

24/04/1997

KLSE shares should be on uptrend, says PM

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PRIME Minister Datuk Seri Dr Mahathir Mohamad said given the impressive growth Malaysia achieves every year, and if it is true that the stock market is indicative of the health of the economy, share prices on the Kuala Lumpur Stock Exchange (KLSE) should be on an uptrend.

"Unfortunately, share prices in Malaysia don't seem to relate to the performance of companies.

"Sometimes for some reason, share prices in New York have an effect on share prices in Malaysia. When share prices in New York go down, then share prices in Malaysia go down. But when share prices in New York go up, share prices in Malaysia still go down," he said.

Speaking at a KLSE dinner in Kuala Lumpur last night, Dr Mahathir said share prices in Malaysia go up and down for various reasons.

"If a talented analyst says on television that share prices are going to go down, everybody will sell their shares and prices will fall. It is a self-fulfilling prophecy.

"But sometimes when central bankers say something, share prices also go down," he added.

Share prices on the KLSE were on a downtrend in recent weeks, initially attributed to share movements on Wall Street, but later to Bank Negara's announcement of measures to limit credit to the property sector and for share financing.

"Central bankers are well-meaning people. They want to see the economy do well. They are concerned that too much money is being put in certain baskets. So they say that money should be put in different baskets. But the moment they say that people get jittery.

"If there is anything I can say to make share prices go up, just tell me," Dr Mahathir added to the applause of his audience, mainly stockbrokers and businessmen.

He said while it is all right to have some speculation in the stock exchange, too much speculation is not very good.

"Sometimes prices of shares go up for no rhyme or reason, especially new issues. I don't know why new issues should go up so high when these are relatively new companies. That is the behaviour of the stock market and I don't presume to know why, but I know it is not healthy to have share prices go up that much," Dr Mahathir said.

The Malaysian economy is doing well because a lot of work is done to ensure that investors have confidence in the economy and consistency of government policies, he added.

"If we decide to change direction every now and then you can be sure that the economy will falter and eventually collapse.

"If investors have some certainty that the Government will not change policy, then they will have enough confidence to put their money here," Dr Mahathir said.

The Prime Minister stressed that because of this confidence, Malaysia has been able to grow at an average of 8 per cent a year.

"Some people say if we grow too much, there will be overheating.

"I don't know, I don't feel very warm, so I don't know what this overheating means."

Dr Mahathir said other critics have also claimed that because the economy is growing there is a deficit in the balance of payments.

"You don't treat the economy, you treat the deficit, because the deficit

is not a symptom, it is a disease.

"I am speaking again as a doctor. Doctors cure diseases, they don't treat symptoms.

"So if there is a deficit in the balance of payments, we reason that the best thing to do is increase exports and reduce imports, not slow down the economy. That is why the Government still believes in growing this economy.

"We would like to see it grow at 8 per cent for several years to come," he said.

Dr Mahathir later presented cheques worth RM5.7 million from stockbroking companies to 19 charitable organisations.

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