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PM's return expected to reinforce market sentiment

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INVESTORS are believed to be looking to the Prime Minister's return from a vacation today for reinforcement of improved trading sentiments on the stock market.

The market could make further headway if Datuk Seri Dr Mahathir Mohamad endorses, as expected, the succession plan announced by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi last week, analysts said.

The Kuala Lumpur Stock Exchange Composite Index (KLCI) climbed 18.7 points, or 2.6 per cent, to 743.4 yesterday. It was the biggest point jump since September 15 2001.

"In the last two days, prices were strong as investors accumulated stocks on expectations of positive news from the PM," a dealer said.

Dr Mahathir will be holding a media briefing at 7.30am today upon his return from a 10-day holiday in Italy. He is expected to explain to the public his decision to retire.

Selected construction and plantation stocks could move up, but analysts also do not rule out some profit-taking given the strong run-up of the past two days.

"There is a gap at 742-745 which could act as resistance for any short-term upside," a chartist said.

Another analyst said the market is not likely to move much higher this week, and may correct to the support base of 715-720 points.

Dr Mahathir had announced his resignation on Saturday, June 22, and although it was retracted, the market came under heavy selling pressure on Monday.

Abdullah subsequently confirmed Dr Mahathir's decision to retire but said the resignation would only take effect in October 2003 to ensure a smooth transition.

The market reacted positively to the timetable and leadership succession plan.