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KLSE-WEEKLY

KLSE LOOKING AT 600 MARK ON CONTINUED FOREIGN INTEREST

KUALA LUMPUR, Jan 9 (Bernama) -- Follow-through buying support by foreign and local investors in the Kuala Lumpur Stock Exchange (KLSE) could drive the benchmark Composite Index up the 600-mark next week, dealers said.

Apart from liquidity of funds to finance share accumulations, talks of the easing of capital control also are expected to fuel the speculative buying activities, they added.

A dealer said the market is also likely to react positively to the the Cabinet reshuffle announced by Prime Minister Datuk Seri Dr Mahathir Mohamad on Friday evening.

The appointment of Datuk Seri Abdullah Ahmad Badawi as deputy prime minister ended months of speculation while the return of Tun Daim Zainuddin to the helm of the finance ministry would further enhance the certainty in Malaysia's road to economic recovery, the dealer added.

Meanwhile, an analyst expected a gradual easing of the capital control imposed since last year, which is a sign of economic recovery. This, he said, would encourage the foreigners to be more active.

"Already there are signs that foreigners are buying after being mostly sidelined when capital controls were imposed last year," he added.

He expected the CI to test the 600 mark in the early part of the coming week, a gradual recovery after the market was battered last year by the regional economic crisis.

In the week just ended, the market on Monday saw the Composite Index shrinking 4.18 percent on profit taking, put an end to year-end window dressing activity by local funds.

Bank Negara Malaysia's announcement that it has assumed control of MBF Finance Bhd and Kewanagn Bersatu Bhd had also sparked concerns in the market.

However, the market recovered on Tuesday following an announcement of a hefty trade surplus for November at RM6.5 billion.

Positive reactions to Bank Negara's moved on the two finance companies aided sentiment on the KLSE. The central bank's further clarification on the capital control measures, seen as an indication to ease the control, bolstered sentiment further.

The market remained bullish on Wednesday following Bank Negara's announcement on Tuesday that foreigners could to repatriate profits from contra trading on local bourse while local stockbroking companies were allowed to extend margin financing to foreigners.

The move encouraged foreign funds, especially those who has their funds locked in the country following the imposition of the capital control, to start looking at KLSE again.

However, mild profit taking activity shaved gains on Thursday and and early Friday before the market rebounding on renewed local and foreign buyings to wrap up the first week of the year on a firmer note.

The 100-stock benchmark Composite Index ended the week at 591.70 points, up 5.57 points from the previous week's close of 586.13.

The all Main Board Emas Index gained 3.16 points to 150.10 from 146.94, the Second Board Index added 8.45 points to 166.82 from 158.37 and the Industrial Index rose 27.03 points higher to 1,070.53 from 1,043.50.

Total turnover on the normal market and direct business deal stood at 1,068.479 million valued at RM2,222.997 million.

On the Main Board normal market, the overall volume rose to 888.827 million valued at RM1,694.357 million from 630.912 million shares worth RM1.952 billion in the previous week.

The second board turnover increased to 154.562 million valued at RM450.627 million from 82.280 million valued at RM227.343 million.

However, direct business deals shrank to 25.090 million valued at RM77.983 million from 57.501 million valued at RM121.872 million.

Leading the list of 10 most actively counters this week was Magnum with 66.095 million shares traded. The gaming stock rose 36 sen to RM1.99 on expected approval by the government of prize money for the four digits number game.

The other active stocks were Malayan United Industries with 52.761 million shares, Pan Malaysia Industries 51.673 million, Perusahaan Sadur Timah 30.286 million, Technology Resources Industries 25.301 million, United Engineers 21.763 million, Ekran 21.537 million, Tenaga Nasional 16.612 million, Renong 13.579 million and Multi-Purpose Holdings 13.399 million.

Malayan United Industries rose 16 sen to 99 sen, Pan Malaysian Industries up 12 sen to 73 sen, Perusahaan Sadur Timah rose 18 sen to RM1.09, Technology Resources Industries gained 11 sen to RM2.09, United Engineers rose 19 sen to RM2.96, Ekran added seven sen to RM1.09, Tenaga Nasional lost 45 sen to RM7.35, Renong rose 20 sen to RM1.12 and Multi-Purpose Holdings added 22 sen to RM1.24.

On a sectoral basis, consumer products accounted for 28.734 million shares traded on Main Board in normal market, industrial products 205.698 million, construction 59.857 million, trading/services 278.910 million, IPC 3.777 million, finance 93.229 million, hotels 6.485 million, properties 124.005 million, plantation 21.252 million, mining 1.831 million, trusts 477,000, closed/fund 478,000 and loans 20.056 million, TSR warrant 43.779 million and trading of rights 261,000.

On the Second Board normal market, consumer products saw 22.189 million shares traded, industrial products 73.984 million, construction 30.821 million, trading/services 24.199 million, finance 231,000, loans 31,000 and TSR/warrant 3.108 million . -- BERNAMA

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