

Scomi's share price expected to remain at current levels

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SCOMI Group Bhd's share price is likely to remain at current levels until further announcements are made on the proposed second national oil corporation, analysts said.

Scomi has gained more than 44 per cent from RM6.10 apiece since Budget 2004 was tabled in Parliament last Friday. It ended at RM8.80 yesterday.

The counter once rose to RM9.30 in early morning trade yesterday.

Prime Minister Datuk Seri Dr Mahathir Mohamad, in tabling Budget 2004, said the Government could allow another consortium to undertake the development of marginal oil and gas fields so as to gain the confidence of other countries.

Oil and gas-related counters such as Crest Petroleum Bhd and Petra Perdana Bhd have chalked up impressive gains in the past few days.

Crest Petroleum has surged 14.97 per cent to RM9.60 since last Friday, while Petra Perdana has gained 20.71 per cent to RM8.45 yesterday.

"The rise in prices is likely to continue until further announcements are made with regard to the consortium," MIDF Sisma Securities said in its market commentary yesterday.

Although Scomi's share price went beyond its current earnings, analysts do not expect the price to drop drastically.

MIDF Sisma said there is a strong likelihood for Scomi to secure a place in the consortium, and to be the beneficiary of any developments in the industry.

"There will be a leader in every bull run and this time, the leader is Scomi. But for now, the market has to look for another leader," said another analyst.

The petroleum and gas drilling fluids producer recently proposed to acquire a 44 per cent stake in Intra Oil Services Bhd from Swift Marine Pte Ltd for RM24.8 million cash.

The acquisition of Intra Oil is expected to improve Scomi's asset base and to provide a stable and recurring revenue stream.