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Shares ease on lack of leads

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JUST a week after it surged past the 600-point level, the benchmark Kuala Lumpur Stock Exchange Composite Index (KLCI) failed to remain above this level when local stocks sank yesterday, dragging the index to close 9.73 points lower or 1.61 per cent to 595.45, off its intraday low of 593.69. It was just last Thursday that the KLCI jumped 15.55 points to close at an eight-month high of 614.52.

The fall yesterday was mostly attributed to lack of buying interest, especially that of foreign institutional players.

"Basically, there are no fresh leads," an analyst said.

Analysts said banking and construction stocks took a beating yesterday on heavy selling, especially by retailers.

Furthermore, there were no support from local institutional funds and foreign funds, with the latter adopting a wait-and-see attitude, an analyst said.

He said most foreign funds are waiting for the Government to release more details on its plans to ease capital controls after the meeting that Prime Minister Datuk Seri Dr Mahathir Mohamad and Finance Minister Tun Daim Zainuddin had with 28 foreign fund managers in Kuala Lumpur on Monday.

Dr Mahathir had said the Government is studying to introduce an exit tax to attract more investors to Malaysia.

Hoping that the decision on this tax would be announced before Dr Mahathir left for Switzerland, investors sold down finance stocks when the Premier left the country without making any announcements, said the analyst.

Leading the fall was Maybank, which fell 30 sen to RM7.65 with 20.087 million shares traded, making it the most active counter yesterday.

Another active finance stock was AMMB, which lost 10 sen to RM10.40, and Multi-Purpose Holdings, which closed 7 sen lower to RM1.60.

Meanwhile, another analyst said highway-related construction stocks fell yesterday after Dr Mahathir said the Government would halt the building of new expressways in the midst of the controversial toll increase issue.

Shares of Lingkaran Trans Kota Holdings Bhd (Litrak) fell 18 sen to RM3.70 after the Government cut toll charges on its newly-opened expressway to RM1 from RM1.50. Shares of Litrak's parent company, Gamuda Bhd, fell 10 sen to RM4.80.

However, shares of another highway operator United Engineers gained 4 sen to RM3.04 when the Government revised the toll increase by 0.75 sen per kilometre to 11.25 sen.

Another factor contributing to the bearish sentiment yesterday was the lacklustre performance of other stock markets in the region, which mostly closed lower.

Across the Causeway, the Straits Times index closed 31.42 points lower at 1,426.02. In Hong Kong, share prices were sharply lower with the Hang Seng Index down 3.69 per cent at 9,360.96. In Tokyo, share prices fell with the 225-issue Nikkei index down 107.74 points to 14,342.32.

Back home, the broader-based Emas index fell 2.58 points to 152.09, while the second board index lost 3.15 points to 163.06.

Total market volume increased to 159.595 million shares valued at RM415.142 million compared with 128.954 million shares worth RM323.928 million on Wednesday.

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