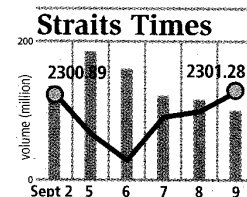
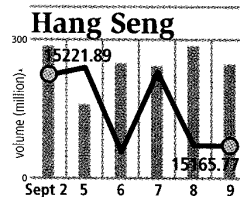
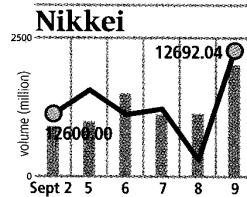
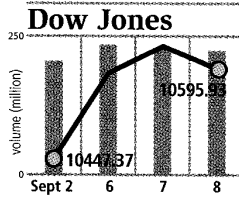


HIGHS & LOWS



Better showing

Market gains, expected to be range bound this week

BY RISEN JAYASEELAN |

The Editor 12/09/05

Bursa Malaysia managed to sustain most of the gains it made mid-week when oil prices declined and Wall Street saw some notable gains. The benchmark Kuala Lumpur Composite Index (KLCI) rose to a high of 919.07 points last Wednesday, which was close to 10 points or 1% higher than the 909.18 points it registered the previous Friday. At its close last Friday, the KLCI was at 917.92 points, showing a 0.96% gain from the previous week's close.

New York's main oil contract, light sweet crude for delivery in October, closed at US\$64.93 a barrel last Friday, up 44 cents from its close of US\$64.49 per barrel a day earlier. This was still considerably lower than its price of US\$70.85 per barrel on Aug 30, a day after Hurricane Katrina battered US oil facilities on its Gulf coast.

Gains in heavyweight stocks Malayan Banking Bhd, Telekom Malaysia Bhd and Astro All Asia Networks plc helped push the index higher towards the end of the week.

On the economic front, Malaysia's July industrial production expanded at a slower-than-expected rate of 0.9% year-on-year. On a positive note, the government introduced measures to help stave off the impact of rising fuel costs and inflation. These included capping petrol prices for the rest of the year, freezing toll charges for 2005 to 2006 and reducing road taxes.

Fund managers say these measures are welcome. "After two rounds of hikes in fuel prices, low-wage earners and businesses are feeling the pinch," says one fund

manager. The inflation rate had increased from 2.4% in January to 3% in July this year.

An economist views the measures as a message to businesses and consumers that there should be no more speculation over rising costs, at least until the year-end.

However, dealers expect the market to remain range-bound as the market remains weighed down by a lack of fresh leads and uncertain oil prices.

"Generally, the market fared quite well in the middle of the week but going forward, there is not going to be much upside as there is a lack of catalysts. Investors have to contend with the fact that oil prices will be moving up and down," says a fund manager.

The benchmark index should meet resistance at the 950-point level next week, and find immediate support at around 900 points.

A possible catalyst could come from Budget 2006, which will be unveiled at the end of this month. "There could be some incentives for corporations in the budget and this could spur the market going forward," says an analyst.

But perhaps the most exciting development for the local bourse is the global road show that Prime Minister Datuk Seri Abdullah Ahmad Badawi will be leading this week in London and New York. The PM will be going with a delegation of corporate chieftains from Khazanah Nasional Bhd and companies such as Genting Bhd, CIMB Bhd, Sime Darby Bhd, AirAsia Bhd, Astro and YTL Corp Bhd.

"This should have a positive impact on the market, especially since global fund managers will be participating," says a fund manager. //

