

Cautious amid Budget 2017

BURSA Malaysia is likely to see cautious trading this week ahead of the 2017 Budget announcement on Oct 21, dealers said.

Affin Hwang Investment Bank vice-president and head of retail research, Datuk Nazri Khan, said stocks in the technology, telecommunications and construction sectors would likely benefit from the 2017 Budget.

"Investors are likely to take a 'wait and see' approach, but in my view, we expect the government to focus on the digital economy, in order to boost the economic contribution from the internet and e-commerce marketplace.

"This includes stocks like MY E.G. Services Bhd, Inari Amertron Bhd and Telekom Malaysia Bhd," he told *Bernama*.

AllianceDBS Research in its note said that the 2017 Budget would entail business and consumer-friendly initiatives although the Federal government is constrained in its fiscal spending.

"Whilst we see no single large component in operating expenditure targeted for cuts, we believe that the 2017 Budget's cost-prudent measures could be similar to the 2016 Budget recalibration approach, which was by delaying non-urgent projects and trimming excesses," he said.

On the external front, Inter-Pacific Research Sdn Bhd head of research Pong Teng Siew said a US interest rate hike is unlikely to be announced by the US Federal Reserve in its next policy meeting in December.

"In my view, the weaker US jobs data growth won't favour an interest rate increase by the US Federal Reserve," said Pong.

Last Friday, it was reported that the US

WEEKLY FBM KLCI

OCT 7 1,665.38

1,740

1,660

1,580

OCT '15

OCT '16

+12.83



non-farm payrolls in September increased to 156,000, down from a revised gain of 167,000 jobs in August.

For the holiday-shortened week just ended, the benchmark FTSE Bursa Malaysia KLCI rose 12.83 points to 1,665.38 compared with 1,652.55 previously.

On a week-to-week basis, the FBM Emas Index perked 74.57 points to 11,762.15, the FBMT 100 Index increased 78.5 points to 111,465.59 and the FBM Emas Shariah Index was 71.55 points higher at 12,419.73.

On a sectoral basis, the Finance Index surged 112.87 points to 14,271.16, the Industrial Index rose 25.73 points to 3,135.75 but the Plantation Index was 29.60 points lower at 7,890.50.

Weekly turnover eased to 6.27 billion units worth RM7.39bil from 8.3 billion units worth RM9.4bil previous Friday.

Main market volume dipped to 4.07 billion units worth RM7.05bil against 5.54 billion units worth RM8.91bil previously. - *Bernama*