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A happy new year

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THE new year has started on a promising note with share prices rising across the board and institutional funds anxious to take positions. Barring a crash on Wall Street, the 1997 Year of the Ox is expected to be another bullish year with the market drawing strength from the continued steady growth in the Malaysian economy and the hive of corporate activity.

Trading interest is likely to centre on banking, consumer and service sectors of the main board and quality stocks on the second board. The year-end rally has spilled over in early January and a run-up to the Chinese New Year/Hari Raya Puasa festive period appears on the cards. Since the Bakun dam project will be listed soon, stocks in construction and services speculated to get contracts will hog the limelight.

This year may also see major streamlining in corporate giants like Sime Darby, Renong, Hong Leong, Land & General, Heavy Industries Corporation of Malaysia and Lion Corporation.

The Multimedia Super Corridor or MSC has generated a lot of interest and after Prime Minister Datuk Seri Dr Mahathir Mohamad's recent meeting with top US and Japan computer personnel, much trading interest can be expected in computer-related companies on the KLSE.

On the whole, it will be a very exciting year if the global financial system led by the US remains firm. US stock market prospects look good with Wall Street being extremely bullish due to very low inflation and stable interest rates. On Jan 10, the Dow Jones Industrial Average of 15 stocks reached an all-time high of 6,703.79 points and some analysts foresee the Dow reaching 8,000 by the year's end.

For the month of December, the market as measured by the KLSE Composite Index (CI) opened at around the 1,200-point level. It dropped to a low of 1,192 on Dec 18 before recovering to reach a high for the year of 1,237.96 points on Dec 31.

There was obviously heavy window dressing on the last two days of the year. Second board stocks slid in the first half of December before recovering to close the month at 576.31, almost unchanged for the month. Total turnover on the main and second boards for December was 3,400.09 million units valued at RM24,225.75 million compared with the previous month's total of 5,630.96 million units valued at RM44,216.66 million.

Among the active stocks was newly listed Suria Capital Bhd, which saw heavy selling, perhaps from some large shareholder.

A total of 44.823 million shares changed hands with the share price dropping 37 sen during the month. Technology Resource Industries, rumoured to have written off about RM300 million in unpaid bills, fell 17 sen last month after falling 90 sen in the previous month. A total of 42.52 million shares were traded.