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Composite Index leaps 22pc on return of investor confidence

KUALA LUMPUR, Mon. - Share prices at the Kuala Lumpur Stock Exchange surged across the board in active trading, with the benchmark Composite Index advancing 81.62 points or 22.46 per cent to 445.06 points.

Turnover was a superlative 1.101 billion shares worth RM1.577 billion with gainers thumping losers 832-9 with nine others unchanged and 73 untraded.

Analysts gave varying causes for this bullish turn of events and many believed it was due to a combination of recent events leading to a return of confidence.

They include measures to insulate the ringgit against foreign speculation and weaning KLSE shares away from the influence of Singapore's over-the-counter market of CLOB or Central Limit Order Book.

The dismissal of Datuk Seri Anwar Ibrahim as Deputy Prime Minister and Finance Minister followed by his expulsion from Umno on Wednesday and Thursday did not lead to a jittery market as feared earlier.

With an overwhelming majority of leaders in the ruling Barisan Nasional coalition supportive of Prime Minister Datuk Seri Dr Mahathir Mohamad's actions, market confidence received a boost, a remisier said.

The bourse also reacted positively to the appointment of Tan Sri Ali Abul Hassan Sulaiman as Bank Negara Governor.

Regional bourses also rose yesterday but they were nowhere near KLSE's sterling run up.

In Japan, a stronger yen boosted the Nikkei stock average 5.3 per cent higher to 14,790.06, while in Hong Kong, the Hang Seng Index rose 7.9 per cent to 8,076.76. The Korea Stock Exchange composite index rose 3.92 per cent to 328.22.

In Singapore, the Straits Times Index advanced on a stronger yen and better regional sentiment to post a seven per cent rise to 862.10 points. Bangkok shares rose three per cent while share prices in Manila closed up two per cent.

Major European bourses opened sharply higher in line with stronger closing prices in Asian bourses and the hint that US rates could be cut sooner than expected. London and Frankfurt climbed over two per cent at the opening. The New York Stock Exchange was closed today for Labour Day.

* KLSE Composite Index graphic: P21

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