

07 JAN 2002
CI-BREACHES
NEW ROUND OF BUYING EXPECTED TO PUSH CI UPWARDS

KUALA LUMPUR, Jan 7 (Bernama) -- The Kuala Lumpur Composite Index at one point breached the 700 points resistance level today but how far it can go from here will only be known in the days ahead.

There was a narrow movement after the CI breached the elusive 700-point level in the first half hour after the opening bell, mainly on strong and persistent retail interest.

The 700-point level was last seen in early Sept 2001.

The market saw scattered local fund interests on the bluechips but the tight resistance line was sustained via persistent retail interest on the second and lower liners.

Local funds were reducing their stocks with the hope of repositioning their portfolios ahead of the anticipated Chinese New Year rally.

Based on investors' inclination and past record, there should be a new round of fresh buying sooner than expected.

Sharing this view, retailers will continue to bank on the pre-festive rally.

Investors have a high expectation that the CI will head for the 750-780 zone but analysts appear to have their reservation.

An analyst said the market was technically in an oversold position and any advances might not be sustainable.

The KLCI chart could make a short leap to 710 points and not beyond before falling back to 680-700 points range.

The fourth quarter and full year gross domestic product (GDP) growth and corporate results have yet to be officially released.

The Prime Minister Datuk Seri Dr Mahathir Mohamad expects the economy to grow by 3.0 percent this year compared to his earlier estimate between 0.5 and 1.0 percent in 2001.

Malaysia is expected to release official fourth-quarter growth data in February and full-year growth figures soon after.

It has previously cut its official GDP growth forecast for 2001 to 1.0-2.0 percent from 5.0-6.0 percent.

The government has officially forecast GDP growth of between one percent and two percent for the full year.

Economists expects a slight contraction in 2001 as they felt that the economy has shown signs of recovery across the board. -- BERNAMA

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