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KLCI closes above 740 on rally hopes (HL)

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THE Kuala Lumpur Stock Exchange Composite Index (KLCI) closed above 740 points for the first time since July 10 last year, beating Thursday's 13-

month high as local funds continued lapping up blue-chips.

The bellwether index closed at its eighth straight day of rise to 743.35

points yesterday, up 3.39 points or 46 basis points from Thursday, as expectations mount of an early rally with only three weeks to the national

Budget 2004 speech by Prime Minister Datuk Seri Dr Mahathir Mohamad on September 12.

Should market breadth sustain the KLCI above its historical major downtrend line of 740, coupled with a good premium over the KLCI futures contracts, analysts and dealers see the index testing its next resistance

at 750 points, with a strong floor at 730 points for the short term.

The KLCI last closed above 750 points on June 13 last year, and above 760 points on May 29 2002. In just the month of May last year, the KLCI fell 52.23 points, or 6.58 per cent, from above 790 points to under 750 points on weakness in the US markets at the height of corporate scandal scares there.

The KLCI spot month August 03 futures closed at 743.7 points yesterday, while September 03 KLCI futures were up 1 point to 748.6 points, having traded between 744 and 751.4 points yesterday.

A pre-Budget rally is "almost customary" as investors bet on stocks that are expected to gain from the Government's spending and "rakyat-friendly" incentives, a local research head said.

Though closing off its intra-day high of 744.97 points, the KLCI has collectively risen 19.14 points, or 2.64 per cent, beginning last Wednesday, and has gained 3.16 per cent this month to date.

The top 10 KLCI movers yesterday were from the top 20 weighted stocks on

the benchmark index, except IGB Corp Bhd (49th) which rose 7 sen to RM1.13

with 1.56 million shares done. IGB accounted for 16.6 basis points of the KLCI's 3.39-point rise.

Yesterday's top three movers - Tenaga Nasional Bhd (up 15 sen to RM9.25), Malaysia International Shipping Corp (up 20 sen to RM8.65) and Telekom Malaysia Bhd (up 10 sen to RM7.95) - accounted for some 71 per cent of the KLCI rise yesterday.

The broader Emas index rose 1.02 points to close at its intra-day high of 185.35 points, its highest in 15 months since May 24 last year.

The Second Board Index rose 2.73 points to 125.39, while the technology-

heavy Mesdaq index increased to 152.49 points, ending the week up 11.62 per cent with over a third, or nine of its 25 members, touching 52-week highs yesterday.

A total of 61 stocks on the KLSE rose to their 52-week highs yesterday, of which 38 were from the main board.

Gainers led losers 565 to 238, while 211 counters traded unchanged, 150 were untraded and 90 suspended. Total turnover rose to 867.91 million shares worth RM1.29 billion from 701.20 million shares worth RM1.09 billion yesterday.

Most major regional indices also went up yesterday with brighter hopes of a recovery in the US.

Hong Kong's Hang Seng Index rose 1.10 per cent to 10,760.73 points, Taiwan's Weighted Index was up 0.62 per cent to 5,646.62 points, Thailand's SET Index increased 0.87 per cent to its highest in four years of 534.81 points, while the Singapore Straits Times Index rose 0.30 per cent to 1,640.19 points.

Japan stocks, however, fell for the first day this week. The Nikkei 225 Index closed down 0.79 per cent to 10,281.17 points.