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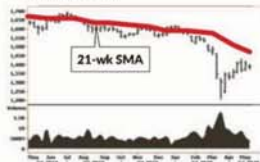
Short-term uptrend remains intact

Market trend
FONG MIN YUAN



myfong@thestar.com.my

WEEKLY FBM KLCI
MAY 8 1,382.31



REVIEW: The confidence that accompanied the rebound in global equities showed signs of wearing down amid renewed conflict between the US and China. The prospect of a resumption of the trade war sent investors scurrying for cover as it risked further damaging the global economy.

In Malaysia, the news threatened to derail a rebound on Bursa Malaysia, which continues to proceed on very uncertain ground.

Indeed, the FBM KLCI's rapid retreat of 31 points to descend once more below the 1,400-point mark on Monday indicated that investors are primed to flee an escalation of the conflict. Given such heightened trepidation, sustaining a recovery on the local market would take some strong confidence that we are rising out of, and not diving into, the worst of 2020.

On the domestic front, Bank Negara announced a 50 bps cut to the overnight policy rate, which lowers borrowing costs in an effort to counter low inflationary pressure. This was a widely expected move, and banks' share prices were seen rising on relief that the cut wasn't more severe than anticipated.

The central bank's decision to allows Malaysian government securities and investment issues to offset banks' statutory reserve requirements was seen helping improve liquidity in financial markets. Coupled with the positive boost the reduced OPR would have on spending, equities were seen rallying. At the end of the trading day, the FBM KLCI was 12.06 points higher at 1,389.55.

Across the globe, the easing lockdowns were also propping up investment sentiment. While Malaysia made a partial return to business on Monday, it was joined by other nations including Spain, Italy and India.

In the US, the state governments of California and New York continued to move in favour of reopening their economies.

As Asian markets began their day on Wednesday, investors looked towards China's first day of trading after a five-day

national holiday.

The Shanghai market had yet to price in the developments from recent days, not least the calls from Trump to investigate China's role the origin of the Covid-19 outbreak.

There was relief however when the Shanghai benchmark index slipped only marginally from its previous close.

The FBM KLCI remained downbeat as it erased the gains it had made in the previous session on the back of losses in heavyweights Tenaga Nasional and Public Bank, suggesting that a renewed phase of uncertainty had set in and the onset of consolidation. The index slipped 12.62 points to 1,376.93.

Bursa Malaysia remained shuttered on Thursday, but reopened to a rally on Friday. Trade-related talks between US and Chinese negotiators helped prop up sentiment, accounting for the spike in equities prices. The FBM KLCI ended 5.38points higher at 1,382.31.

Statistics: The major index ended the week 25.47 points, or 1.8%, lower over the previous Friday at 1,382.31. Total turnover for the four-day trading week stood at 21.8 billion shares amounting to RM10.71bil compared with 20.88 billion shares worth RM10.54bil in the previous similarly holiday-shortened week.

Outlook: The FBM KLCI was seen entering a sideways trading movement over the last four trading sessions as investors traded on signals from the global economy. However, the short-term uptrend remains intact, indicating that optimism remains in the market.

Despite the weekly net loss this week, the index remains above the 50-day simple moving average.

To break free of this current channel, the index has to travel above the recent peak of 1,430 to sustain its recovery.

The 100-day SMA lies just beyond, coinciding with the 38.2% Fibonacci retracement level of 1,470.

The immediate support is found at 1,370, followed by 1,340.

VALUATOR

Company(Brand)	Mention	Tone	ROI
Aquatics (Aquatics)	1	0	RM 0
Bank Negara Malaysia (Bank Negara Malaysia)	8	0	RM 0
Bername - MREM (Bernama - MREM 6)	1	0	RM 0
Bursa - CIMB (Bursa - CIMB)	1	0	RM 0
Bursa Malaysia Berhad (Bursa Malaysia Berhad)	9	0	RM 0
CIMB Investment Bank Berhad (CIMB - Banking & Finance Industry)	2	0	RM 0
CIMB Investment Bank Berhad (CIMB - Economy News)	3	0	RM 0
Consumer Behaviour News (Consumer Behaviour News)	4	0	RM 0
Covid- 19 - Malaysia (Covid- 19 - Malaysia)	4	0	RM 0
Economy (Overnight Policy Rate)	1	0	RM 0
Industry News - Accounting (Industry News - Accounting)	1	0	RM 0
Industry News for Nestle - Sports (Industry News for Nestle - Sports)	1	0	RM 0
Overnight Policy Rate(OPR) (Overnight Policy Rate(OPR))	1	0	RM 0
Public Bank Berhad (Public Bank Berhad)	1	0	RM 0
RAM Bursa Malaysia (RAM Bursa Malaysia)	7	0	RM 0
Securities Commission (SC) (Bank Negara Malaysia - SC)	8	0	RM 0
Securities Commission Malaysia (Equities)	3	0	RM 0
Securities Commission Malaysia (Malaysia Capital Market)	3	0	RM 0
Securities Commission Malaysia (Securities)	1	0	RM 0
Singapore-Malaysia Relations (Singapore-Malaysia Relations -	2	0	RM 0
Star Reacher - Coronavirus (Star Reacher - Coronavirus)	1	0	RM 0
Tenaga Nasional Berhad (TNB) (Tenaga Nasional)	2	0	RM 0