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#### KL STOCKS TO STABILISE NEXT WEEK

KUALA LUMPUR, Sept 6 (Bernama) -- After taking a roller-coaster ride at the Kuala Lumpur Stock Exchange, share prices are expected to stabilise above the 800-point level next week, dealers said.

"Technically, having touched bottom, the chart shows a neutral bullish pattern with intermittent retracement over time," said a chartist.

This week, the benchmark Composite Index rebounded to 840.42 on a high "Merdeka" spirit with the return of local funds from the Independence day holiday, but the index retreated to 675.15 two-days later on persistent selling pressure by foreign investors who have been able to deposit their shares with the Central Depository System (CDS).

Responding to the call by Prime Minister Datuk Seri Dr Mahathir Mohamad, local funds aggressively bought up stocks on Friday, pushing the Index which tracks 100 quality stocks, to close the week at 821.59, or 17.19 points or 2.1 percent over last week's closing.

The Emas Index gained 11.70 to 231.18, the Industrial Index rose 38.35 points to 1,657.58 and the Second Board Index recouped 27.27 points to 401.01.

An analyst said the re-entry of local funds in the market on Friday was a surprise, causing foreign players who have been selling heavily "to let stocks run".

"There is a probability of it putting pressure on the local bourse again, from time to time, at higher levels," said a dealer.

However, many analysts said from now, the market should stabilise although there is still a possibility of further selling pressure.

They said with Mahathir's announcement of the lifting of designated securities status on 100 Composite Index components, coupled with the deferment of huge projects in view of the current external imbalance and the ringgit, were all positive reasons which will be attributable to the market's stability.

In addition, there were rumours within the investment community that the government itself was advancing RM3 billion towards the setting of the RM60 billion fund to shore up the bourse and help local investors trapped by margin calls.

This rumour, among others, was found to be most positive for the market, as compared with previous negative rumours which were created by irresponsible people with the intention of depressing the market.

"The stock market's slide recently, is attributed to local players being enticed to sell by the exaggerated bad sentiment and rumours, and increased foreign selling.

"The main culprits were retail short sellers who were cashing in on sliding stock prices," he said

Technically, a chartist said the Composite Index will make a comeback to the 836 and 880 level with resistance noted at between 890 and 910, or 38 percent level below the all time high level of 1,332.

"A breakout at between the 880 and 908 level will catapult it to the 1,018 resistance level," he said.

Among the actives, Renong was up 34 sen to RM3.34 with 73.125 million shares traded, Berjaya Group up nine sen to RM1.78 with 65.144 million, Commerce Asset down 24 sen to RM3.40 with 63.089 million and Sime Darby down 20 sen to RM6.70 with 45.907 million.

Malaysian Resources up 67 sen to RM3.02 with 44.754 million, Magnum up

31 sen to RM3.02 with 44.100 million, Taiping down six sen to RM1.29 with 40.443 million, Public Bank-Foreign down three sen to RM2.71 with 34.520 million, Tenaga Nasional down 20 sen to RM8.50 with 33.356 million and Maybank down 60 sen to RM18.80 with 29.641 million.

The weekly main board volume increased to 1,802.990 million shares valued at RM7,035.725 million from 1,584.554 million shares worth RM6,200.541 million a week earlier.

On a sectoral basis in the main board (inclusive of direct business transaction), consumer products accounted for 130.174 million shares traded, industrial products 192.869 million shares, construction 184.438 million, trading/services 573.175 million, infrastructure 19.030 million, finance 371.377 million, hotels 8.225 million, properties 238.728 million, plantation 44.627 million, mining 7.625 million, trusts 2.902, closed-end fund 1.128 million, loan stocks 71.881 million, TSR/warrants 100.369 million and rights 1.503 million.

The second board turnover decreased to 167.200 million shares valued at RM1,326.064 million from 197.236 million shares worth RM1,575.075 million.

The total direct business transaction amounted to 165.428 million shares valued at RM625.819 million compared with 199.441 million shares worth RM1,315.337 million previously. -- BERNAMA

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