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Market succumbs to profit-taking

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BEARISH sentiments loomed over the Kuala Lumpur Stock Exchange (KLSE) for the whole of last week as the local bourse succumbed to selling pressure and profit taking activity.

The benchmark KLSE Composite Index (KLCI) closed 14.39 points lower to end last week at 405.33 compared with 419.72 the week before.

Analysts said the much awaited 1999 Budget which was announced the week before did not have much impact on the market as investors had already discounted it.

They said the pre-run up to the 1999 Budget, which saw the market breaching the 400 mark the week before, caused last week's profit taking activity as investors realised their gains.

They said investors remained sidelined for the whole of last week ahead of fresh leads.

The whole of last week the market traded in a tight band on thin trading as buying support remained weak amidst selling pressure and profit taking activity.

An analyst said the absence of strong buying support from institutions, evident in the pre-run up to the 1999 Budget, further dampened sentiments.

He said investors were looking to the local institutions for a cue before entering the market.

"There was not much positive news apart from Petroliam Nasional Bhd (Petronas)'s proposal to acquire a stake in Perusahaan Otomobil Nasional Bhd (Proton) to spur a strong buying interest last week," he said.

On Wednesday, Petronas had confirmed that it is considering the possibility of buying stakes in national car manufacturers Proton and Perodua.

Petronas' chairman Tan Sri Azizan Zainul Abidin, responding to a Business Times query about industry talk that the national oil company was in discussion to buy over the carmakers to consolidate the Malaysian car industry, said: "We are just talking ... we are looking at it."

Analysts added investors were also cautious over this week's trial of former Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim which further dampened last week's sentiments.

Meanwhile, Prime Minister Datuk Seri Dr Mahathir Mohamad said on Thursday that Brunei is likely to invest in several property-based companies and hotels in Malaysia.

Brunei had previously agreed to invest in Malaysia, but in view of the regional economic and financial crisis not much headway had been made, Mahathir said, adding that he hopes the investments will start to flow now.

Week-on-week the KLCI lost 14.39 points or 3.43 per cent to close at 405.33 as compared to the previous week's close of 419.72.

The all-main board Emas Index finished 3.78 points lower or 3.44 per cent to close at 106.12 while the Second Board Index lost 4.5 points or 4.36 per cent to close at 98.66.

Total turnover on the KLSE for the whole of last week amounted to 599.892 million units valued at RM1.061 billion which gave an average daily volume of 212.2 million shares.

This compares with a total turnover of 1.042 billion shares valued at RM1.647 billion for the previous week which gave an average daily volume of about 260.515 million shares.

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