

12/05/1997

KLSE ends marginally higher in dull trading

THE Kuala Lumpur Stock Exchange (KLSE) last week saw no fresh positive leads to lift the market to better ground, and investors are expected to continue remaining on the sidelines this week with the US hinting that interest rates could rise again.

Alan Greenspan, chairman of the US Federal Reserve, remarked on Thursday night that there could be yet another increase in US interest rates.

Prime Minister Datuk Seri Dr Mahathir Mohamad's two-month leave beginning mid-May, and his deputy Datuk Seri Anwar Ibrahim's appointment as Acting Prime Minister during the period, is also expected to result in investors taking a wait-and-see attitude, analysts said.

The local market was relatively independent of Wall Street's direction last week, when even the record rise on Wall Street on Monday failed to lift the spirits of investors.

Selective buying was seen in some blue-chips such as Tenaga Nasional, Telekom Malaysia and Maybank, which helped sustain the market's decline.

Last Monday, blue-chip stocks opened firmer due to foreign buying which seemed typical of an "oversold" market, but the climb was not sustained. The expected rise in Telekom Malaysia share prices following Cabinet approval for a tariff rise also did not materialise.

Having opened at RM11.90, the stock was traded at a low of RM11.60, as it finally capped the day's trading 10 sen lower at RM11.70.

On Tuesday the local bourse ignored Dow Jones' record rise on Monday to close lower, which analysts attributed to generally cautious sentiment.

The Dow Jones Industrial Average had risen to a record high at 7,214.49, a gain of 143.29 points - a rally that pulled up most major Asia-Pacific markets except Kuala Lumpur and Bangkok.

Bargain hunting by local funds on Wednesday saw the KLSE closing mixed to higher, on higher volumes. After Thursday's public holiday, the market returned on Friday to open softer following Dr Mahathir's announcement of his two-month leave, but later picked up to close marginally higher.

The benchmark KLSE Composite Index advanced 9.41 points or 0.86 per cent to 1,107.37 from last Friday's close.

The all-main board Emas Index finished the week 0.98 points or 0.31 per cent higher at 316.75, while the second board index was down 11.94 points or 2.14 per cent to 546.17.

Total turnover on the KLSE for the whole of last week's four-day trading amounted to 1.00 billion shares valued at RM6.41 billion, which gave an average daily volume of 250 million shares.

Several companies made their debut on the KLSE last week. Paracorp Bhd, with an issued and paid-up share capital of 55 million shares of RM1 each was listed on the main board under "Industrial Products" on Wednesday. It closed at RM6.10 for a premium of RM2.45 against its offer price of RM3.65.

Sapura Motors Bhd which was listed on the Second Board on Friday made an impressive debut, closing RM5.70 against its offer price of RM2.10.

Index futures traded on the Kuala Lumpur Options and Financial Futures Exchange (Kloffe) meanwhile, are also expected to see cautious trading this week as investors look for some sign as to where US interest rates are heading.

(END)