

KLCI to trend sideways, support at 1,665

KUALA LUMPUR (Jan 16): The FBM KLCI is expected to trend sideways today as investors at the local bourse remain conservative and cautious, despite the advance at most global markets last Friday.

European stocks advanced on Friday, while the S&P 500 and Nasdaq rose in line with gains in U.S. Treasury yields, as investors were encouraged by upbeat bank earnings and positive U.S. economic data, according to Reuters.

Investors largely shrugged off the biggest fall in Chinese exports since 2009 to focus on U.S. data that suggested stronger growth. Market participants largely resumed buying across equity markets based on higher growth expectations that had tailed off this week, with bank shares leading the way, it said.

AllianceDBS Research in its evening edition last Friday said that despite the up close in the preceding day, the FBM KLCI had on Jan 13 traded lower to settle at the day's low of 1,672.50 (down 5.26 points or 0.31%) as market participants decided to profit take a portion of their winning trades ahead of weekend.

"In the broader market, losers outnumbered gainers with 464 stocks ending lower and 327 stocks finishing higher. That gave a market breadth of 0.74 indicating the bears were in control," it said.

AllianceDBS Research said that having registered higher high with an intraday upside penetration of 1,680 hurdle to 1,682.74 on Jan 12, the market made a lower high and lower low on Jan 13.

"The inability on the part of market to test the 1,680 level again on Jan 13 suggested that market participants were beginning to adopt a conservative approach in the buying game after the recent rally of 52 points extending from the low of 1,630 .67 (Jan 3) to 1,682.74 (Jan 6).

"Following the down close, the market is thus expected to trade lower with immediate support at 1,665.

"A fall below 1,665 could send the market down to the subsequent support at 1,652," it said.

The research house said the overhead resistance is still pegged at 1,680.

It said indicator wise, the MACD is still above the 9-day moving average line.

"The analysis of overall market action on Jan 13 revealed that buying power was weaker than selling pressure.

"As such, the FBM KLCI would likely trade below the 1,672.50 level on Jan 16," said AllianceDBS Research.

Based on corporate announcements and news flow Isdt Friday, companies that may be in focus today could include: Dagang NeXchange Bhd, Yinson Holdings Bhd, Leweko Resources Bhd, Atlan Holdings Bhd, Willowglen MSC Bhd, Gadang Holdings Bhd, OCK Group Bhd, Only World Group Holdings Bhd, MMC Corp Bhd and Malaysian Resources Corp Bhd.