry.

MSM and Central Sugars Refinery Sdn Bhd are the two players dominating the local sugar market, with MSM commanding 58% of the domestic market share.

The government announced the setting up of a special task committee last week to curb monopolies across industries in the country.

MSM chairman Datuk Wira Azhar Abdul Hamid said that while it had not been approached by the committee, Felda Global Ventures Holdings Bhd (FGV) has been in communication with the council on the issue. FGV holds a 51% stake in MSM.

Azhar said the group was already "feeling the pressure" as the government had recently also issued sugar import licences to new players.

"Of course, we are not happy. We are constantly telling the government that there is enough capacity for the domestic market, and there is no need for the importation of sugar," he told a press conference after the group's AGM here yesterday.

Due to these pressures, he said the group could no longer afford to operate mainly as a domestic player, and needed to "move out".

"One of our initiatives is to focus on identifying a profitable export market. We are looking at the African region, where demand is growing.

"China has now become a net importer, so we are looking there as well," he said.

However, he said the company would not be careless and rush into any decision.

Azhar: We are constantly telling the government that there is enough capacity for the domestic market. — Bernama

"We can either serve an export market from here or from outside the country.

"We need to study this not just from a production perspective, but also from a financial and taxation perspective," he said.

He added that the group was also open to the possibility of acquiring a local company in the chosen export markets.

However, he noted that the group was "not financially strong at the moment" after investing in its new sugar-refining facility.

"We don't want MSM to be burdened financially," he said.

The group's new refinery in Johor, with a million-tonne capacity, is expected to begin production next month.

On the group's vacant CEO position, he said an announcement would be made after July.

Moving forward, Azhar expected the group to perform better this year after a challenging financial year 2017, on the back of lower raw sugar prices.

Moody's reaffirms ratings of CIMB

PETALING JAYA: Moody's Investors Service has affirmed all ratings and assessments of CIMB Bank Bhd, CIMB Islamic Bank Bhd and CIMB Group Holdings Bhd.

The outlook on the ratings remained stable.

The ratings of PT Bank CIMB Niaga Tbk (*Baa2 stable, ba2*), CIMB Thai Bank Public Company Ltd (*Baa2 stable, ba2*) and CIMB Investment Bank Bhd (*A3 stable*) remained unchanged.

The affirmation of CIMB Bank's *A3* rating takes into account the bank's *baa2* baseline credit assessment (BCA) and Moody's expectation of a very high probability of government support for the bank in times of need.

The stable outlook reflected Moody's view that the credit fundamentals of the bank would remain robust over the next 12 to 18 months.

The bank's *baa2* BCA reflected its improved capitalisation, stabilising asset quality and robust liquidity over the past three years (2015 to 2017).

At the same time, it also considered the uncertainties in the domestic economy, driven by the ongoing policy changes introduced by Malaysia's new government, which may negatively affect the growth prospects of the economy and banking sector.

CIMB Bank's overall asset quality has largely stabilised with its gross impaired loan ratio at 2.3% as of the end of March 2018, similar to 2.3% as of end 2017, after a marginal pick-up from 2.1% as of end 2016.

The asset quality of its Malaysian portfolio (about 72% of gross loans) remains robust, and the asset quality of its overseas portfolios, Singapore and Thailand, has stabilised on the back of improving operating conditions.

Moody's added that the bank's common equity Tier-1 ratio has consistently improved since 2016, driven by the group's efforts to improve risk-adjusted returns, as well as optimise risk-weighted assets.

Sunway indirect unit to sell stake in Singapore JV

PETALING JAYA: Sunway Bhd's indirect unit, Sunway Developments Pte Ltd (SDPL), has proposed to dispose of its entire 30% equity stake in joint-venture (JV) company Hoi Hup Sunway Novena Pte Ltd (HHSN) for S$39.88mil cash (RM118.2mil).

Sunway's 30% stake will be sold to the other JV partner Hoi Hup Realty Pte Ltd and this exercise is expected to be completed on June 30.

Sunway said it would see an estimated loss on disposal of S$0.1mil (RM0.3mil), after taking into consideration the net book value of Sunway's investment in HHSN which includes the share of profit of S$39.7mil (RM117.36mil) as at March 31, 2018 of S$40mil (RM118.24mil).

HHSN was set up in December 2012 to undertake the Royal Square at Novena development in Singapore. The development comprises a hotel, medical units and retail units. Royal Square at Novena was completed on July 12, 2017 with HHSN recording accumulated profits of S$132.5mil (RM391.68mil) from the project, said Sunway.

Alam Maritim units win several jobs

PETALING JAYA: Alam Maritim Resources Bhd's wholly-owned subsidiaries have recently been awarded several contracts for the provision of offshore support vessels by oil and gas companies and main contractors in Malaysia and the Middle East.

In a filing with Bursa Malaysia, Alam Maritim said the contracts were a mixture of short-term and long-term contracts with a primary period of six months to three years.

"Some of the contracts have an extension option of one to two years exercisable by the awarders of the contract. The total value of the various contracts for the primary period is RM226.08mil," it said.

Alam Maritim said the contracts are expected to contribute positively to its earnings and net tangible assets for the financial year ending Dec 31, 2018 and beyond.

Hai-O net profit down on lower contribution from MLM business

By GANESHWARAN KANA
ganeshwaran@thestar.com.my

PETALING JAYA: Wellness and multi-level marketing (MLM) company Hai-O Enterprise Bhd's net profit fell 12% year-on-year (y-o-y) in its fourth quarter ended April 30, on the back of lower revenue contribution from its mainstay MLM business.

The company said in a filing with Bursa Malaysia that its earnings decreased to RM16.27mil in the final quarter compared with RM18.46mil a year earlier.

The 17.3% reduction in Hai-O's MLM division revenue dragged down the group's top line for the quarter by 6.72% y-o-y to RM110.65mil.

However, the stronger revenue contributions from Hai-O's wholesale and retail divisions have partially offset the weaker performance of its MLM business.

On a positive note, for financial year 2018 (FY18), the group's earnings surged 25.81% y-o-y to RM74.83mil.

The stronger bottom line was supported by the group's higher overall revenue for the year.

Hai-O's revenue in FY18 rose to RM461.78mil from RM404.24mil in the previous corresponding period.

"The increase in the group's revenue was mainly contributed by all the three main divisions, namely, the wholesale, MLM and retail divisions," it said in the filing.

Hai-O remained cautiously optimistic that the group would continue to be profitable in the next financial year.

"The MLM division will continue to carry out more new product development and plans to roll out a wider range of skincare and food supplements, in addition to the group's efforts to penetrate into the fashion and lifestyle-related range of products.

"Besides this, the division will continue to widen its distributor base through the digital marketing platform.

"For the wholesale division, it will continue to carry out advertising and promotion programmes on its key products – Chinese medicated tonics – and it is targeting the younger generation to widen its customer base. It will continue to secure more new overseas agencies to widen its product base," said the group.

As for its retail division, the company indicated that it was negotiating with a hypermarket operator to open concession counters.

Apart from that, the division is developing more new house-brand products to widen its portfolio and enhance its margins.

Hai-O announced a dividend of 11 sen for the fourth quarter of FY18. Earnings per share stood at 5.60 sen.