

Clob shareholdings average \$11,600 per account ^(p18)

Portfolio size typical of average retail investors: analysts

[SINGAPORE] There were 172,000 Clob accounts with total shareholdings worth \$2 billion — or an average of \$11,600 per account — when Clob International ceased trading Malaysian shares on Sept 15 last year.

Analysts say this portfolio size is typical of average retail investors, not syndicates or big-time speculators.

Moreover, these retail investors were unlikely to have traded Malaysian shares had

there been no Clob market. Clob provided convenience to Singapore investors and also allowed trading of Malaysian shares in their local currency.

Kenneth Tang, sales director at GK Goh Securities, said: "Before capital controls were imposed, Clob was very much for the local retail investors who were more at ease dealing with the same remisers as for their Singapore shares, and who preferred to trade Malaysian shares in their own currency instead of ringgit.

"As for institutions, most preferred to trade directly on the KLSE instead of going

through Clob."

Brokers have dismissed Malaysia's claim in this week's White Paper that it had lost \$4.8 billion in foregone revenue because of trading of Malaysian stocks on Clob, saying the figure was based on a flawed assumption that these trades would have gone to the KLSE had Clob not existed.

As it turned out, Clob investors have found good investment alternatives within Singapore, especially in shares listed on second board Sesdaq.

Last September, as Clob counted its last days of Malaysian share trading, the

trading volume on Sesdaq jumped to 504.6 million shares, twice the 249 million shares traded in August.

It then leaped to a record one billion shares in October, before dipping slightly to 989 million shares in November.

The blue-chip Straits Times Index has also doubled — from a low of 805.04 points last September to yesterday's close of 1,641.61.

Without Clob, trading volume on the Stock Exchange of Singapore was a healthy 23.3 billion shares worth \$32.5 billion in the fourth quarter of last year. With Clob in the third quarter, trading volume was only 13 billion shares

worth \$15.4 billion.

The SES figures BT obtained also show that there was little buying by institutions. Since the delisting of Malaysian shares from the SES in 1989, foreign fund managers had not been investing through Clob, as evidenced by there being only 2,534 non-individual Clob account holders with an average balance of about \$41,000 as at September 1998.

The combined shareholdings of these corporate Clob account holders amounted to only 615 million shares — or 5.2 per cent of total Malaysian shareholdings on Clob.