

26 JUL 1997

KLCI FUTURES TO TREAD CAUTIOUSLY

KUALA LUMPUR, July 26 (Bernama) -- Players have been advised to trade cautiously and maintain their long positions on the Kuala Lumpur Composite Index Futures until uncertainties on the ringgit is resolved.

Support for the spot month is pegged at 1,030 and resistance at 1,050.

The Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) ended the week higher as the currency situation had somewhat stabilised and this helped spur further buying interest.

Spot month July gained 31.9 points to settle the week at 1,040.1, nearby August surged 36.1 points to 1,041.0 while quarterly months September and December settled at 1,046.1 and 1,059.1 respectively.

Total turnover rose to 6,415 lots from 4,235 lots last week while open interest stood at 4,264 contracts against 3,954 contracts.

The better performance of both Wall Street and the cash market helped boost the futures trade. Wall Street registered new record close for three consecutive days, again penetrating the 8,000-mark after Federal Reserve's chairman Alan Greenspan allayed fears of an early rates hike.

The Kuala Lumpur Stock Exchange meanwhile reported gains for three consecutive days before profit-taking set in. The underlying Composite Index managed to pierce its 1,050 points resistance level before closing at 1,041.26.

The return of Prime Minister Dr Mahathir Mohamad to the country and his stern warning against rogue currency speculators had boosted investors' confidence in both the futures and cash markets.

With the easing of interest rates and a more stable ringgit, buyers were tempted back into the stock market to make quick gains and trading returned to normal.

On KLOFFE, buying centred on the spot month contract and the strength of the market was reflected in the wider premium made by the futures prices against that of the cash market.

Recommendations were made for players to buy on weakness as the market's uptrend was still intact. Any profit-taking activity was expected to be temporary as fundamentals improved. -- BERNAMA

SHO SHY