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PACKAGE-STOCKMARKET

LOCAL STOCK SEES LITTLE CHANGE WITH ECONOMIC PACKAGE

KUALA LUMPUR, May 21 (Bernama) -- The local stock market saw little change following the announcement of the economic package by the Prime Minister, Datuk Seri Dr Mahathir Mohamad today.

However, selected banking stocks enjoyed strong gains from the package which spelt out Bank Negara Malaysia's (BNM) move to cut down lending rate by 50 basis points.

An analyst said that the move by BNM to cut down the lending rate had helped the banking stocks to gain ground today.

The rate cut was higher than earlier expectation of 25 basic points and it was for the first time in two years that the government reduced the rate.

The rate cut is also expected to help companies related to tourism and hotel industry, which were largely affected by war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (SARS).

The government today announced RM7.3 billion economic package to promote growth in the economy, capital market and the stockmarket.

The measure would result in continued investor confidence and interest, whereby some specific sectors would enjoy positive growth.

Executive chairman of Kuala Lumpur Stock Exchange (KLSE), Datuk Mohd Azlan Hashim said the measure to encourage more foreign companies to be listed on the KLSE would contribute to expanding the breadth and depth of KLSE and offer further opportunities for investors to participate in local economic growth.

"A key impact of this move is to promote greater interest and direct participation by investors in KLSE," he said.

The KLSE offers one of the most diverse choice of investment in 876 companies in 14 sectors.

Mohd Azlan said that this would further increase the profile and enhance the portfolio of securities listed on KLSE that were being monitored by fund managers.

An analyst from a broker firm, who wished to remain anonymous, said the consumer and trading/services counters like Courts Mammoth and Nestle, would benefit from the package.

Courts gained two sen to RM2.21 while Nestle was flat at RM20.30 at the close today.

The analyst added that the half-month bonus for government servants and the lowering of the Employees Provident Fund contribution to 9.0 percent from 11.0 percent for the year beginning June 1, 2003, would translate to the positive growth in the economy.

The market-barometer Composite Index increased 3.41 points to settle at 640.37 today. -- BERNAMA

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