

Bursa Malaysia to be firmer next week

Posted on 3 June 2017 - 01:14pm



KUALA LUMPUR: Bursa Malaysia is expected to be on an uptrend next week, driven by the steady ringgit as well as the "feel good" sentiment in the external market, with the release of strong economic data in the United States.

Affin Hwang Investment Bank Vice-President/Head of Retail Research Datuk Dr Nazri Khan Adam Khan said the steady ringgit at RM4.28 against the US dollar, was a good sign for the local stock market as it reflected improved foreign fund inflows.

"The environment outside Malaysia is also positive with the strong performance of regional bourses, upbeat US private sector job figures and signs of improvement in the global economy.

"All of these factors will translate into higher optimism in corporate earnings, thus providing a boost for Bursa Malaysia," he told *Bernama*.

He said Japan's Nikkei share average recorded its highest close since mid-August 2015, climbing 1.6% to 20,177.28 on Friday.

On the local front, Nazri Khan said the merger plan between RHB Bank Bhd and AMMB Holdings Bhd would be a major catalyst for the banking sector on Bursa Malaysia next week and likely push the FBM KLCI towards the 1,800 level.

Meanwhile, Alliance-DBS Research said expectations of an earnings recovery was kept intact by a satisfactory first quarter 2017 earnings season, where 65% of companies under its coverage met expectations.

It said local equities were in a consolidation mode in May, however, given the improving fundamentals and receding external geopolitical risks, and saw this as an opportunity for investors to accumulate on weakness.

"We continue to prefer cyclical to defensive stocks and those with clear earnings growth catalysts. Our big-cap picks are Maybank, Genting and Gamuda. Among small-mid caps, we like BIMB, Sunway Construction, VS Industry, Serba Dinamik, Globetronics and Yong Tai," Alliance-DBS Research added.

On a week-to-week basis, the FBM KLCI rose 4.65 points to 1,776.95, the FBM Emas Index gained 20.68 points to 12,682.26 and the FBMT 100 Index was up 30.97 points to 12,325.33. But, the FBM Emas Syariah Index decreased 30.11 points to 12,894.35.

The FBM 70 improved 33.21 points to 15,178.71, but the FBM Ace fell 34.4 points to 6,352.848.

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On a sectoral basis, the Finance Index surged 204.01 points to 16,703.87 and the Industrial Index was 24.65 points higher at 3,300.58. But, the Plantation Index fell 108.48 points to 7,955.98.

Weekly turnover fell to 12.34 billion units valued at RM14.01 billion from 16.20 billion units valued at RM14.43 billion recorded last week.

Main Market volume decreased to 8.55 billion shares valued at RM13.4 billion from 10.45 billion shares valued at RM13.56 billion.

Warrants volume fell to 1.24 billion units worth RM133.01 million from 1.84 billion units worth RM239.50 million.

The ACE Market turnover contracted to 2.46 billion units worth RM457.36 million from 3.85 billion units worth RM536.27 million.

The gold futures contract on Bursa Malaysia Derivatives (BMD) is likely to trade lower next week, tracking the performance on the US Commodity Exchange's gold futures, a dealer said.

He said investors will be eyeing the US Federal Reserve, which is scheduled to hike interest rates this month.

"However, as the US dollar fell sharply immediately after the release of the payroll data, which showed fewer-than-expected jobs were added to the US economy last month, we hope this will provide support to the precious metal market," the dealer said.

On a Friday-to-Friday basis, the gold futures on Bursa Malaysia for spot month June 2017, July 2017, August 2017 and October 2017 fell 11 ticks each to RM174.10 a gramme, RM174.50, RM175.00 and RM175.30 respectively.

Turnover for the week was higher at 52 lots worth RM905,500 from 40 lots worth RM678,000 recorded last week, while open interest fell to 251 contracts versus 271 contracts. — *Bernama*

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