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KL share prices rally record 8.8pc (HL)

THE Kuala Lumpur stock market rebounded a record 8.8 per cent yesterday, taking heart that the Government intends to buy shares of companies badly hit by the region-wide sell-down.

Strong gains across Asia-Pacific bourses on the back of a 140-point surge on Wall Street overnight also helped sentiments, dealers said.

The Kuala Lumpur Stock Exchange's benchmark Composite Index (KLCI) jumped 27.81 points to 343.47, from Tuesday's 10-year low of 315.66.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said on Tuesday that the Government was studying ideas, Hong Kong and Taiwan models included, on how the Government could intervene on the stock market to ensure that weakened companies do not fall into the hands of foreigners.

The fear, he said, was that Malaysian companies might become vulnerable to takeovers by foreigners who are only interested in stripping them of assets.

Key blue chip counters led the pack, with Genting putting on RM1.10 to RM8.15, Telekom 45 sen to RM6.45, Maybank 30 sen to RM3.10 and Tenaga 29 sen to RM2.54.

Other notable gainers were RHB Capital 30 sen to RM1.14, United Engineers was up 19.5 sen to RM1.00, Magnum 19 sen to 97 sen, Sime Darby 18 sen to RM2.13, AMMB Holdings 14 sen to RM1.72 and MBf Capital 10 sen to 51.5 sen.

Total turnover more than doubled to 312.522 million shares worth RM412.421 million from 122.087 million shares and RM152.050 million the day before.

"The rebound is also due to the fact that the market has been very much over-sold and is due for a correction," an analyst said. He however warned that although the market should hold for a few days, the medium to longer term trend is still very much dependent on external factors.

Gainers outnumbered losers 550 to 51, with 56 others unchanged and 287 untraded.

Elsewhere in the region, Hong Kong rallied 5.7 per cent after having soared 7 per cent in morning trade.

According to wire reports, dealers said there were signs the Hong Kong Monetary Authority had continued its intervention in the markets to stamp out speculators.

In Tokyo, the Nikkei average gained 2.3 per cent while Seoul was up 3.7 per cent, Bangkok 3.3 per cent, Manila 3.1 per cent and Taipeh 1.6 per cent.

Shanghai surged 5.6 per cent and Sydney 2.7 per cent. Jakarta was a mere 0.5 per cent higher but Singapore slipped by the same margin.

Meanwhile, US blue-chip stocks faltered after a bright morning session yesterday. At noon on Wall Street, the Dow Jones Industrial Average was down 9.27 at 8,705.38. The index had gained gained 290 points on Monday and Tuesday after sliding to 8,425 last week, a 900-point drop from the record of 9,337.97 set just four weeks earlier on July 17.

Earlier in Europe, bourses gave most of the day's gains largely on account of an indecisive Dow. They had initially been powered ahead by the strong showing in Asia and an improvement in the yen.

The postponement of the announcement by Russia of the terms of a domestic debt restructuring, originally intended for yesteryday, to Monday also dented sentiment. Russia's main RTS1-Interfax share index ended more

than 9 per cent lower.

The London market closed 0.8 per cent up and Frankfurt surrendered a 2 per gain to close flat, as did Paris which ended just 0.06 per cent higher.

On the foreign exchange market, the ringgit firmed to 4.2000/2100 against the US dollar from 4.2300/2400 the day before, tracking the fortunes of the yen which closed at 144.30/40 per dollar in Tokyo from Tuesday's 144.90.

Against the Singapore dollar, the ringgit was little changed at 2.3900/3998 compared to 2.3901/3985 before. It closed higher to the Deutschemark at 2.3346/3408 from 2.3521/3583, and pound sterling 6.7973/8177 from 6.8306/8510.

The ringgit was a shade lower against the yen at 2.9094/9183 from 2.9050/9139 previously.

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