

Uptrend to continue

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MARKET watchers say the KL Composite Index is likely to renew its efforts to overcome the crucial resistance level of 1150 points this week.

K&N Kenanga Research technical analyst Teoh Cheng Guan says the market is likely to maintain the stair-stepping pattern to climb higher.

"The CI will have to try one or two more times before it is able to break above 1150, which is a major resistance level. But the trend is still health. In fact, I expect the CI's uptrend to continue at least until a week or two before Chinese New Year," he says, adding that 1,120 will be the immediate support level for the index.

Most analysts appear optimistic that the current bullish momentum will remain intact as market players, particularly the retailers, take up positions on hopes of making some quick gains ahead of Chinese New Year, which falls in mid February this year.

TA Securities notes that the technical indicators seem to point to an increasingly overbought position for the benchmark index given that the CI has enjoyed gains over five con-

Market to maintain stair-stepping pattern



secutive days.

"Therefore, a further near-term rally should meet keen selling interest. Going forward, the next resistance on a successful breach above 1,150 is the April 1996 high of 1,175," the brokerage says.

Late last week, strong buying interests in blue chips helped drive the bellwether index to a new 10-year high. The positive momentum was supported by renewed rotational buying in construction and property-related stocks.

Some of the events to look out for this week include IJM Corp Bhd and Road Builder (M) Holdings Bhd extraordinary general meetings to secure shareholders' approval for

IJM's takeover of Road Builder. This marks a notable milestone for what is considered to be a significant merger in the domestic construction sector.

On the corporate earnings front, industry observers say Public Bank Bhd is expected to release its fourth quarter results for the financial year ended December 2006. They expect the bank to report a strong loans growth of between 18% and 20%.

Last week, shares in RHB Capital Bhd attracted interest on news that Utama Banking Group Bhd (UBG) and Kuwait Finance House have signed a memorandum of understanding for the former to acquire

UBG's 32.8% stake in Rashid Hussain Bhd, its warrants and loan stocks as well as the call warrants in RHB Capital. This has paved the way for Kuwait Finance House to undertake a due diligence on RHB and all its subsidiaries for 10 weeks.

KNM Group Bhd, meanwhile, announced that it has set up three subsidiaries in Canada to exploit the country's booming oil sand industry.

The battle for a stake in Proton Holdings Bhd took another interesting turn last week when the Government confirmed that US General Motors Corp has expressed its interest in the national car company.