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KHAZANAH NASIONAL TO ISSUE RM3 BILLION BONDS TO AID MARKET

KUALA LUMPUR, Sept 4 (Bernama) -- Khazanah Nasional Bhd, the government's investment arm, will issue bonds worth RM3 billion in the middle of this month, as part of the government's effort to support the stock market through a RM60 billion fund.

Deputy Prime Minister Datuk Seri Anwar Ibrahim said the bonds will be issued in stages and will be based on Islamic banking, conventional banking and through other forms.

Khazanah Nasional will manage the bonds together with the another agency which will be decided upon later, he told reporters during a break at the UMNO Youth and Wanita general assemblies here today.

Yesterday, Prime Minister Datuk Dr. Mahathir Mohamad said that the funds would be used to buy shares from local investors at a premium.

Elaborating, Anwar said the premium would be based on a "normal arrangement" between the contributors of the funds and the respective investors.

Asked on claims by some analysts that the premium would be 30 percent, he said there are mistakes made in such projections.

Anwar said the measures taken by the government to support the local market were meant to give a breather to companies and investors facing a temporary setback from the present market conditions and depressed prices.

"The government regulatory authorities are mindful of the need to generate enough confidence and spur increased activities in the economy and would not take haphazard measures that would undermine the level of confidence," he said.

When asked about the depreciating ringgit, Anwar said he was confident of the medium and long term outlook of the economy.

"In the medium and long term, the economy will have to be readjusted according to fundamentals," he said.

For example, the government is taking drastic measures to cut imports by directing its agencies and companies to procure locally.

"These are immediate measures and the rest will be announced during the Budget," Anwar added.

Anwar also called upon the banks, financial institutions and stockbroking firms to cooperate and to fully understand the present market situation by relaxing some of their terms.

He said the banks should not be too stringent or take any opportunities in enforcing margin calls as the banks have already made profits.

"We don't need any special funds from the banks, we just want them to give due consideration and not pressure the companies," he said when asked whether the banks would be compelled to contribute to the stock market rescue fund.

On whether the loan curbs on the purchase of shares and properties introduced last April would be lifted, he said the ruling still stands.

On the issue of Malaysians who had aided manipulators in the stock market, Anwar said he was satisfied that there was no evidence that local players are breaching the rules.

He said there was no basis for rumours that some bankers and stockbrokers were detained under the Internal Security Act (ISA). --

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