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BUY NOW FOR CAPITAL GAINS LATER, SAYS SALLEH MAJID

KUALA LUMPUR, Aug 13 (Bernama) -- Investors should buy shares now when prices are low so as to reap capital gains when the market improves, Kuala Lumpur Stock Exchange president, Datuk Mohd Salleh Majid said today.

They should not listen to hearsay, speculation and rumours when the fundamentals were strong and good, he said.

"Our market is very much based on rumours and speculation rather than on facts, and the favourite line is 'buy on rumours and sell on facts'", he said after briefing reporters on the Third Malaysia Capital Growth Opportunities Exposition, which will begin tomorrow.

"Our decision making is very much retail-based and these people are so used to rumours and hearsay", he said.

He hoped that more retail investors would become institutional investors, especially through unit trusts.

He said the unit trust industry in Malaysia constituted only 7.5 percent of the KLSE's total market capitalisation, which is very small compared to the United States and Japan, where the unit trusts are about 40 percent of total market capitalisation of both countries.

Asked on the current market situation which saw foreign investors shying away from the market, Salleh said that the market should not depend on foreign investors as the later come and go, and are not loyal to any market.

"I have said many times, they will be the first to go, and we have to be prepared for this", he said.

"We can't expect everybody to hang around when sentiment is low", he added.

He said some local investors had also stayed away from the market as quite a number of them were small investors.

"The life of the market depends on the investors... if foreign investors and locals stay away, then the market will not go up", he added.

Salleh said the market for the morning session today seemed to improve compared to yesterday's as it gained 15 points.

At the close today, the benchmark Composite Index hit a high of 919.58 in the morning before retreating to close at 908.83, a 11.58-point higher than yesterday's finish.

He also said that the current Composite Index (CI) of above 900 points with price earning (P.E.) ratio of 15:14 was more attractive to investors.

"When our CI used to be about 1,200 points where the PE is between 23:24, people complained that the prices were expensive", he added.

Meanwhile, Salleh said the four-day expo would mark the beginning of celebrations to commemorate the official opening of the KLSE's new building by Prime Minister, Datuk Seri Dr Mahathir Mohamad.

It will see the launch of KLSE's new logo and the viewing of KLSE's new corporate video.

He said there will be 76 booths representing 173 companies this year, the largest exposition to date.

The exposition, to be officiated by Deputy Prime Minister, Datuk Seri Anwar Ibrahim, will also see 51 groups of companies comprising 92 companies conducting a 45-minute presentation per session. -- BERNAMA

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