

20 OCT 2001
KLSE-WEEKLY
BUDGET 2002 BALANCES EXTERNAL EVENT

KUALA LUMPUR, Oct 20 (Bernama) -- The continuing US bombing strikes in Afghanistan and the widening of the bio-terrorism scare will lead investors to adopt a cautious stance and Wall Street will remain as the main source of direction for the KL Composite Index next week.

Dealers said that the US bombing action in Afghanistan and fear on the increasing number of positive tests for anthrax had loosened investors' interest in Wall Street.

However, on the local front, investors obtained some clear directions from the "comprehensive and balanced" Budget 2002 proposals that were tabled by the Prime Minister Datuk Seri Mahathir Mohamad in his capacity as Finance Minister yesterday.

The local market should react positively as measures taken by the government announced in the budget had countered the impact of the economic recession in Japan and the US. The government has urged the public to spend in order to boost the business of domestic-oriented enterprises. Malaysia is currently less than 30 percent export-dependent on these countries.

The global economic slowdown had affected the restructuring of local companies but government made a concession by extending the deadline for adjusting the paid-up capital size of public-listed companies to December 2002.

Throughout the week, the market was steady as the cautious stance taken by investors was factored on external events and the "wait and see" attitude of anticipating an expansionary Budget 2002.

On Friday, trading was choppy as investors turned pessimistic on corporate tax cuts. Corporate earnings would increase by an average of one to two percent if the corporate tax was reduced by one percent. Later the budget declared that there was no cut in the corporate tax.

Heavyweight stocks Maybank, Tenaga Nasional and Telekom Malaysia led the losers and managed to drag the market-barometer composite index into negative territory as the trio contributed to almost 30 percent of the weight in the benchmark index.

Also receiving their share of attention were latex glove makers as investors perceived a strong demand for gloves as fears over the spread of anthrax mounted.

The benchmark Composite Index closed the week at 615.02, 3.7 points higher from 611.32 a week before.

The Emas Index rose to 147.48 from 146.33, the Second Board Index rose to 118.39 from 116.33 and the Industrial Index dropped to 1,203.99 from 1,212.74, .

Total turnover on the Main Board decreased to 615.652 million shares worth RM1.073 billion from 682.499 million shares worth RM1.161 billion in the previous week.

The Second Board volume increased to 175.616 million shares valued at RM280.293 million from 125.791 million shares worth RM192.248 million.

On a sectoral basis, consumer products accounted for 11.716 million shares traded on the Main Board, industrial products 86.688 million, construction 53.451 million, trading/services 154.864 million, technology 16.955 million, infrastructure 3.899 million, finance 83.116 million, hotels 14.913 million, properties 43.496 million, plantation 19.629 million, mining 3.314 million, trusts 165,980, closed/fund 251,000, loans 9.239 million, TSR/Warrant 92.446 million and Trading of Rights 21.501

million.

The most active counter was APL Industries with 42.683 million units transacted followed by Puncak-Rights with 21.501 million shares traded.

Olympia 20.612 million, Intria 15.969 million, Maybank 15.350 million, Renong 14.586 million, Gula Perak 13.567 million, Kobay 13.418 million, Aikbee 13.148 million and Magnum 12.133 million.

On Friday, APL Industries shed half a sen to 78.5 sen, Olympia lost one sen to 24.5 sen, Intria edged down three sen to 62 sen, Maybank slipped 10 sen to RM7.70, Renong dipped two sen to 78 sen, Gula Perak lost one sen to 93 sen, Kobay gained 10 sen to RM3.24, Aikbee gained five sen to RM2.41 and Magnum edged down two sen to RM2.15.

On the Malaysian Exchange for Securities Dealing & Automated Quotations (Mesdaq), the Mesdaq Composite Index fell 0.99 of a point to 73.84.

Among its components stocks, Supercomal was the only counter which was traded during the week. The stock was down 10 sen to RM2.00 with one thousand shares changing hands. Intelligent Edge, Kotra Industries and Palette were not traded. -- BERNAMA

MAS SEL