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KL STOCKS MAY EXTEND ITS REBOUND NEXT WEEK

KUALA LUMPUR, July 12 (Bernama) -- The Kuala Lumpur Stock Exchange (KLSE) is expected to extend its Friday's rebound next week following encouraging statements made on Thursday by Acting prime minister Datuk Seri Anwar Ibrahim, and economic adviser to the government, Tun Daim Zainuddin.

Daim urged local investors to take the lead in the local bourse instead of allowing it to be led by foreign investors, while Anwar assured foreign fund managers on Malaysia's stability and strong economic fundamentals that would ensure the stability of the ringgit.

A research analyst said the market would continue to be dominated mostly by retail players and small institutional buying of blue chips.

The analyst forecast that the Composite Index (CI) would gain about 100 points next week. On Friday, the CI ended the day at 1,017.61, up by 9.09 points.

However, he foresees that the rebound of the CI is not sustainable.

"The CI immediate support level is expected to be at the 1,000 points while resistance will be at 1,060," he added.

Meanwhile, the second board index is expected to weaken on lack of interest with tendency to fall to the 500-point level.

He said there were a few factors that might have impacts on the local bourse.

Bank Negara's hint of further monetary tightenings after the March clamp down on loans to property market and share purchasers will continue to worry foreign fund managers.

Another negative factor is lack of fundamental incentives to lure foreign fund managers back to the local bourse.

However, Prime Minister Datuk Seri Dr Mahathir Mohamed's return to the country on July 22 may spark confidence in the local bourse which was lacking in positive leads, he said.

This week, bearish sentiment shrouded the market since Monday following news on Thailand's de facto devaluation of baht and Malaysia's rising interest rates which chased away investors, especially foreign fund managers.

On Thursday, the CI plunged another 24.74 points to 1,008.52 where it recorded a new one-and-a-half year low. It lost 24.53 points to 1,033.24 the previous day.

On Friday morning, the market was further haunted by news on the de facto devaluation of Philippines' peso.

However, these negative leads subsided when the local bourse rebounded on Friday at 3.18 p.m., which pushed the CI off the red zone following encouraging statements by Anwar and Daim.

This week, the CI fell 55.70 points to 1,017.61 while the EMAS Index slipped 14.85 points to 287.79. The Industrial Index dropped sharply to 1,991.19, down by 80.75 points while the second board index was down by 8.48 points to 548.46.

Among the actives this week, Berjaya Industries fell four sen to RM2.91 with 86.743 million shares traded, Taiping dropped 46 sen to RM3.20 with 70.878 million shares, Puncak Niaga was unchanged at RM4.22 with 32.053 million, MBf Capital slipped 40 sen to RM4.26 with 28.424 million and TCB-T decreased 12 sen to RM1.23 with RM27.435 million shares traded.

Magnum fell 38 sen to RM3.38 with 26.049 million shares traded, Pohmay dropped 30 sen to RM11.60 with 25.510 million shares, Renong eased 24 sen

to RM3.06 with 24.800 million shares, Chase Perdana was down by RM3.50 to RM19.50 with 20.872 million shares, while RHB Capital slipped 95 sen to RM6.70 with 19.075 million shares traded.

Syarikat Binaan Budi Sawmill, which made its debut on the second board on Monday closed the week at RM6.50. Its initial offer price was at RM3.10.

On the main board, Puncak Niaga which debuted on Tuesday, with its initial offer price of RM3.80, ended the week at RM4.22. Meanwhile, Chin Foh which made its debut on the second board on Wednesday with an initial offer price of RM2.80, closed the week at RM6.80.

The weekly main board ready turnover increased to 1.129 billion shares worth RM6.029 billion from 1.006 billion shares valued at RM5.193 billion previously.

On sectoral basis, consumer products accounted for 134.998 million shares traded, industrial products 144.722 million, construction 91.204 million, trading/service 196.055 million, infrastructure 40.115 million, finance 166.524 million, hotels 31.944 million, properties 164.400 million, plantation 48.985 million, mining 4.437 million, trusts 1.354 million, closed/fund 2.436 million, loans 20.984 million and call warrant 73.960 million.

The second board turnover fell to 258.915 million shares worth RM3.194 billion from 272.207 million shares valued at RM3.627 billion previously.

Direct business transactions stood at 227.939 million shares worth RM1.664 billion against 186.909 million shares valued at RM2.141 billion previously. -- BERNAMA

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