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Support for big blue-chips seen boosting KLSE

Adeline Paul Raj

THE mini rally seen on the local bourse last week is expected to continue this week, in what could lead up to a 690 year finish for the benchmark stock index, say dealers.

"The market is looking quite steady," said the head of a local research firm.

He expects the market to test the 670 level soon, driven by local institutional support on the three big blue-chips Maybank, Telekom Malaysia and Tenaga Nasional.

The Kuala Lumpur Stock Exchange Composite Index (KLCI) put on 3.6 per cent week-on-week to finish at 661.52 last Friday, compared with a 0.2 per cent gain in the previous week.

After five consecutive days of posting gains, dealers caution that some pullback may be in store some time mid-week.

"The big question mark is on the second liners... we'll be looking to see

whether interest in them is going to fizzle out or whether there may be some follow-through support," said an analyst.

Trading is expected to continue to be volatile on a daily basis, with rotational play and speculation figuring strongly.

"Just when you think the market is going to leave you in a lurch, it goes right back up," said the research head, summing up the market's trademark characteristic last week.

Dealers and analysts mostly attribute the mini-rally to window-dressing activities, which are usually the norm as the year draws to a close. It is at this time that local institutional funds come in to support the blue-chips to firm up prices for year-end book closings.

Others, however, felt that there was more to it than just window-dressing.

"There is some window-dressing to some extent, but I suspect there's more to the mini-rally than just that," said an analyst, citing buoyant regional and US markets as well as favourable economic data from the US as factors that may have rubbed off on the market here.

"The numbers coming off from the US suggest that the current scenario is not as bad as people had initially feared it to be post-September 11," he added.

On the local front, Prime Minister Datuk Seri Dr Mahathir Mohamad brought some cheer when he said that the Malaysian economy will likely register growth in the final quarter of the year.

These factors, combined with window-dressing activities, should be able to push up the KLCI to a promising finish for the year, say dealers.

They caution, however, that the very last week of trading may be listless given the holiday season and the number of dealers and fund managers on leave.

One dealer said he would be watching out for the shares of Sime Darby, which is normally active towards the year-end.

He noted that it has more upside to go, after it last closed 2 sen lower to RM4.64.

The KLCI gained 5.14 points to 661.52 last Friday, with some 417 million shares changing hands.

Declining issues overcame rising ones 480 to 223, while 202 counters were unchanged and 146 not traded.

The broader Emas Index put on 0.97 points or 0.6 per cent to 159.92, while the Second Board sub index went up 4.59 points to 141.05.

Second board stocks recovered on Friday, but dealers said it was mainly on syndicated play. Clothes and leather-goods retailer Bonia Corp and manufacturer of enamelled copper wire Ta Win Holdings were put in the limelight, gaining 85 sen and 77 sen to RM2.10 and RM3.38 respectively. Both hit limit-up in intra-day trading.

Commercial fish breeder Xian Leng Holdings, which made a 129 per cent gain on its debut to the second board of the KLSE last week, put on 10 sen to RM3.72 .

The most active issue was Intria, which lost 3 sen to R1.23, followed by Olympia Industries, which gained 0.5 sen to 29.5 sen on news that it will resume its gaming operations in Sabah on December 16.

Blue-chip Maybank was unchanged at RM8, while Tenaga Nasional rose 10 sen to RM9.80 and Telekom Malaysia gained 45 sen to RM10.10.

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