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Investors concerned about ringgit's decline

CONCERN over the ringgit's continued decline coupled with fears of rising interest rates has left many stock market investors dumbfounded, wondering what's in store for them next.

An analyst said the Kuala Lumpur Stock Exchange seems to be stuck on the bearish side with investors awaiting fresh leads for direction at least for the immediate direction.

They hope that Prime Minister Datuk Seri Dr Mahathir Mohamad's return from leave next week could perhaps provide some spark and trigger buying interest.

Capital Dynamics Sdn Bhd, a market forecaster, in its recent review had revised its immediate to short-term forecast in the Composite Index to a range of 970 to 1,150 and the short to medium term forecast to a range of 970 to 1,280.

However, it still maintained its long-term target of 1,700 to 2,000 level.

For the past few weeks, trading on the local bourse has been falling without any significant rebound, and today, the market barometer, the Composite Index, touched 990.74 - the lowest so far this year, after hovering between the 1,000-1,100 level since June 13.

"The KLSE's current trend can best be summed up as a roller-coaster ride" with investors' confidence still badly shaken and disturbed by a string of "uncomfortable", said a dealer.

First, Bank Negara's twin pre-emptive measures to control asset inflation and then the recent crisis affecting regional currencies including the ringgit, which has been battered by heavy selling in favour of the US dollar.

Speculative selling of the ringgit since Monday, which pressured it to hit another new low at 2.6000/10 against the US dollar today, created a lot of uncertainties.

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