

Business Times

FBM KLCI seen hitting 1,500 in 2 years

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THE FTSE Bursa Malaysia Kuala Lumpur (FBM KLCI) is expected to increase between five and 10 per cent from the current level by year end, said icapital.biz Bhd (icapital), managing director, Tan Teng Boo.

The FBM KLCI closed at 1,186.19 today, up 5.65 points from yesterday.

Tan is also projecting the FBM KLCI to reach 1,500 points within two years depending on the economic development in the country as well as globally.

"As long as Malaysia does not face major political calamities, the longer-term outlook for Bursa Malaysia remains positive," he told reporters after the company's annual general meeting today.

On the global economic outlook, Tan believed the global economy led by China has begun a V-shaped recovery and the current rally the beginning of a new bull market.

"The global economy is facing a secular boom with cyclical inflation."

He also believed the global economic contraction in the last three quarters was not due to the US sub prime or mortgage problems.

"Analysis showed that global economic activities contracted only after the collapse of Lehman Brothers on September 15, 2008.

"In the last twelve months, the global economy impacted by the US-led financial crisis, went through a very turbulent period, leaving investors totally confused," he said.

Meanwhile, Malaysia's only listed close-end fund, icapital.biz recorded a revenue of RM11.4 million for the period ended May 31, 2009, a fall of RM34.3 million or 75 per cent compared to the same period last year.

As of July this year, the company has invested in 17 listed companies including Parkson Holdings, Astro, KL-Kepong Bhd, F&N Holdings Bhd and Petronas Dagangan Bhd, topping the list in terms of the size of unrealised profits.

Its investments totalled RM156.99 million while total unrealised gain was M60.8 million.

The conservative fund now has cash holdings of below RM40 million, which Tan said was the lowest in the fund's history and a reflection of the many bargains available on Bursa Malaysia. -- Bernama

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