

Headline	'BE READY FOR YEAR-END PARTY'		
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POSSIBLE MARKET ANOMALY

'BE READY FOR YEAR-END PARTY'

FBM KLCI registered positive December returns in nine of past 10 years, says HLIB

KUALA LUMPUR

NEXT month is expected to be better than this month for the FTSE Bursa Malaysia KLCI (FBM KLCI) as investors position themselves for year-end party, said analysts.

Drawing from historical probability, they said the market had a 70 per cent chance of turning red in November, suggesting a strategy to buy on any weakness this month to ride on a likely upside next month.

Hong Leong Investment Bank Bhd (HLIB) said the FBM KLCI had registered positive December returns of between 0.6 and 4.8 per cent in nine of the past 10 years.

"The "October Effect" came and left without leaving much scars — the FBM KLCI added 0.9 per cent month-on-month. Ironically this perceived market anomaly has historically not played out much in Malaysia, with the key benchmark index recording negative October returns only twice over the past decade.

"While perhaps being a tad early, we

attempt to study the next possible market anomaly, for example, year-end window dressing."

HLIB said regardless of market movement throughout the year, the year-end window dressing phenomenon had been quite significant. This suggests that, albeit simplistically, one should position for a possible year-end window dressing if there is weakness this month.

"Even in 2014, which was the exception (-3.3 per cent December returns), the FBM KLCI still managed to rebound 5.2 per cent from its month low (around mid-December) to the year end," it said in a research note yesterday.

HLIB has evaluated FBM KLCI constituents to identify the potential "window dressed" winners.

Of the 20 stocks, 17 had a positive December return probability exceeding 50 per cent, suggesting that the window dressing effect was rather broad-based.

Stocks with positive December returns probability of more than 75 per cent are Axiata Group Bhd, Digi.Com Bhd, Genting Bhd, Hong Leong Bank Bhd, IOI Corp Bhd, Kuala Lumpur Kepong Bhd (KLK), Maybank, Petronas Dagangan Bhd, Petronas Gas Bhd (PetGas), Petronas Chemicals Group Bhd (PetChem), Public Bank Bhd, Sime Darby Bhd and Tenaga Nasional Bhd.

It said those that had positive returns and outperformed the FBM KLCI in December, with probability of over 50 per cent, were Digi, KLK, PetGas and PetChem.

VALUATOR

Company(Brand)	Mention	Tone	ROI
Axiata Group (Axiata Group)	1	0	0
Bursa - CIMB (Bursa - CIMB)	2	0	0
Bursa Malaysia Berhad (Bursa Malaysia Berhad)	7	0	0
Current Affairs - MOFA (Petronas - MOFA)	3	0	0
Digi Telecommunications Sdn Bhd (Digi)	4	0	0
Genting Berhad (Genting Berhad)	2	0	0
Hong Leong Bank Berhad (Hong Leong Bank Berhad)	1	0	0
Hong Leong Investment Bank (Hong Leong Investment Bank)	7	0	0
IOI Corp (IOI Corp)	2	0	0
KL Kepong (KL Kepong)	3	0	0
Kuala Lumpur Kepong Bhd (Kuala Lumpur Kepong Bhd)	1	0	0
Malayan Banking Berhad (Malayan Banking Berhad)	1	0	0
PETRONAS Chemicals Group (PCG) (Petronas Chemicals Group)	2	0	0
PETRONAS Dagangan Berhad (PDB) (PETRONAS Dagangan)	1	0	0
PETRONAS Gas Sdn Bhd (PETRONAS Gas Bhd (PGB))	1	0	0
Public Bank Berhad (Public Bank Berhad)	1	0	0
RAM Bursa Malaysia (RAM Bursa Malaysia)	4	0	0
Sime Darby Berhad (Sime Darby Berhad)	1	0	0
Singapore-Malaysia Relations (Singapore-Malaysia Relations -	1	0	0
Tenaga Nasional Berhad (TNB) (Tenaga Nasional)	1	0	0