

Bursa likely to be in consolidation mode



*Business Times
Journalist*

**DHIPA
PALANI**

BEFORE **THE BELL**

BURSA Malaysia is expected to see flattish movement this week and stuck in consolidation mode after profit-taking activities last week.

The short-term outlook for the ringgit has improved, taking cue from the global oil price, which is in a bullish mode.

Despite the ringgit strengthening at RM3.56 against the greenback last Thursday, market performance is not expected to be bullish this week, say analysts.

RHB Banking group economist Lim Chee Sing said while the market had been lifted to a higher trading range in recent weeks on account of oil price rebound and the correction of the US dollar, there were no fresh leads that could take the market to a higher level in the immediate term.

The benchmark index plunged 44 points lower to close at 1,818.27 points last Thursday against

1,862.58 points the previous Friday.

The losing streak last week broke the uptrend since March and trading is expected to find support at 1,830 points.

The Main Market's top gainers last week were United Plantations Bhd, closing 30 sen higher at RM25.90, and My E.G. Services Bhd, which rose 24 sen at RM2.53.

He said the possible downgrade of Malaysia's sovereign rating by Fitch Ratings later this month and the potential rate hike in the United States in September could cap the upside of the market.

"We are of the view that the local market can only break out from the 1,860 level convincingly after these two major headwinds are removed," Lim said.

Stocks to watch include Icon Offshore Bhd as it has granted its chief executive officer and chief operating officer a leave of absence to focus on assisting ongoing Malaysian Anti-Corruption Commission investigations.

Another stock likely to be in focus is DRB-HICOM, which secured a RM50 million contract from Northern Gateway Infrastructure Sdn Bhd to develop the Integrated Immigration, Customs, Quarantine and Security complex in Bukit Kayu Hitam, Kedah.



RHB Banking Group says there are no fresh leads that could take the market to a higher level in the immediate term.