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CI FUTURES MAY CLIMB FURTHER, BUT PLAYERS ADVISED TO BE CAUTIOUS

KUALA LUMPUR, Jan 17 (Bernama) -- The Kuala Lumpur Composite Index (KLCI) futures on the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) which made a remarkable rebound this week, is expected to continue its upward momentum, dealers said.

In view of this, a dealer with HLG Futures Sdn Bhd said players may be encouraged to hold long positions on the market but were however advised to be cautious as sentiment remained fragile.

He said at the end of the day, there were still a lot of sellers in the market which might curb prices from climbing further.

For the week just ended, he said the market should have gone up further had it not been for higher interest rates.

Jan 98 jumped 59.0 points or 12.19 percent to 543.0, while Feb 98 surged 82.0 points or 16.94 percent to 566.0. The cash Composite Index rose 48.34 points or 8.83 percent to 539.94.

Weekly turnover rose to 11,812 lots from 9,983 lots previously while the total open interest on Friday stood at 11,375 contracts.

Christopher Podbury of JF Apex Futures said January futures contract is expected to be traded within the 540 and 685 points range next week with a possible increase in foreign interest, sparked by the reassuring statement made by IMF managing director Michel Camdessus who said Malaysia did not need IMF funding.

"So far so good", he said adding that he was encouraged with what the government has done to overcome its economic problem.

During his two-day visit to Malaysia, he held talks with prime minister Datuk Seri Dr Mahathir Mohamad, deputy prime minister and Finance Minister Datuk Seri Anwar Ibrahim, and officials from Bank Negara and the Treasury.

Analysts from HA Options and Finance Futures Sdn Bhd were also of the view that the KLCI futures contract looked set to move higher with the strong rebound in the regional markets on Friday, combined with a stronger ringgit.

If the January futures breaches the 550 level, the level of resistance should be found at the 600 points level, they said.

This week, the ringgit recovered to end at 4.1700 from 4.5600 previously, while the three-month Kuala Lumpur Interbank Offered Rates (KLIBOR) rose to 9.56 percent from 9.38 percent last week. -- BERNAMA

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