

09/09/1997

Index rises 7pc on back of continued strong support

CONTINUED strong buying interest from Friday pushed up share prices across the board on the Kuala Lumpur Stock Exchange yesterday, leaving the benchmark Composite Index closing higher at 879.71, up 58.12 points or 7.07 per cent from Friday's closing of 821.59.

Banking and finance sectors, among the most heavily sold down sector in the recent stock market-slide, were this time among the most active counters with blue chip Malayan Banking Bhd - one of KLSE's three biggest counters in terms of market capitalisation - edging up 60 sen to RM19.40 and Commerce-Asset Holding Bhd gaining 80 sen to RM4.20.

The other two of the "big three", Tenaga Nasional Bhd and Petronas Gas Bhd, saw their share prices go up 45 sen and 50 sen respectively to RM8.95 and RM9.40.

Analysts and dealers said the market was improving on the back of follow-through buying as investors' confidence gradually recovered due to the Government's removal of trading restrictions of the KLSE-weighted 100 stocks and news on the delay of several mega projects.

But there would be some cautious optimism among investors because the market had moved up so fast, they added.

The gradual strengthening of the ringgit against the US dollar and other regional currencies had also helped to improve the stock market sentiments.

A dealer at a local stockbroking firm said there was some profit-taking activities but added that buying activities, mostly done by Malaysians, far outweighed selling.

"Some foreign investors are buying shares while others hold on to their existing ones," she said, adding that local institutions continued to support the market.

Volume on the KLSE was high at 654.6 million units with a total value of RM2.91 billion though not as heavy as Friday's 674.10 million shares worth RM3.02 billion.

Another contributory factor to increased buying was the positive outcome of the meeting between Prime Minister Datuk Seri Dr Mahathir Mohamad and 12 foreign fund managers over the weekend.

Dr Mahathir, had announced after the meeting that these foreign fund managers, whom he described as "serious investors", would re-enter the market.

The Government was also likely to come up with follow-up measures to address the country's current account deficit.

Also attending the meeting were Finance Minister Datuk Seri Anwar Ibrahim and Economic Adviser to the Government Tun Daim Zainuddin.

There was also market talk that Daim had another meeting with foreign fund managers yesterday but there was no confirmation.

(END)