

Market to stay range bound this week

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KUALA LUMPUR: Stocks on Bursa Malaysia could trade range bound this week as investor sentiment remains edgy. The global economic outlook is still hazy at best, underpinned by the disappointing US economic data last week, stirring doubt about the strength of the recovery of the economic giant.

The market could see some minor activity over developments from the Klang Valley Mass Rapid Transit (MRT) project, which could spur activities for building materials players as well.

Among the stocks that could be in focus are MMC Corp Bhd, Gamuda Bhd, Tambun Indah Land Bhd, Mudajaya Group Bhd, Ariantec Global Bhd and Proton Holdings Bhd.

The MMC Corp Bhd-Gamuda Bhd joint venture (JV) has accepted the RM8.28 billion underground works package.

In separate statements to the exchange last Friday, MMC and Gamuda said their equally-owned JV entity MMC Gamuda KVMRT (T) Sdn Bhd had secured the contract from Mass Rapid Transit Corp Sdn Bhd (MRT Corp) last Thursday.

Tambun Indah Land has inked an MoU with SIS Charter Sdn Bhd (SIS) to develop a RM50 million international school at Pearl City integrated township in Seberang Perai.

Tambun Indah Land said last Friday this would be mainland Penang's first international school.

It said the MoU was signed between Tambun Indah Land subsidiary Palmington Sdn Bhd and SIS, the operator of Straits International School.

Mudajaya's management has dismissed suggestions that its power plant in India, which is due to start commercial operations by the end of this year, would be affected by the change in policies with regards to coal supply in that country.

Apart from the power plant in India, Mudajaya is involved in the expansion of the Tanjung Bin coal-fired power plant. The company is probably the only listed entity that specialises in the construction of power plants. With plans to plant up another 4,500MW over the next few years, Mudajaya is a player to watch.

Ariantec Global Bhd, whose shares were actively traded last week, saw the emergence of Datuk Samsudin Abu Hassan as a 5% shareholder.

During the 1993 bull run, Samsudin was known as the man with the Midas touch as most of the stocks

that he had an interest in drew wide interest from investors.

Samsudin joins Datuk Raymond Chan as a substantial shareholder in Ariantec. Chan has some following among retail investors currently because the stocks he has invested in tend to see heavy activity.

Chan, a property developer, had said before that his flagship company is Naim Corp Bhd. But he also said sometimes he invests in small stakes in other companies. With Samsudin's entry, it is left to be seen if Ariantec will see renewed interest this week.

On the outlook for the local market, Affin Investment Bank Bhd vice-president and head of retail research Dr Nazri Khan said the FBM KLCI would test the April low near 1,580 points.

"We reckon investors will be using the FBM KLCI near 22% surge

since its September 2011 trough as an excuse to pare positions.

Nazri said given a number of external event risks, volatility is likely to remain elevated for the time being.

Going forward, however, the local situational and rotational theme such as the upcoming mega IPOs (Felda Global Ventures Holdings Bhd and Integrated Healthcare Holdings Ltd) and Asean champion (local multinational on Asean integration such as CIMB and AirAsia) would cushion any decline to continue driving interest, he said.

"Further, there is a tendency for stocks to weaken in early April (the wise say 'sell in May and go away').

"April normally ends the six-month period that has historically been the strongest half of the year. We therefore are not surprised to see more seasonal downturn in the near term," he said.