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Construction, Property Stocks to Benefit From Foreign Buyers

By Property Guru / Mar 23, 2017
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Key players like Gamuda, WCT Holdings Bhd, Malton Bhd were among the main earners of the previous week, showing great strength from the property industry.

With foreign funds increasing their exposure in Malaysian equities, companies that are deemed to be beneficiaries of big construction projects witnessed some action on Bursa Malaysia last week,

Gamuda Bhd, WCT Holdings Bhd, Fajarbaru Bhd, Malton Bhd and WZ Satu Bhd emerged as top gainers amid speculation that the government will hand out large projects soon, reported The Star,

For the week ended 16 March, foreign investors acquired RM939.9 million worth of Malaysian equities, up from the RM837.8 million worth of equities bought by local institutions, who remained net sellers,

MIDF Research revealed that foreigners have purchased RM1.7 billion worth of local equities year-to-date.

Foreigners took out RM3 billion from Bursa in 2015 and RM19.5 billion in 2016. To put things in perspective, around RM96 billion worth of infrastructure contracts are set to be awarded from 2017 to 2018, excluding the KL-Singapore High Speed Rail,

Major work packages to be awarded this year included the RM9 billion light rail transit line three and the remaining 32 packages for the Pan Borneo Highway Sabah civil works.

Analysts cited the mass rapid transit three circle line as the key job for urban rail contracts, The contract, which is still pending finalisation of feasibility studies, is expected to be announced by end-Q1 2017.

The RM8 billion Gemas-Johor Baru double-tracking line is also expected to provide a new source of contracts for the local construction sector.

Work packages for the Gemas-Johor Baru double tracking project are expected to be announced in the next two months, with completion set in 2020.

With these, AffinHwang Capital named construction beneficiaries, which included Gabungan AQRS Bhd, Sunway Construction Bhd and WCT Holdings.

Credit Suisse, on the other hand, rated JJM Corp Bhd and Gamuda among its top 10 picks, partly due to their free cash flow yields and superior dividends.