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Share investors turn jittery over events at the weekend

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FOLLOW-through selling may be seen today on the Kuala Lumpur Stock Exchange amid jitters over Prime Minister Datuk Seri Dr Mahathir Mohamad's shock announcement of his resignation and subsequent retraction at the weekend, analysts say.

The market will also be looking for some positive news from the Umno Supreme Council meeting later in the day, although any announcement will likely be made only after trading hours.

Yesterday, heavy selling towards the close saw the KLSE Composite Index (KLCI) falling 16.85 points or 2.27 per cent to 726.50.

Trading volume was 242.940 million shares yesterday, double that of last week's daily average of 117.798 million shares, but still lower than the three-month daily average of 311 million.

"The market was quite resilient in the morning session... I believe the increased selling pressure in the afternoon came partly from European fund managers who trimmed their positions," said OUB-TA Asset Management Sdn Bhd's general manager, Mohd Hasnul Ismar Mohd Ismail.

Foreign funds sold shares following news of the Prime Minister's resignation from his party posts, although it was retracted, he said.

The downside looks to be limited, with a short-term support at 720. If that level is breached, the next key support is 700, he added.

"It will likely be a short-term correction.... which means it may be a good opportunity to buy now," Mohd Hasnul said.

But according to market watchers, the absence of an official statement from Dr Mahathir himself on the retraction of his resignation is causing anxiety among investors.

"This has triggered rumours and speculation that the Prime Minister has indeed resigned... if so, there are many questions such as, when is it effective?" said an analyst attached at a local broking house.

Amid conflicting rumours, investors are therefore either staying on the sidelines or selling down their positions, he said.

Other analysts believe some investors simply took the news as an excuse to sell in an already weak market.

The local bond market meanwhile saw quiet trading with prices generally remaining stable following a slight dip in the morning session on apparent selling of sovereign bonds by foreign investors.

"Investors are waiting for things to clear up... any news is better than no news," a trader said, adding that the bond market is likely to stay range-bound today.

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