

Strong growth of Malaysian economy should be deciding fac

# PM: Invest in performanc

By Vijayan Menon

KUALA LUMPUR, Mon. — Prime Minister Datuk Seri Dr Mahathir Mohamad today advised investors to take into consideration the strong growth of the Malaysian economy in the last one decade when making decisions to invest in the local stock exchange.

He said that while the economic performance of Malaysia's major trading partners might have a bearing on their confidence in this country, they should not ignore the fact that the Malaysian economy had done well despite the dismal performance of its major partners.

"Malaysia has been doing well in the last decade despite the dismal performance by its major trading partners. This should influence positively those who invest for the long term," Dr Mahathir said in his keynote address at the opening of the Asian Capital Markets: Growth Frontiers Conference at Hilton hotel here.

The conference is organised by the Kuala Lumpur Stock Exchange and Asian Securities Industry Institute.

Dr Mahathir also launched KLSE's first Annual Companies Handbook (*Buku Panduan Tahunan Syarikat Syarikat BSKL*). The book is in Bahasa Malaysia.

He said the Asian capital markets, riding on the waves of the economic growth, had reached new heights. The turnover of shares in terms of value had been phenomenal, he added.

Taiwan's turnover was 236 per cent of capitalisation, South Korea's 172 per cent and Malaysia's 90 per

cent.

By comparison, the turnover ratio of capitalisation on Wall Street was only 53 per cent and in Japan 25 per cent.

Dr Mahathir said the popular cliché "when industrialised nations sneeze, Asia catches a cold" had virtually turned on its head.

"Economic growth in the region is now largely independent of the rest of the world."

He said the triumphant development of Asian economies was a result of far-reaching economic reforms and liberalisation, large-scale investment in education and infrastructure projects, privatisation of public enterprises and the increasing flow of foreign investment and intra-regional trade.

He said privatisation had contributed very significantly towards economic growth within the region through replacing governmental bureaucratic conservatism with commercial management and concern for the bottom line.

The flotation of public enterprises has contributed much towards stock market capitalisation. For instance, Tenaga Nasional and Syarikat Telekom Malaysia together account for more than 30 per cent of the market capitalisation of the KLSE.

The privatisation exercise and listing had played a major role in propelling the local bourse into one of the leading stock markets within the Asia-Pacific rim, he said.

"Given that Asia is still

## PM: Avoid excessive speculation

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full of vitality and that vast opportunities prevail, it would be beneficial for the region to establish links or alliances among the countries within Asia.

"There is a wealth of regional capabilities and experience to draw upon. Strategic alliances for regional co-operation among capital markets could pave the route towards standardis-

ing regulations and developing their respective capital markets."

Dr Mahathir also offered some advice to stock market investors. He said there should be a more concerted effort in educating the investing public on market fundamentals, adding that a nation of knowledgeable investors would help develop a healthy and progressive stock market.

This could then help provide the nation with ample capital for its commercial development, he said.

The stock market, he said, should avoid excessive speculation and investors should not be misled by rumours and so-called tips.

"It is incredible that even experienced investors could fall for the same rumour over and over again despite their proving baseless."

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