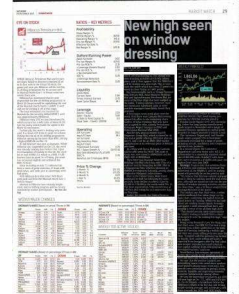


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# New high seen on window dressing

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WITH 2014 beckoning us, the annual window dressing activities are firmly taking place, and it does appear that the FBM KLCI will be ending on a new high. This is seen from the index which has risen 23 point this week to close Friday at 1,861 points.

Key heavyweights such as Tenaga Nasional Bhd, IOI Corp Bhd, Astro Malaysia Holdings Bhd and SapuraKencana Petroleum Bhd are some of the blue chips that have nudged up the index. Trading volumes, however, have not shown any significant spike as most portfolio managers have likely closed their positions.

A few major events took place over the week. First there was Gamuda Bhd revising upward its offers to the remaining shareholders of Kesas Holdings Bhd who have not accepted its offer, namely Perbadanan Kemajuan Negeri Selangor or PKNS and Permodalan Nasional Bhd (PNB).

Another key announcement was IOI Properties Group Bhd, which is slated for its first initial public offering (IPO) next year on Jan 15, and is set for an RM8.13bil market capitalisation at its reference price of RM2.51 per share.

In a filing with Bursa Malaysia, Gamuda said its offer price for PKNS' 30% stake in Kesas was now raised to RM420mil and for PNB's 20% to RM280mil.

Then there was Iskandar Waterfront Holdings Sdn Bhd which has sold 15ha of a seafront land in Danga Bay for RM1.6bil to a Singaporean firm, which is planning an RM8bil development featuring, among others, Peninsular Malaysia's tallest tower.

Over in the United States, Wall Street continued its bull run following the unexpectedly large decline in jobless claim by 42,000 to 338,000 in the week ended Dec 21. The Dow registered its 50th record close at 16479.8 after rising for six consecutive days on Thursday.

Earlier this month, the Federal Reserve announced it would reduce its monthly US\$85bil (RM263.5bil) bond buying programme by US\$10bil starting January.

Durable goods figures were also encourag-

ing. Orders for long-lasting manufactured goods surged in November and a gauge of planned business spending on capital goods recorded its largest increase in nearly a year.

The Commerce Department said durable goods orders jumped 3.5% in November as demand increased for a range of goods, including aircraft, machinery, and computers and electronic products.

In a second report, the Commerce Department said new-home sales fell 2.1% in November to a seasonally adjusted annual rate of 464,000 units. October's sales, however, were revised to a 474,000-unit pace, the highest level since July 2008.

**Strategy:** Traders note that window dressing activities will continue to dominate the movement of the FBMKLCI, and the trading mood will generally be on the positive side.

"We believe that this low-volume sideways trend is likely to continue until the end of the year, although we would not rule out the possibility of window dressing activities on selective blue chips," says a technical analyst from Kenanga Research in his report.

This analyst says that chart-wise, a white bullish candlestick has taken shape on the daily chart, confirming the bullish reversal signal issued on Tuesday. While the key indicators are sending mixed signals, Kenanga anticipates a mild rebound from here, and possibly a retest of the all-time high level.

"This should present some opportunities for traders seeking to benefit from a short-term upcycle over the coming few days," says the analyst.

Hong Leong Research's Low Yee Huap says that chart-wise, the FBM KLCI formed a long opening bozu white candlestick on the daily chart on Thursday, indicating a bullish sign but there was some selling pressures near the close. "Coupled with the spinning top formed on hourly chart, some selling pressures is expected from foreigners after the Fed's decision to taper stimulus increased concerns over capital outflows from emerging back to developed markets," said Low.

Nevertheless, Low remains optimistic of further KLCI upside in the medium to long

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term and takes any volatility as opportunity.

He says that the positive catalysts are diminishing macro risks amid more synchronised growth among major economies, low interest rates environment to prevail, strong domestic liquidity and improving domestic economic fundamentals among others.

He sees the immediate resistances are 1852 (all time high on Dec 17), 1860 and 1870 levels. On the flipside, a breakdown below the 1840 level (which is the five day and 10 day simple moving average) will accelerate a sell-down towards the 1833 and 1820 levels.

#### WEEKLY FBM KLCI

