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Promising start to week not sustained

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LAST week's trading at the local bourse began with a false sense of security - one which did not last for long.

Last Monday seemed to begin the week's trading with a fresh positive note. The benchmark Kuala Lumpur Composite Index inched upwards for the third consecutive session after a prolonged downturn to close 23.03 points higher at 1,127.60.

Then, it seemed like the worst was over. In a way, this was true. While the market continued to slide from Tuesday till the last trading day of the week, it still did not sink to the depths of the previous Tuesday's close of 1,086.67.

The brakes were slammed on the upturn and the market began to turn downwards to end the week at 1,089.45. Analysts and dealers alike were not fooled by the rise on Monday though, as they described the market situation as "still very fragile". As such, Monday's climb was dismissed as "merely a technical rebound."

During the week, the CI had shed 38.17 points after it opened last Monday at 1,104.58.

The roof it seemed had already fallen on the local bourse following the announcement of Bank Negara's lending guidelines on March 28.

Bank Negara had announced that credit facilities by banking institutions to the broad property sector should not exceed 20 per cent of outstanding loans.

The central bank had also redefined the limit to cover credit facilities granted for the purchase of stocks and shares and units of unit trust funds, including loans to holding and investment companies.

As KLSE executive chairman Datuk Nik Mohamed Din Datuk Nik Yusoff said at an Federation of Malaysian Manufacturers luncheon last Thursday, the local market seems to follow Wall Street merely in one direction - downwards.

Prime Minister Datuk Seri Dr Mahathir Mohamad aptly put it at the Kuala Lumpur Stock Exchange dinner last Wednesday. He said if the stock market is at all indicative of the health of the Malaysian economy, then it should be on an uptrend as the country has recorded impressive growth every year.

Trading volume throughout the week was also rather thin, in line with the sentiments of the market. It saw a total turnover of 1.13 billion shares worth RM7.56 billion against the previous week's 1.22 billion shares worth RM7.34 billion.

Trading volume on the main board saw 851.85 million shares valued at RM5.43 billion changing hands while the second board noted 163.60 million shares worth RM1.85 billion shares done.

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