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KLSE TO FOLLOW REGIONAL UNCERTAINTY AND INDON POLITICAL SITUATION

KUALA LUMPUR, May 9 (Bernama) -- The Kuala Lumpur Stock Exchange (KLSE) next week will be dictated by uncertainty over regional economies and rising tension in Indonesia in the absence of favourable news, analysts said.

Investors could be also be looking for indicators from Prime Minister Datuk Seri Dr Mahathir Mohamad's speech at the Group of 15 developing countries summit in Cairo on Monday during the holiday-shortened week next week.

Any attractive incentives over the long weekend, with the KLSE to be closed on Monday for the Wesak Day holiday, would be a boon to the market which has been pressured by poor corporate health especially that of stockbroking firms.

News that the licenses of Labuan Securities and MBf Northern Securities Sdn Bhd were suspended would weigh heavily on sentiment next week, an analyst said, adding it was now a guessing game which stockbroking firm could be next.

"The only thing that is going up now are non-performing loans which is causing shivers in the market," he said.

More pressure could come from prospects of the Japanese economy slipping into a recession and the Chinese yuan to be devalued, he said.

He said there were also concerns that the United States was considering increasing short-term interest rates by 25 basis points, which means U.S. fund managers would find it more costly to borrow for investment purposes.

At the week's closing, the Composite Index fell 45.92 points to 580.05, the Emas Index eased 11.06 points to 146.49 and the Industrial Index shrank 62.91 points to 1,085.15. The second board was 10.06 points lower at 125.28.

The market started the week on a softer note due to the cessation of trading in Omega Securities Sdn Bhd and Standard and Poor's lowering of Tenaga Nasional Bhd's local currency rating to A- from A+.

It was a roller-coaster ride for the KLSE before the market rebounded after the release of a favourable trade surplus of RM3.7 billion for March which a dealer described as merely being a knee jerk reaction.

Mainboard volume ballooned to 613.011 million shares worth RM1.701 billion from 301.305 million shares valued at RM737.388 million last week, while second board turnover rose to 49.246 million shares worth RM75.115 million from 27.239 million shares valued at RM45.781 million previously.

Off-market volume shrank to 32.265 million shares worth RM94.537 million from last week's 78.634 million shares valued at RM211.522 million.

Second board debutante PLB Engineering Bhd, which opened at par at its offer price of RM2.60, ended the week lower at RM2.12.

Tenaga Nasional led the 10 most active counters at RM6.30, down RM1.15, followed by Sime Darby, which lost 12 sen to RM3.18, RHB Capital fell 47 sen to RM2.30, Maybank eased 70 sen to RM10.30, Commerce Asset declined 50 sen to RM2.30, Magnum lost 23 sen to RM2.27, United Engineers shed 27 sen to RM2.72, Telekom dropped 40 sen to RM10.80, but MISC-Foreign was 20 sen firmer to RM6.70, while Rekapacific decreased eight sen to 42 sen.

In terms of volume, Tenaga Nasional accounted for 30.309 million shares, Sime Darby 23.322 million, RHB Capital 15.627 million, Maybank 14.051 million, Commerce Asset 12.951 million, Magnum 12.607 million, United Engineers 11.961 million, Telekom 11.161 million, MISC-Foreign 9.120

million and Rekapacific 9.087 million.

On a sectoral basis, consumer products accounted for 40.143 million shares traded on the main board, industrial products 56.559 million, construction 51.446 million, trading/service 179.980 million, Infrastructure 4.149 million, finance 109.136 million, hotels 2.537 million, properties 67.573 million, plantation 34.006 million, mining 3.171 million, trusts 761,689, closed/fund 720,000, loans 15.966 million, TSR/warrant 46.858 million. -- BERNAMA

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