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Prices of futures fall as a result of KLCI decline

Matrix Core Options & Futures Sdn Bhd

MALAYSIAN shares took a beating last week. The downturn started on Aug 25 with the benchmark Composite Index falling 2.32 per cent to 883.96 points from 905.0 points and ending the week at 804.4 points.

Negative factors seemed to plague the market all week. The Kuala Lumpur Stock Exchange said on Thursday it had introduced curbs on trading in the 100 stocks making up its blue chips index.

Foreigners seemed to regard it as re-regulation and thus remained cautious. Weak regional bourses did not aid the situation either.

The ringgit slumped to 2.9650 on Friday, a level not seen since its flotation in 1973 amid worries over the plunging stock market and fears of a trade deficit in July.

Even news of the Government lifting the RM100,000 property levy on foreign buyers did little to lift sentiments.

On Thursday, Prime Minister Datuk Seri Dr Mahathir Mohamad said that local funds should start buying shares on the KLSE. Local institutions such as the Employees Provident Fund and Kumpulan Wang Amanah Pencen and state-run unit trusts heeded the Prime Minister's advice and boosted stock prices.

On the Kloffe, futures prices plunged as a result of the sharp decline in the KLCI. Spot August contracts traded at a range of 909.5 to 735.0 for the week and cash settled at 794.3.

As for the September contracts, they settled at 730.0 on Friday with a huge discount to the KLCI, indicating more downside this week.

Both contracts registered record volume last week. A total number of 8,434 and 9,668 contracts traded for both spots August and September respectively. - By Matrix Core Options & Futures Sdn Bhd

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