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KLCI up 3.2pc in heavy trading, RM firms too

KUALA Lumpur shares move higher as did the ringgit against the currencies of the country's major trading partners in a further sign of improved sentiments in the financial markets.

The Kuala Lumpur Stock Exchange Composite Index put on 22.05 points, or 3.2 per cent, to 712.81, while the Malaysian currency firmed to 3.9000/4.0400 from Wednesday's 4.0900/1300.

On the stock market, foreign funds were actively scouring for bargains while heightened investor interest in banking stocks spilled over to second- and third-liner stocks for the first time in a long while, a dealer said.

Banking stocks came in for some play thanks to the announcement that Commerce-Asset Holdings Bhd and Rashid Hussain Bhd have received Bank Negara approval to commence negotiations with to merge Bank of Commerce with RHB Bank Bhd, he added.

In addition, Permodalan Nasional Bhd was on Wednesday reported to be planning to acquire a stake in financial services group AMMB Holdings Bhd.

The bulk of the foreign buying came from Singapore and Hong Kong, which should be sustained provided there are no more immediate shocks to the ringgit and other regional currencies, the dealer said.

Local retail players have also jumped in, another dealer said, as reflected in the surge in turnover to 908.08 million shares worth RM1.74 billion from 672.02 million shares worth RM1.71 billion on Wednesday.

Elsewhere in the region, Tokyo's Nikkei rose 120.68 points, or 0.7 per cent, to 17,003.30; Taipei's Weighted Index 139.52, or 1.8 per cent, to 8,621.97; Hong Kong's Hang Seng 151.36, or 1.36 per cent, to 10,442.13, and Manila's Composite Index 7.01, or 0.3 per cent, to 2,049.15.

In Singapore, the Straits Times Industrial Index jumped 66.92 points, or 4.7 per cent, to 1,492.15, and in Bangkok, the SET index 25.52 points, or 5.0 per cent, to 531.11.

However, Seoul lost 3.5 per cent and Jakarta 1.2 per cent.

On the foreign exchange market, demand for the ringgit was mixed, a dealer said, with selling and buying by US hedge funds more or less cancelling themselves out.

Positive factors include news of visits by Prime Minister Datuk Seri Dr Mahathir Mohamad to Bangkok, Manila and Singapore, and his deputy Datuk Seri Anwar Ibrahim to Jakarta and then to Tokyo and Taiwan.

Together with Singapore Prime Minister Goh Chok Tong's call on Indonesia President Suharto earlier in the week, it is an indication that Asean members are stepping up cooperative efforts to address the problems arising from the market turbulence, another dealer said.

Against the Singapore dollar, the ringgit firmed to 2.3828/4184 from Wednesday's 2.4187/467, the yen to 3.2282/713 from 3.2634/979, the deutschemark to 2.2122/406 from 2.2522/749, and the pound sterling to 6.5895/6761 from 6.7281/980.

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