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INVEST WISELY FOR STABLE MARKET, ADVISES P.M.

KUALA LUMPUR, Jan 27¹ (Bernama) -- Malaysians investing in the stock market will not lose money and the market will be stable if they invest wisely, based on the performance of the companies, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

However, if they insist on speculating too much, then of course they must expect sometimes to win and sometimes to lose. "That is what speculation is all about," he told newsmen after opening an international medical conference here.

He also stressed that the government had no hand in the market's movements. "We don't influence the market as such," he said.

However, he added that when market players tried to force the value of the ringgit up or down to make quick profits, the government had to be very careful and had a duty to stabilise the situation.

The prime minister also said it was difficult to prevent speculation in the stock market. "We don't want to be interfering because the stock market must function on its own. People must buy and sell based on what their perception is."

Asked to comment on the market's up-and-down movements in reaction to various statements, he said he could not understand the behaviour of the market which seemed to be affected more by rumours, statements and by people rather than by the performance of the companies concerned.

"If you look at Malaysian companies you will find that they are all doing very well. In fact some of them are doing better than some of the giant companies in the rest of the world," he added.

For example, he noted, Malayan Banking made almost half a billion ringgit in the first six months of last year, "almost equal to the total profits of one of the biggest companies in America with much, much more capital".

Maybank announced this week that its group pre-tax profit for the half-year to Dec 31, 1993, rose 40 percent to RM486.3 million from RM346.5 million in the previous corresponding period.

"Obviously, Malaysian companies are doing extremely well but people tend to invest based on rumours and sometimes they base their investments on happenings in other countries," the prime minister said.

"So if Malaysians invest wisely, I am quite sure that the market will be stable and people will not lose money. But if they insist on speculating, then of course you must expect sometimes to win, sometimes to lose. That is what speculation is all about.

"But if you invest based on the performance of companies, you can see the trend and you should not be making losses, nor should the market collapse for no apparent reason, just because somebody makes a statement."

Referring to the ringgit, he said that when there were people "playing around with the ringgit, for example trying to force it to go down or up so that they can make a quick profit, we have to be very careful, because it is so easy to force the value of the ringgit to go up and then subsequently dump the ringgit and then it goes down".

A lot of people are going to be hurt by such a situation, he said, adding that that when such a thing occurred the government had a duty to stabilise the situation.

"Otherwise we don't interfere. It is not the government's wish to interfere," he said.

What the government wanted and worked very hard to achieve was to make Malaysia a prosperous country with prosperous people.

"It doesn't pay for us to make people poor or bankrupt because bankrupts, whether they are individuals or companies, are a cost to the nation," he said.

He said the government had a share in their profits and it would therefore be stupid of the government to make people lose money as the government would then lose income.

He also denied that the government might have interfered in the market in order to raise money to finance the upcoming state elections in Sabah, saying that to finance the elections, "the best thing is to make people rich so that perhaps they can contribute to our fund". "We have never done that kind of thing," he stressed.

Asked about possible measures to prevent manipulation of the stock market, the prime minister said it would be very difficult to do so and that was why it was important for people to study the performance of companies and of the economy as a whole.

He said Malaysia not only had one of the highest economic growth rates in the world at about eight percent but it also had a very low inflation rate which made it safe to invest in the country.

With low inflation, he added, the value of money did not depreciate and people could save their money or invest and retain the value of their money and make profits.

"I think Malaysia is the best place to invest in now," he said, adding that people did not invest in many other countries now because they were not doing so well.

"Why should we follow them? Their countries are not doing well and therefore people don't invest (there).

"You should invest in a country that is doing well and that is Malaysia." -- Bernama