

11/10/1999

Bourse climbs steadily to close at 743.84 points

Jennifer Jacobs

THE Kuala Lumpur stock market had a fantastic week. It climbed steadily every day, a total of 63.77 points or 9.4 per cent to close for the week at 743.84.

Finance stocks made the most headway, leading the pack for the week. This came about after a remark by Prime Minister Datuk Seri Dr Mahathir Mohamad in London led the market to believe that the number of banks tasked with spearheading the ongoing consolidation of the industry might be expanded.

He said during an interview in London the weekend before: "That's almost an arbitrary figure we have chosen, but it is not necessary that there will be six."

The AMMB, RHB and Hong Leong groups had been cited as possible additions to the group of six core financial institutions.

AMMB gained RM1.80 or 30 per cent during the week to close at RM7.80, while RHB Capital was up 87 sen to RM3.40 and Hong Leong Bank saw a five-day gain of 96 sen to RM4.82. The Malayan Banking group was up 80 sen for the week to close at RM12.70. In fact, the Finance Index was up 720.18 or 13.7 per cent for the week.

Some blue chips were equally active. Telekom Malaysia, which is rumoured to be working on an alliance with Japanese telecommunications giant Nippon Telegraph and Telephone Corp, was up RM1.55 or 15 per cent to RM11.50.

Genting was up 10 per cent to RM13.50 from RM12.30 the week before.

The real red-letter days for the week were Tuesday and Thursday. On Tuesday, after a lacklustre opening on very thin volumes on Monday that did not seem to bode well for the rest of the week, the market found its second wind and surged 27.37 points or 4.01 per cent to breach the psychological 700-barrier and closed at 710.23.

On Wednesday, profit-taking set in, but the market still managed to hold without yielding downwards, inching up some 3.96 points to 714.19.

By Thursday however, the steam was back and it surged 20.54 points to close at 734.73, with strong buying support on blue chips and financials. This was despite the fact that the profit-taking continued well into the afternoon.

On Friday, volumes surged to over 400 million valued at nearly RM1 billion, the highest volumes for the week and the market moved up 9.11 points to close for the week at 743.84.

After staying on the sidelines for all this time, despite the phenomenal performance, traders confirmed that the foreign institutions were back in the market. The futures market led the stock market. On Tuesday, indications of the surge started in the futures market when the premium suddenly swelled to about 15 points. On Thursday, the futures market was trading at a premium of 20 points to the underlying cash market at one point during the day.

Futures traders pointed out that when the larger buyers are in the market, they usually start with the futures market before going on to stock pick.

Part of the impetus came from the fact that despite doom and gloom predictions, the Dow Jones continued to surge upwards, although it came off about 50 points on Thursday.

Also, during the week, the Federal Open Market Committee met and decided to maintain US interest rates as they were, rather than increasing them

due to inflationary pressures. This was more good news for the market. Total turnover in the local bourse last week was 1.242 billion shares worth RM3.077 billion. Of this, 1.122 billion shares worth RM2.92 billion was traded on the Main Board while 24.05 million shares worth RM61.551 million was traded on the Second Board. Off market turnover accounted for 176.96 million shares worth RM358.677 million.

(END)