

08/10/1997

Market capitalisation of KLSE down 35pc

THE Kuala Lumpur Stock Exchange's market capitalisation shrunk by 35 per cent as a result of the weakening ringgit and loss of investor confidence, Deputy Finance Minister Datuk Dr Affifuddin Omar told the House yesterday.

However, he said it was too early to determine the quantum of losses suffered by local and foreign investors, adding that foreign investors held a 12 per cent or RM70 billion equity in the KLSE.

He was replying to a question by Tan Kok Wai (DAP-Cheras) who wanted to know the total loss suffered by foreign investors and Government agencies following the weakening of the ringgit.

Earlier, Affifuddin said the Government had taken short and long term measures to address problems relating to loss of investors' confidence in the the KLSE.

He said this in reply to a question by Datuk Lim Si Cheng (BN-Senai) who wanted to know what steps were being taken to help investors facing problems resulting from the sharp drop in shares in September

Affifuddin said the short-term measures included meetings between Prime Minister Datuk Seri Dr Mahathir Mohamad and his deputy Datuk Seri Anwar Ibrahim with local and foreign fund managers.

Local fund managers have also been encouraged to buy shares in the KLSE on a large scale to support the local stock market.

Meanwhile, Bank Negara has imposed a limit for non-commercial swap deals on the ringgit by foreign investors to curb ringgit speculation.

As for long-term measures, he said they included delaying mega projects, revising all privatised projects and curbing excessive Government spending.

(END)