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## Fear of more controls depresses share market

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TRADING on the Kuala Lumpur Stock Exchange (KLSE) last week fell below the 1,000-level for the first time since early 1996, with analysts still guessing as to where the bottom lies.

It was a case of Monday blues when the KLSE Composite Index, on fears of further capital control measures by Bank Negara, plunged 24.07 points to a 1997 low of 978.56 from last Friday's close of 1,002.63.

A new low was recorded on Tuesday when the index shed another 33.48 points to 945.08. The capital measure announced by Bank Negara on Sunday was still named the culprit, as well as the announcement of a larger than expected trade deficit for June.

Cheapened shares after the two-day sharp slide were picked up on Wednesday, pushing the index to close 6.66 points up at 951.74, although Maybank and other finance stocks were still hard hit from the negative sentiment at the beginning of the week.

The pick-up was shortlived as lack of willingness to commit over the long term saw investors liquidating their positions on Thursday, sending the KLCI back down 23.41 points to 928.33, its lowest level in 21 months.

Prime Minister Datuk Seri Dr Mahathir Mohamad even commented that with shares this cheap, he would expect local fund companies to start buying them up.

On Friday, analysts said local institutions were cautiously supporting key blue-chip stocks, which helped the KLCI end the week closing 4.03 points higher to 932.26.

The benchmark KLSE Composite Index declined 70.37 points or 7.02 per cent from last Friday's close.

The all-main board Emas Index finished the week 17.79 points or 6.18 per cent lower at 269.99, while the second board index was down 36.4 points or 6.67 per cent from the previous week to 509.46.

Total turnover on the KLSE for the whole of last week amounted to 1.25 billion shares valued at RM7.43 billion, which gave an average daily volume of 250.2 million shares.

This was compared with a total turnover of 1.14 billion shares valued at RM7.82 billion for the previous week, which gave an average daily volume of about 227 million shares.

Several companies made their debut on the KLSE last week. Chuan Huat Resources Bhd, which is involved in the information technology sector and the trading of steel and building materials, closed at RM8.85 on its opening day on the second board for a premium of RM4.85 against its offer price of RM4.

Autoindustries Ventures Bhd, a car components manufacturer, followed on Wednesday with a premium of RM5.10 when it closed its maiden day on the second board at RM8 against its offer price of RM2.90.

On Thursday, ductile iron pipe producer YLI Holdings Bhd made its debut on the second board of the KLSE closing at RM6.85 for a premium of RM4.05 against an offer price of RM2.80.

The only new listing on the main board last week, Utama Banking Group Bhd, closed on the main board on Friday at RM3.12 against its offer price of RM3.

Index futures traded on the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) took the cue from the bearish underlying cash market to finish lower last week.

Spot August futures ended on Friday at 925.5 while September futures last settled at 925.0.

Analysts remained divided about where the market is headed next week. Some anticipated a rebound; others cautioned that the KLCI could test the 900 level and after that the 880 level.

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