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KLCI climbs to 9-month high on US gains

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THE benchmark Kuala Lumpur Stock Exchange Composite Index (KLCI) rose to a nine-month high yesterday, gaining 6.54 points, or 0.96 per cent, to end at 688.61 points.

Analysts and dealers attributed the rise to strong overnight gains on the US markets. The Dow Jones Industrial Average surged 74.89 points, or 0.8 per cent, to end at 9054.89, while the Nasdaq was up 1.5 per cent, or 23.7 points, to 1627.67 on Tuesday.

Dealers added that retail players were back on the market as the smaller Kuala Lumpur Second Board Index gained 1.92 points, or 1.8 per cent, to close at 107.16 points yesterday.

The broader Emas Index also gained 2.21 points, or 1.3 per cent, to 169.61. Volume surged to 881.3 million shares indicating strong interest in the market and expectations of a sustainable rally, dealers said. Gainers outpaced losers by 759 to 102.

A local head of research said that sentiments were further buoyed by Prime Minister Datuk Seri Dr Mahathir Mohamad's comments that the Government might consider cutting corporate taxes in 2004.

"Our remisiers are busier these days and they are coming in earlier in the morning as compared to a few months back," said the head of research.

"The subtle change in the (attitude) of remisiers indicates that interest is back," she added.

Dealers were also saying that foreign funds were back in the market.

"Even our foreign desk (which handles foreign buyers) is also much busier," the head of research said.

Another senior analyst at a local stockbroking house said that retailers were generally more confident as the equity market had sustained its rally.

"However, there could be a consolidation following the strong gains, which is healthy," he added.

The KLCI hit an intra-day high of 689.91 points and an intra-day low of 682.85 points yesterday.

Most dealers continued to attribute the current rally to the feel-good stimulus package unveiled by the Government three weeks ago. They said investors were betting that the package would help the economy.

The top gainers of the day included Kuchai Development Bhd, which rose RM1.75, or 6 per cent, to close at RM31 and OYL Industries Bhd, which went up RM1.10, or 4.4 per cent, closing at RM26.

Maruichi Malaysia Steel Tube Bhd surged 16.5 per cent, or 54 sen, settling at RM3.82 after proposing to pay an interim gross dividend of RM2.50 per share.

Investors were equally cheerful regionally, with markets ending

generally higher.