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MAHATHIR: NO IDEA ON CABINET RESHUFFLE

KUALA LUMPUR, April 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today dismissed rumours of an impending Cabinet reshuffle and changes to Bank Negara's management.

"I have no idea at all about reshuffling the Cabinet," said Dr Mahathir when asked to comment on the rumours after he chaired the National Information Technology Council (NITC) meeting at the Prime Minister's Department, here.

There were also rumours about changes to Bank Negara's top management after the stock market fell following the central bank's move to impose limits on loans for the purchase of stocks and property.

Some quarters attributed the slide on the Kuala Lumpur Stock Exchange partly to the loan limits following the announcement of the Bank Negara guidelines early this month.

"But, as far as the stock market is concerned, my colleague here will answer. He's the man in charge," Dr Mahathir said, referring to Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim, who was also present at the press conference. However, Anwar declined to comment.

Last night, Dr Mahathir said it is good to have speculation on the local stock market but not too much of it.

For instance, he saw no reason why the opening price of new share issues are four or five times above the offer price, especially when the companies are relatively new.

Speaking at a dinner organised by the Association of Stockbroking Companies in Malaysia, he said stock market investors also put a lot of faith on the advice of certain analysts.

When they forecast that the market will go down, investors tend to believe them and decide to sell their shares, thus, causing share prices to come down in a self-fulfilling prophecy, he added.

But, he said, when Bank Negara was to say something, the market tends to react negatively.

The central bank actually meant well and wanted the economy to continue doing well, he added.

"It does not want to see too much money put in one basket," he said in reference to the move to impose limits on loans to the share and property sectors. -- BERNAMA

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