



AmInvestment Bank

Retail Research

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# TECHNICAL STRATEGY

Sector to watch in 2H2025: Construction

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Rationale for report: Market Update

## Investment Highlights

### Key Indicators

#### Technical analysis

Price actions

Chart patterns

Moving averages

Relative strength

*FBM KLCI is expected to remain range-bound in 2H2025, weighed down by weak technical signals and ongoing macro uncertainties. Recent rebounds appear to be part of a broader consolidation phase rather than the start of a new uptrend. In the absence of clear catalysts, market direction is likely to remain muted. Our strategy focuses on identifying early signs of uptrend resumption through technical screening. We target stocks exhibiting breakout patterns, sustained strength above rising exponential moving averages (EMAs), and strong relative performance. The construction sector has emerged as a key outperformer, underpinned by both technical resilience and improving fundamentals. It is benefiting from AI-driven infrastructure demand, particularly related to hyperscale data center development. We highlight a selection of technical stock ideas aligned with the construction and industrial theme. Among large and mid-cap names, we favor Gamuda and Sunway Construction Group. Within the small-cap space, our picks are KJTS Group, MN Holdings, Pekat Group, Powerwell, and Southern Cable Group.*

- **KLCI struggles for direction.** The FBM KLCI is expected to remain range-bound in 2H2025 due to a lack of sustained buying interest and persistent macro uncertainties. The index remains capped below a declining 200-day EMA, underscoring a weak long-term trend. Near-term price action also lacks conviction, with the KLCI oscillating around its flat 20-day and 50-day EMAs. The recent rebound from the YTD low of 1,386 to a high of 1,587 appears to be part of a broader consolidation phase rather than the start of a new uptrend. In the absence of clear catalysts and amid ongoing external risks, the broader market remains directionless.
- **Focus on early uptrend signals.** We adopt a technical analysis-driven strategy focused on identifying sectors and stocks showing early signs of buying interest and uptrend resumption. Our screening process targets names that meet the following technical criteria: (i) Breakouts from consolidation bases – signaling renewed accumulation, (ii) Trading above rising exponential moving averages (EMAs) – indicating trend strength, and (iii) Strong relative strength versus broader benchmarks – confirming sector or stock leadership.
- **Construction sector emerging as a key outperformer.** The construction sector is among the top-performing themes in 1H2025, second only to REITs. From a relative strength standpoint, it is outperforming both the FBM KLCI and FBM Small Cap indices, as reflected in rising ratio charts. This technical outperformance is supported by our fundamental overweight view, underpinned by improving earnings visibility, a steady pipeline of contract awards, and structural demand from AI-driven infrastructure expansion. Notably, surging investment in hyperscale data centers has driven robust demand for engineering and construction services.
- **Key stock ideas riding the construction and industrial theme.** For large- to mid-cap exposure, we highlight **Gamuda** and **Sunway Construction Group**. For small-cap names, our picks include **KJTS Group**, **MN Holdings**, **Pekat Group**, **Powerwell**, and **Southern Cable Group**. These stocks have recently broken out of consolidation patterns, are trading above key EMAs, and belong to sectors demonstrating strong relative strength. This positions them as potential beneficiaries of sector rotation and institutional accumulation in a sideways broader market.

## EXHIBIT 1: FBM KLCI INDEX



Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmlInvestment Bank

**KLCI is expected to stay range-bound in 2H2025 amid a weak longer-term trend.** The index continues to trade below the 10-month downtrend line drawn from the September 2024 peak and remains under pressure from the declining 200-day EMA—both of which indicate a lack of sustained buying interest. Near-term price action remains indecisive, with the index hovering around the flat 20-day and 50-day EMAs. Hence, the recent rebound from the 1,386 low to a high of 1,587 suggests a potential consolidation phase rather than a clear trend reversal. Immediate resistance levels are seen at 1,587, followed by 1,641. On the downside, support is set at 1,480 and the YTD low of 1,386. A sustained move above the 200-day EMA and a breakout from the downtrend line would be needed to signal a shift toward a more structurally bullish outlook.

## EXHIBIT 2: BURSA MALAYSIA CONSTRUCTION INDEX



Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmlInvestment Bank

**KLCON eyes further upside.** The longer-term trend of the Bursa Malaysia Construction Index (KLCON) is showing early signs of reversal after recovering above the 200-day EMA about a month ago. This recovery is technically significant, as it signals a potential shift in sentiment from bearish to bullish. The index has also broken above a 5-month downward channel, suggesting renewed buying interest. This breakout, combined with a confirmed bullish crossover between the 20-day and 50-day EMAs, reinforces the view that bullish momentum is gaining traction. Immediate support is seen at 300, followed by 280 (near the 200-day EMA). Resistance is at 320, followed by 335 (the YTD high).

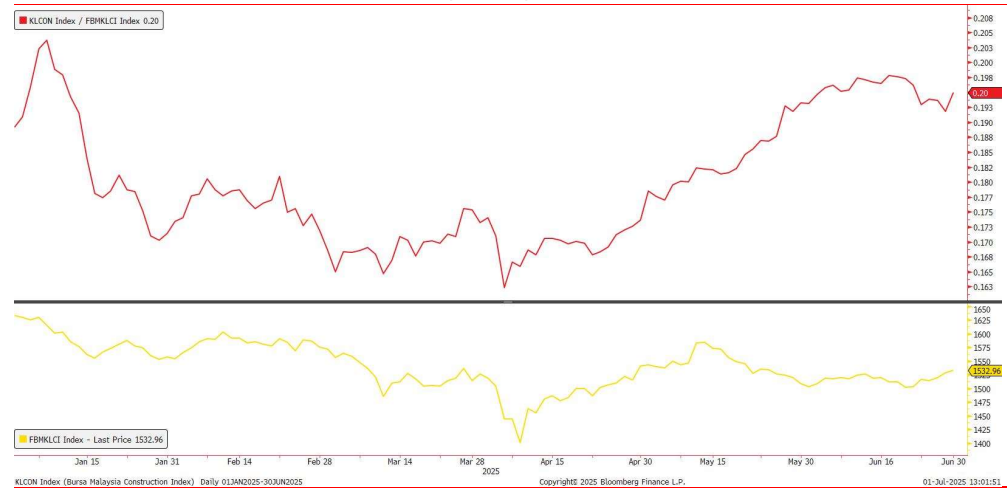
In addition, KLCON was one of the top-performing sectors in Malaysia in 1H2025, ranking second after the REIT sector (Exhibit 3). It outperformed both the FBM KLCI and the FBM Small Cap Index, as shown by the rising ratio charts (Exhibits 4 and 5). This relative strength suggests that the construction sector's bullish momentum is likely to extend into 2H2025, reinforcing the positive outlook for continued outperformance.

## EXHIBIT 3: YTD SECTOR PERFORMANCE (1H2025)

SECTOR PERFORMANCE	2024	1H2025	%
FBM KLCI	1,642.33	1,532.96	-6.7%
FBM SMALL CAP	17,963.66	15,300.65	-14.8%
REIT	871.50	903.24	3.6%
CONSTRUCTION	308.46	298.93	-3.1%
PLANTATION	7,649.06	7,350.20	-3.9%
TRANSPORTATION & LOGISTICS	1,067.19	985.93	-7.6%
FINANCIAL SERVICES	19,170.13	17,650.58	-7.9%
UTILITIES	1,824.57	1,654.58	-9.3%
TELECOMMUNICATIONS & MEDIA	543.80	490.59	-9.8%
ENERGY	822.93	735.28	-10.7%
PROPERTY	1,133.72	1,007.28	-11.2%
CONSUMER	549.49	484.19	-11.9%
INDUSTRIAL	176.45	153.83	-12.8%
TECHNOLOGY	64.98	51.10	-21.4%
HEALTH CARE	2,397.47	1,719.69	-28.3%

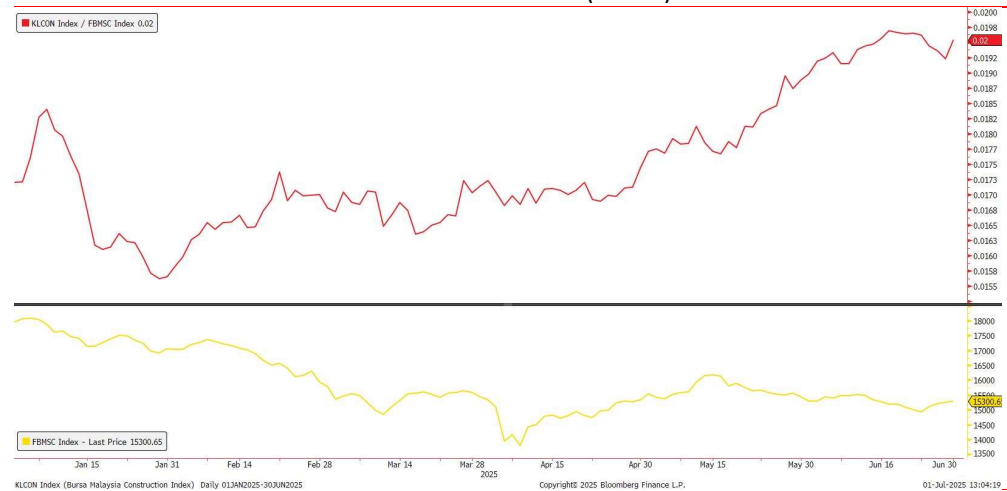
Source: AmlInvestment Bank

## EXHIBIT 4: KLCON/FBM KLCI PRICE RATIO (1H2025)



Source: Bloomberg

## EXHIBIT 5: KLCON/FBM SMALL CAP INDEX PRICE RATIO (1H2025)



Source: Bloomberg

## STOCK PICKS (LARGE/MID-CAP)

## Technical views on Gamuda and Sunway Construction Group

## EXHIBIT 6: GAMUDA (GAMUDA | 5398)



Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmInvestment Bank

**Investment thesis.** We like Gamuda for its dominant position in Malaysia's public infrastructure space, backed by unrivaled tunneling expertise and a solid track record in large-scale rail projects. It is a prime beneficiary of the accelerating data centre boom, with direct engagement from hyperscale clients. Gamuda's growing overseas orderbook in Australia, Taiwan, and Singapore enhances earnings visibility and provides diversification from a slower domestic market.

**Technical analysis.** After a 6-month consolidation, the stock has finally broken above the bullish volatility contraction pattern, indicating the resumption of its uptrend. With the stock pushing near its all-time high and supported by rising EMAs, this likely suggests that bullish momentum is picking up. A bullish bias may emerge above the **RM4.85** level, with a stop-loss set at **RM4.55**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM5.40**, followed by **RM6.00**.

## EXHIBIT 7: SUNWAY CONSTRUCTION GROUP (SUNCON | 5263)



Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmInvestment Bank

**Investment thesis.** SunCon is a key proxy to Malaysia's growing data centre construction market. Supported by a strong execution track record and brand, it is well-positioned to capitalise on rising demand. Its orderbook also benefits from recurring jobs via parent Sunway Berhad, with internal projects comprising ~34% as of May 2025—offering both growth exposure and earnings visibility.

**Technical analysis.** After consolidating for nearly 11 months, the stock successfully broke out of its base pattern (the RM3.20–5.00 range) recently, signaling the continuation of its previous uptrend. With the EMAs trending higher, additional buying momentum may be present in the near term. A bullish bias may emerge above the **RM5.70** level, with a stop-loss set at **RM5.38**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM6.50**, followed by **RM7.00**.

## STOCK PICKS (SMALL-CAP)

*Technical views on KJTS, MN Holdings, Pekat Group, Powerwell, and Southern Cable*

## EXHIBIT 8: KJTS GROUP (KJTS | 0293)



Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmInvestment Bank

**Investment thesis.** KJTS is a growing ESG-focused player in sustainable cooling solutions, expanding through EPCC contracts, strategic assets like Malakoff Utilities (153MW rights in KL Sentral), and long-term deals such as a 20-year contract with KIP REIT. We like KJTS for its recurring income, strong growth prospects, and leadership in energy-efficient infrastructure.

**Technical analysis.** The stock may trend higher after surging to a new all-time high and closing marginally above the RM1.15 resistance two sessions ago. Given that the 20-day and 50-day EMAs are starting to turn upwards, a bullish outlook appears likely. A bullish bias may emerge above the **RM1.13** level, with a stop-loss set at **RM1.02**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM1.30**, followed by **RM1.40**.

## EXHIBIT 9: MN HOLDINGS (MNHLDG | 0245)



Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmInvestment Bank

**Investment thesis.** MN Holdings is well-positioned to benefit from Malaysia's energy transition and infrastructure acceleration, driven by policies such as NETR and LSS5. It's over RM1bil order book ensures earnings visibility for the next 2–3 years. We like the group's strategic focus on industrial renewables, solar, and emerging BESS opportunities, which align with national priorities and enhance grid stability. Its strong industry track record and partnerships also support faster execution in data centre infrastructure, reinforcing its growth trajectory.

**Technical analysis.** Together with the bullish candles, the recent breakout of the 7-month bullish cup-and-handle pattern indicates that the stock's buying momentum is returning. As the stock has surged to a new all-time high, the near-term bullish trend could sustain its upward momentum. A bullish bias may emerge above the **RM1.35** level, with a stop-loss set at **RM1.25**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM1.60**, followed by **RM1.70**.



**EXHIBIT 10: PEKAT GROUP (PEKAT | 0233)**

Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmInvestment Bank

**Investment thesis.** We like Pekat Group for its multi-pronged growth strategy aligned with Malaysia's green energy push and digital infrastructure boom. It is well-positioned to capitalise on growing demand for solar PV EPCC projects under NEM 3.0, LSS5, and CRESS. Its ELP division benefits from rising foreign investments in data centres, while the acquisition of EPE Switchgear enhances its presence in power distribution, supporting long-term earnings growth.

**Technical analysis.** We believe buying interest in the stock may have returned after it broke out of its consolidation range of RM1.05–RM1.25 (the base pattern) in mid-May. With all its EMAs (20-day/50-day/200-day) trending higher, additional upward momentum may be present in the near term. A bullish bias may emerge above the **RM1.30** level, with a stop-loss set at **RM1.23**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM1.50**, followed by **RM1.60**.

**EXHIBIT 11: POWERWELL HOLDINGS (PWRWELL | 0217)**

Exponential Moving Average (EMA): Orange line = 20-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmInvestment Bank

**Investment thesis.** Powerwell offers a rare proxy to Malaysia's fast-growing data centre (DC) infrastructure buildout. As a specialist in mission-critical electrical distribution, it supplies Siemens-certified switchboards and switchgears essential for DC uptime and reliability. With over two-thirds of its order book tied to DCs, the group is well-positioned for stronger earnings growth. Over the longer term, rising DC demand could unlock significant revenue upside. Its recent expansion into fire safety systems broadens its solutions portfolio and enhances its appeal to hyperscale clients.

**Technical analysis.** We expect further upside for the stock after it successfully broke above its wide consolidation range of RM0.35–0.50 (the 10-month base pattern) two weeks ago. The stock pushing near its all-time high, supported by its rising EMAs, suggests that the upward momentum may be picking up. A bullish bias may emerge above the **RM0.50** level, with a stop-loss set at **RM0.45**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM0.60**, followed by **RM0.65**.

**EXHIBIT 12: SOUTHERN CABLE GROUP (SCGBHD | 0225)**

Source: AmlInvestment Bank

**Investment thesis.** We like Southern Cable for its strong positioning in Malaysia's growing cables & wires segment, underpinned by infrastructure expansion and energy transition initiatives under the NETR. With a RM1.28bil order book, earnings are backed by solid visibility through 2026. The group is also ramping up capacity—adding 15% in 2024 and targeting a further 5,000 km output boost via a new plant—to meet surging demand for low- and medium-voltage cables.

**Technical analysis.** The stock broke out of its 5-month bullish cup-and-handle pattern a few weeks ago, signaling a potential upward continuation. With the stock trading at an all-time high and supported by rising EMAs, the uptrend is likely to continue. A bullish bias may emerge above the **RM1.40** level, with a stop-loss set at **RM1.27**, below the 50-day EMA. On the upside, near-term resistance is seen at **RM1.60**, followed by **RM1.70**.

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