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KLSE-STRIDE

MARKET CONFIDENCE RETURNS WITH GOOD NEWS

KUALA LUMPUR, April 23 (Bernama) -- The encouraging news that the Malaysian economy can expect to show better performance this year and next year as announced by the Prime Minister, Datuk Seri Dr Mahathir Mohamad, when he tabled the mid-term review on the Seventh Malaysia Plan (7MP) on Thursday, injected a great deal of confidence among share investors.

The premier's assurance that the Malaysian economy will likely achieve gross domestic product (GDP) growth of five percent in the year 2000 was the needed tonic and it could not have come at a better time for the share investors and speculators alike.

As expected share prices reacted with a hefty jump yesterday and the Composite Index (CI) barometer went up 19.73 points to the 636.43 level with investors' interest flooding across the board.

The spillover continued today and it posted a further 10.49 points gain to reach the 646.92 level - short of the 650 resistance level.

A senior dealer with a Singaporean based brokerage firm said, Dr Mahathir's statement, indeed, will have a profound impact on market sentiment in the longer term.

Investors felt the government knew the right solutions to its economy and with the right measures adopted thus far there was a good chance for Malaysian companies to successfully turnaround and generate profits this year.

The dealer said, the likely increase in profitability of companies in 1999 and 2000, would mostly accrue to financial and utility companies while gaming and motor stocks might outdo the others.

His added confidence stemmed from the strong emphasis and commitment placed by the government in protecting and continuously developing the country, given its role as guardians to all sectors of the economy.

"If there are no banks, there will be no financing, which will hamper economic activities in all sectors while the absence of utility companies would mean no infrastructures to enable production," he said.

"It is now clear where we are heading and the investors seem to have taken the mid-term review as a clear market direction as reflected in yet another round of bullish activities in KLSE today," he added.

In giving some technical guidance, he added that the CI was poised to make a big stride towards the 770-point level after a breather next week.

Meanwhile, the Second Board Index, he said, has yet to show better performance after having taken a big slide. It could head up towards the 220-point level in a week or two.--BERNAMA

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