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Khazanah bonds oversubscribed

GROSS proceeds of about RM800 million raised by Khazanah Nasional Bhd through the RM1 billion benchmark bond launched yesterday are expected to be used to purchase blue-chip counters on the Kuala Lumpur Stock Exchange, analysts said yesterday.

"The market has been sluggish and the purchase would in some way help boost its performance to an acceptable level, besides propping up the ringgit," analysts said.

Yesterday, the ringgit ended the day at 3.0130/60 against the US dollar from 3.0180/30 on Wednesday.

The Kuala Lumpur Composite Index, meanwhile, lost 24.44 points to 786.68.

One analyst said the oversubscription rate of 1.26 times for the bonds portrayed confidence in Malaysia's economy, adding that it would also attract more foreign investors into the country.

"Although at this point, we do not know the subscribers to the bonds, it is a good sign for the market and hopefully it would recover soon," he added.

Khazanah, the Government's investment arm, issued the bonds as the first of a series aimed at providing a benchmark yield curve. They will mature in three years.

The bond received total bids amounting to RM2.26 billion with an average of RM79.44 per bond. It means the purchaser pays a discounted price of RM79.44 for each bond with a face value of RM100.

The bond is part of the RM60 billion fund, announced by Prime Minister Datuk Seri Dr Mahathir Mohamad to prop up the local bourse.

Khazanah will pump in RM30 billion through bond issues into the fund with another RM30 billion from other sources.

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