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KLSE WEEKLY
KLSE LIKELY TO TREND UPWARDS NEXT WEEK

KUALA LUMPUR, April 10 (Bernama) -- The Kuala Lumpur Stock Exchange is poised to move upwards next week after the market staved off two key resistance levels in the week just ended which also had a fair share of positive news, dealers said.

Further interest rates cut, greater presence of foreign funds and the improved health of Prime Minister Datuk Seri Dr Mahathir Mohamad helped to clear the dark clouds shrouding the bourse and such developments are expected to pave the way for better trading days ahead, they added.

On a week-to-week basis, the 100-quality stocks Composite Index jumped 28.03 points to 568.10, the all-share Emas Index rose 4.43 points to 139.77, the Second Board Index, however, fell 4.27 points to 128.18 while the Industrial Index was 37.60 points higher at 1,022.92.

The benchmark index breached the 550-point resistance level on Monday morning and the 570-resistance mark was hit on Friday afternoon.

Despite all the favourable leads this week, volume continued to be relatively small as foreign funds had yet to come in a big way.

Besides the better local factors, the interest rates cut by the European Central Bank is also believed to have a positive effect on bourses in this region as funds are expected to flow in.

On the KLSE, last week's rally following the upgrading of the country's credit rating by international rating house Standard & Poor's saw foreign funds making their entrance in the local stock market.

Their participation, although not in a big way, helped boost sentiment among local institutions and retailers.

"We heard that some Japanese funds were in during the previous week's rally and this week, there were also US funds as well as orders originating from Singapore," a dealer said.

As such, the Bank Negara rates cut was timely, in that it brought relief to financially-strapped companies, he said. The central bank cut its three-month intervention rate by 50 basis points to 6.5 percent which is expected to see to the adjustment of the maximum base lending rates of commercial banks to 7.67 percent from 8.04 percent and that of finance companies to 9.02 percent from 9.50 percent.

The downtrend in inflation is also said to have prompted this cut and Maybank even revised its BLR downwards twice in a week.

The market responded well to the rates cut, especially in finance and banking stocks, but rises were constantly capped by profit-taking.

Another encouraging factor was the call by First Finance Minister Tun Daim Zainuddin for the KLSE to resolve the CLOB (Central Limit Order Book) issue quickly.

Corporate news which included Petronas being closer to purchasing Hicom's stake in Proton as well as stakes in other Hicom units saw better interests for Hicom-related counters.

On the KLSE, the mainboard volume increased to 713.309 million shares worth RM1.477 billion from 437.392 million shares valued at RM860.101 million.

The second board turnover, however, dropped to 79.001 million shares worth RM178.312 million from 84.422 million shares valued at RM164.763 million.

Direct business deals expanded to 85.230 million shares worth RM104.805 million from 53.707 million shares valued at RM99.847 million.

Only one counter was suspended -- Repco -- on Thursday at its last transacted price of RM7.10.

Renong-C1 led the actives list and closed at 40 sen, up three sen. This was followed by CAHB-W, which added five sen to 72 sen, Public Bank gained a sen to RM2.35 and Commerce-Asset rose 24 sen to RM4.82.

Renong added a sen to 78 sen, Maybank gained 10 sen to RM7.80, United Engineers firmed 12 sen to RM2.14, RHB Capital rose 13 sen to RM2.79, Magnum was five sen up to RM1.93 and Hicom added two sen to RM1.35.

In terms of volume, Renong-C1 accounted for 33.588 million shares traded, CAHB-W 32.962 million, Public Bank 31.033 million, Commerce-Asset 24.846 million, Renong 18.090 million, Maybank 16.518 million, United Engineers 16.317 million, RHB Capital 16.312 million, Magnum 16.007 million and Hicom 15.218 million shares.

On a sectoral basis, consumer products accounted for 25.923 million shares traded, industrial products 81.264 million, construction 60.274 million, trading/services 156.623 million, IPC 5.440 million, finance 162.704 million, hotels 1.494 million, properties 55.007 million, plantation 23.452 million, mining 1.743 million, trusts 352,000, closed/fund 340,000 and loans 54.766 million, TSR warrant 83.921 million.--

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