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KLCI to test 1,780-level

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KUALA LUMPUR (May 3): The FBM KLCI is expected to test the 1,780-point level today in line with the higher overnight close at most global markets.

A measure of stocks across major markets globally inched up to a record high on Tuesday, lifted by gains in Europe amid corporate and economic strength, while crude futures tumbled as prices breached key technical levels, according to Reuters.

A broad index of European stocks rose to its highest since August 2015, boosted by company earnings and as a survey of factory activity in the euro zone jumped to its highest since April 2011. French blue chips hit their highest in nearly a decade and Germany's DAX set a record high, it said.

AllianceDBS Research in its evening edition Tuesday said that led by last Friday's up close, the FBM KLCI had on May 2 crossed over the 1,775 hurdle to a high of 1,781.55 as market participants continued to play on the buying side in anticipation of a higher market.

It said under the persistent buying interest, the benchmark index kept its position in the green throughout the trading sessions before settling near the day's high at 1,778.47 (+10.41, +0.59%).

"In the broader market, gainers outnumbered losers with 594 stocks ending higher and 411 stocks finishing lower. That gave a market breadth of 1.44 indicating the bulls were in control," it said.

AllianceDBS Research said the market saw buying interest on May 2 with the benchmark index crossing over the 1,775 hurdle to a high of 1,781.55.

"This showed that market participants were willing to take the chance to play on the long side given a choice to trade the market.

"While there is fear of the market changing its direction to head southward given its stretched valuation, market participants seemed to have factored in such risk and were willing to take a bet on the rally," it said.

The research house said following the up close on May 2, there should be follow through buying interest to carry the market higher with immediate hurdle at 1,788.

It said a crossover of 1,788 would lift the benchmark index to 1,800.

"The analysis of overall market action on May 2 revealed that buying power was stronger than selling pressure.

"As such, the FBM KLCI would likely trade above the 1,781.55 level on May 3," said AllianceDBS Research.

Based on corporate announcements and news flow yesterday, companies in focus today could include Axiata Group Bhd, Trive Property Group Bhd, VSolar Group Bhd, PUC Founder (MSC) Bhd, Ikhmas Jaya Group Bhd, GHL Systems Bhd, Maxwell International Holdings Bhd, Anzo Holdings Bhd and Malaysia Pacific Corp Bhd.