

Headline	Subdued trading forecast for the market this week		
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Subdued trading forecast for the market this week

KUALA LUMPUR: The FBM KLCI is expected to be subdued this week, owing to the upcoming Chinese New Year holiday.

However, Kenanga Research anticipates a continuation of its upward trajectory in market liquidity afterwards.

The extended holiday, coupled with a lack of economic data and corporate earnings releases from the United States, is expected to provide little stimulus for the market to move higher, according to Kenanga Research.

"Market liquidity might be constrained by the upcoming long holiday, potentially leading to a pause before it continues its upward trajectory," it noted in its first report of the week.

The research house, however, expects market volatility to increase in the last two weeks of February as numerous companies are slated to release their quarterly earnings, impacting investor decisions.

Meanwhile, AmInvestment Bank Research (AmBank Research) said the near-term trend for the FBM KLCI appears to be bullish, given the recent rally to a new 52-week high at 1,520 points.

"Together with the breakout from its bullish flag pattern a week ago, upward momentum is likely to pick up in the coming months," it added.

Looking ahead, the research outfit expects the FBM KLCI to conclude with a better outcome, supported by reinvigorated

expectations of infrastructural rollouts and a firm government mandate.

This is against a backdrop of improving corporate earnings prospects, highly compelling dividend yields, a low foreign shareholding at 19.5% and the prospects of a stronger ringgit towards the year-end, it added.

"However, this is tempered by slowing global economic growth and shifting expectations of the timing of US Federal Reserve cuts, which will drive volatility across all markets," AmBank Research noted.

The brokerage is "overweight" on the oil and gas, construction, technology, manufacturing, port, power, property, real estate investment trust or REIT, glove and transportation sectors.

It named CIMB Group Holdings Bhd, RHB Bank Bhd, **Tenaga Nasional Bhd**, Telekom Malaysia Bhd, Gamuda Bhd, Dialog Group Bhd, Sunway Bhd, Yinson Holdings Bhd, Pavilion REIT and Mah Sing Group Bhd as its top picks.

"We also like small-cap stocks with strong brand names which can safely navigate inflationary pressures such as Spritzer Bhd and niche agrichemical producer Ancom Nylex Bhd, as well as grossly undervalued companies such as Deleum," it added.

According to CGS-CIMB Research, average daily trading value (ADV) in January 2024 rose 36% month-on-month (m-o-m) and 57.1% year-on-year to RM3.2bil.

"This is not only the fourth consecutive monthly increase in ADV, but also the first month since September 2021 in which it breached RM3bil," it said.

The research house noted that the market capitalisation of the Main Market rose 3.6% m-o-m to RM1.8bil at end-January 2024, slightly weaker compared to the FBM KLCI's 4% m-o-m gain.

MIDF Research, meanwhile, said foreign investors remained net buyers for the third consecutive month in January 2024 at RM678.4mil, 2.6 times higher than the RM256.1mil in December 2023.

The top three sectors with the highest net foreign inflows were utilities at RM524.9mil, financial services at RM304.1mil and construction at RM248.9mil.

Meanwhile, the top three sectors with net foreign outflows were consumer products and services at RM391.5mil, industrial products and services at RM166.4mil and transportation at RM130.2mil.

In contrast, it said local institutions were net sellers for the third month, though at a much lower amount of RM15.5mil.

Sectors that recorded net selling by local institutions were construction at RM217.7mil, technology at RM119.2mil and telecommunications and media at RM18.2mil. Meanwhile, MIDF Research said local retailers continued their trend of net selling for the eighth consecutive month, disposing RM632.8mil.