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Muted response on stock market

Investors wait to hear more details

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THE stock market barely moved after the 10th Malaysia Plan was tabled in Parliament yesterday, with investors saying that they needed to know more details.

The benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) rose 1.23 points to close the trading day at 1,291.31

A closer look showed that 261 counters finished higher and 280 lower, while 290 were unchanged and 541 untraded.

MIMB Investment Bank Bhd research head Chan Ken Yew said the initiatives outlined in the five-year plan had been largely expected by the market, hence the muted response.

Speed of implementation is key to



how the market will respond to the plan in the longer run, he said.

Another analyst with a stockbroking firm, who declined to be named, concurred, saying that firmer details on projects and speedy implementation would dictate sustainable market reaction.

He pointed out that the market had yet to hear specific details on the 1,337ha development project in Sungai Buloh, Selangor, first outlined in March.

Saturna Sdn Bhd, an Islamic fund

manager, felt that the 10MP would be a long-term catalyst for the market.

"The market reaction was in line with expectations because of dampened interest in global equities," its president C.K. Lee said.

Lee said that it took too much time for most of what was speculated to come out in the master plan, hence the lukewarm response.

Chan, however, held the view that the market was still "a little bit top-pish" in the near term and is expecting an across-the-board downgrade by analysts in most sub-sectors in the third quarter of the year.

"We are maintaining our index target at 1,475 points," he said, adding that the brokerage was nonetheless relooking those numbers. The review is expected to be completed by next month.