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Buying by local institutions boosts KLSE

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LOCAL institutions made their presence felt on the Kuala Lumpur Stock Exchange (KLSE) yesterday, although cautiously, helping the KLSE Composite Index end the week on a positive note.

The KLCI edged up 4.03 points to 932.26 against Thursday's close of 928.33. Losers led gainers 325 to 281 while 177 counters were steady. On Thursday, the index plunged 23.41 points to 928.33. The KLCI had dropped a total of 74.3 points this week, from last Friday's close of 1,002.63.

The Emas Index closed a marginal 0.04 point higher at 269.99, while the second board index fell 1.55 points to 509.46.

Analysts said local institutions entered the market to support key blue-chip stocks. It was seen more as an accumulation by the local funds than outright buying.

"Looking at the volume, I would say that if local funds are buying they are doing it on a small scale," a dealer said.

On Thursday, Prime Minister Datuk Seri Dr Mahathir Mohamad recommended local institutional investors to buy shares after recent sharp falls.

"It is usual for fund managers to pull out during such times because they are afraid of a further decline. But I should expect local fund companies to buy cheap shares now," he had said.

Analysts did not expect the market to react immediately to the Prime Minister's statement, particularly as sellers are trying to sell at a higher price.

A manager of a local fund, when contacted, said local fund managers are more aware of the local situation and see the opportunities now available in the local bourse.

"Foreign fund managers can sell all they want. They may have their reasons, whether right or wrong. Our numbers tell us that the market is attractive. We will trust our local knowledge. We are buying," he said.

MBf Unit Trust Management Bhd general manager, Mr Peter Wong, said some local fund managers may still be holding out as they try to catch the bottom of the market, although this may not really be much help.

"Once the market turns around, it can be swift and sharp, and they might not be able to catch it," he said.

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