

Malaysians advised to invest based on performance of companies

PM: We've no hand

in KLSE

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KUALA LUMPUR, Thurs. — Datuk Seri Dr Mahathir Mohamad said the Government has no hand in the performance of the Kuala Lumpur Stock Exchange, adding that it also has no intention of interfering in its price movements.

The Prime Minister said the stock market must function on its own, and that those involved in buying and selling shares must do so based on their own perception of the market's performance.

The Prime Minister was asked to comment on allegations and rumours in the market that the recent decline in stock prices had been brought about partly by Government interference.

He had earlier opened the ninth biennial scientific meeting of the Asia-Pacific Association for the Study of the Liver at the Shangri-La Hotel.

The following is the transcript of the Prime Minister's Press conference:

Question: The market has been up and down, reacting differently to different statements. What is your comment?

Dr Mahathir: Well, we can't understand the behaviour of the market. It seems to be affected more by rumours, by statements, by people and all that rather than the performance of the companies concerned.

If you look at the 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.

For example, Malayan Banking made almost half a billion ringgit in the first six months of last year. That is almost equal to the total

profit of one of the biggest companies in America with capital much, much more than ours.

So, 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.

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 too much, then of course when you speculate, 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 and all that, 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.

Q: Rumours (are) that the Government has a hand in this?

Dr Mahathir: The Government has no hand in the market. We don't influence the market as such.

However, when we have people playing around with our 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. So when such a thing occurs, then I think the Government has a duty to stabilise the situation.

Otherwise we don't interfere. It is not the Government's wish to interfere.

What we want to see is a prosperous country and we

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'Stock market must function on its own'

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work very hard to make this country prosperous and that means, of course, people will be prosperous.

It doesn't pay for us to make people poor or to make people bankrupt because bankrupts, whether they are individuals or companies, is a cost to the nation. We lose that way.

The Government doesn't make anything when people lose money but the Government makes something when they make money. As I keep on saying that we have a share in their profit. We have no share in their losses.

So it will be stupid of the Government to make people lose money and then we lose our income.

Q: (Talk) is that the interference was to help finance the election campaign in Sabah.

Dr Mahathir: I don't think so. In fact, to finance the Sabah election, the best thing is to make people rich, perhaps they can help us to

contribute to our fund or something like that. We have never done that kind of thing.

Q: Measures to prevent manipulation of the market?

Dr Mahathir: It is very difficult. 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. That is why it is important that people should study the performance of companies, study the performance of the economy as a whole.

Malaysia is growing at eight per cent per annum which is one of the highest rates of growth.

It has very low inflation rate and therefore it is safe to invest. Also when there is low inflation your money does not depreciate in value. So you can save money or you can invest and retain the value of your money and make profits.

I think Malaysia is the best place to invest now. As you know, people don't invest in many other countries now because they are not doing so well. Why should we follow them? Their country is not doing well, therefore people don't invest. So you should invest in a country that is doing well, and that is Malaysia.