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PM announces lifting of curbs on 100 CI-related stocks

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KUALA LUMPUR, Thurs. - Prime Minister Datuk Seri Dr Mahathir Mohamad tonight announced the lifting of trading restrictions on the 100 stocks which form the Composite Index of the Kuala Lumpur Stock Exchange.

This follows the success of the on-going exercise to curb short selling on the local bourse, Dr Mahathir said, adding that these shares could now be traded freely as before.

Dr Mahathir's announcement came one week after the KLSE, in an unprecedented move, declared that trading on the 100 stocks would be on an immediate payment basis only, thus making them unavailable for short selling transactions.

Dr Mahathir made the announcement at a Press conference after chairing the Umno supreme council meeting at party headquarters. The Umno president traditionally chairs a supreme council meeting on the eve of the party's annual general assembly.

Dr Mahathir said the decision to allow the 100 stocks to resume normal transactions was mainly because the Government felt that the various measures taken to prevent manipulation on the stock market had shown some effective results.

Nevertheless, the Securities Commission and the KLSE would continue to monitor the market closely to detect any further manipulation that could jeopardise the market, he said.

Dr Mahathir said share prices remained low due to "market sentiments".

At the same Press conference, Deputy Prime Minister Datuk Seri Anwar Ibrahim announced that Economic Adviser to the Government Tun Daim Zainuddin (picture) will meet foreign fund managers based here tomorrow. Apparently, tomorrow's meeting is at the request of the fund managers.

Dr Mahathir also said that one or two foreign fund managers had entered the market, adding that they represented well-known funds.

Anwar, who is also Umno deputy president and Finance Minister, said the Government's earlier decision to designate the 100 stocks was to prevent short selling and manipulation through trading on borrowed stocks.

He added that detailed information the Government obtained from the Securities Commission, the KLSE and discussions with the private sector over the past few days found that the measures taken to control short selling had met their objectives.

Anwar said the Government had managed to control manipulation of the shares through short selling and trading on borrowed stocks. Before last week's curtailment, some banks and brokers were known to have lent stocks in their possession to be traded repeatedly.

Anwar also announced several decisions taken at yesterday's Cabinet meeting which are aimed at further reducing the country's current account deficit.

These include further reduction in imports which will be followed by other measures to be announced in next year's budget to be released next month.

Elaborating on this, Dr Mahathir said import curbs would cover luxury cars and other items.

The Prime Minister said: "We cannot afford them anymore. Individuals may afford them but the nation can't.

"So we're going to cut back imports on luxury goods and some machinery which are already available in the country and need not be imported."

Dr Mahathir also referred to the possibility of certain mega projects being delayed due to the current depreciation of the ringgit against the US dollar.

He said: "Some of the projects which have been launched recently may take a little bit longer because when you stretch the time, the amount of money spent each year is much smaller.

"But I know for certain that the Kuala Lumpur International Airport in Sepang will not be delayed ... it will be on time."

Dr Mahathir said among the projects that might be delayed included the Northern Regional airport in Kedah and the Linear City in Kuala Lumpur.

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