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PM'S MEETING WITH FUND MANAGERS SEEN AS POSITIVE MEASURE TO BOOST MARKETS

KUALA LUMPUR, Sept 15 (Bernama) -- Sunday's meeting between prime minister Datuk Seri Dr Mahathir Mohamad and a large group of foreign fund managers is seen as a positive measure to boost the foreign exchange and stock markets.

"However, the markets will have to wait to see the impact which would not be so immediate," dealers said.

One forex dealer at a local bank said the market seemed neutral in its response. Ringgit closed at 2.9670/20 against the dollar, down from 2.9500/75 at the close last Friday.

He said foreign exchange and stock markets appeared to be waiting for both the outcome of the 1998 national budget on Oct 17 and for specific measures to deal with the current account deficit. One estimate puts this year's deficit at RM14.6 billion.

"Investors, particularly the foreign fund managers, want to see what the government will do," he said.

Concerns about the deficit may have led to a fall in the ringgit's exchange value, hence the prospect of a higher external debt repayment of debt, in ringgit terms.

Another dealer said ringgit's recovery, would take a few months but, because much depended on the current account situation, recovery might only be seen next year, he added.

In the Klibor (Kuala Lumpur Interbank Offer Rates) futures market, it was quiet with prices unchanged from Friday's level. Most players stayed on the sideline, following uncertainty in the forex market and flat interbank rates.

The stock market, too, was quiet; an analyst said there were not much buying interest but much selling orders.

The benchmark Composite Index dropped 8.02 points to 844.06.

The Kuala Lumpur Options and Financial Futures Exchange (Kloffe) was one exception to an uneventful day. The Composite Index futures on Kloffe saw spot month contracts attracting heavy buying interest.

Spot month September rose 7.1 points to 797.1 with 1,598 lots traded, although the October contract shed 0.8 of a point to 791.2 with 278 lots traded.

A dealer said there were some hedging as the underlying cash market fell.

Overall sentiment remains bearish, however, given that spot month futures were traded at 46.96 points discount to the cash market. -- BERNAMA

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