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DR M: KLSE TO RECOVER WITHIN A WEEK

KUALA LUMPUR, Aug 30 (Bernama) -- The Kuala Lumpur Stock Exchange is expected to recover within a week, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

"Maybe Monday (after next)," he told reporters after opening the 44th MCA general assembly at Wisma MCA here.

In urging local investors to support the stock market, he said, "This is the time they should go in."

If they were to go in now, he said "they will be buying the shares at very low levels."

Citing Maybank's shares as an example, Dr Mahathir said Maybank, the country's largest commercial bank which reported good profits recently, "should be able to give very good dividend returns as investors will be buying this stock at cheap levels."

When questioned about Malaysia's economic growth this year, he said, "We will have an 8.0 percent growth but that will be in ringgit terms."

But in foreign currency and per capita terms, "growth will go down", he said in reference to the relatively current weaker ringgit.

Although Dr Mahathir said a total of RM450 billion has been wiped out in terms of market capitalisation on the KLSE, since the beginning of this year, he was confident that the ailing bourse would be able to recover in "one week."

The prime minister said the local stock market was fundamentally strong but was being manipulated by foreigners.

"We believe in speculation, even in short-selling," he said, adding that when the market was very speculative, an investor was only guessing the direction of price movements.

"But when people come into the market with large sums of funds, they are the ones which can determine if share prices move up or down, and that is not speculation but manipulation."

Dr Mahathir said this was the reason why institutions like Permodalan Nasional Bhd and the Employees Provident Fund, for a very long time, were not allowed to become big players on the local bourse.

However, he explained that the government, in a move to stop manipulators from further depressing the market, had with immediate effect allowed these institutions to mop up shares from the open market.

"Even if they purchased as little as five percent each, it will have a great impact on the market's recovery," he added.

The local stock market has been down for some weeks now and the uncertain trend of the ringgit had also affected sentiment on equities.

Asked if Malaysia was still supportive of liberalisation and globalisation, Dr Mahatir said, "Globalisation and the removal of boundaries is okay, but even in a borderless world, there must be law and order."

"People should not abuse freedom that they have been given to undermine weaker countries, poorer countries and poor people."

"(George) Soros is rich now because the poor people are now poorer. The people in poorer countries are now even poorer than our own poor people." he said, adding that these poor people's money was now being enjoyed by Soros and his team.

On the International Monetary Fund (IMF)'s view that the current situation in Malaysia should be viewed as a "wake-up call" to slow down its big-projects, Dr Mahathir said, "That is what the IMF has been saying all

the time.

"Because we didn't slow down, they are now very happy that the actions of the foreign investors have shown that they are right."

Without foreign investors playing the market, he said the government was doing the right thing in creating jobs, opportunities and wealth for the country.

"The IMF is only interested in saying "I told you so" even if they have to subvert our economy just to prove that they are right," he said.

Referring to the case of Thailand, which recently borrowed US\$16.7 billion (RM48.26 billion) from the IMF, as an effort to prod its ailing economy, Dr Mahathir said the international institution has not been very helpful.

"The baht is still sliding and the Thai economy is still in bad shape after borrowing from the IMF.

So why do you borrow from the IMF if it is not going to help at all?" he asked.

Dr Mahathir also said Malaysia may have to slow-down its imports "which will make them (IMF) happy" but exporting countries would have to pay a price because Malaysia would not buy their goods.

Referring to the several infrastructure projects in the country, the prime minister said, "They may not be so grand but the projects will go on."

-- BERNAMA

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