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RM60 billion to buy shares (HL)

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KUALA LUMPUR, Wed. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today that RM60 billion would be spent to buy shares of local companies.

Dr Mahathir, who is also Umno president, told a pre-general assembly briefing for delegates that it was important to defend share prices.

He said that despite the share prices being low, the companies quoted on the Kuala Lumpur Stock Exchange were fundamentally strong.

Of the total amount, RM30 billion will come from Khazanah Nasional Bhd and the rest from other government-controlled funds and private fund managers.

He said the funds would buy shares from investors who were in financial difficulties and had to sell to make up the margins.

They would buy such shares at a premium from local investors but at the market price from foreigners.

Later speaking to the Press, Dr Mahathir said Khazanah, which is the Government's investment arm, would issue bonds to raise the required amount.

Asked how the market would react to this latest move, Dr Mahathir said: "We will see ... It is a crazy market. They are just gambling, especially the foreigners."

Dr Mahathir expressed confidence that the Malaysian stock market and the ringgit would recover.

"Fundamentally we are strong, inflation is low, growth is expected to be eight per cent, there is no problem with our current account deficit," he added.

"The government expenditure will show a surplus."

Dr Mahathir also dismissed rumours that Brunei had provided some financial assistance, saying "we will manage this (problem) ourselves."

He also dismissed rumours that top brokerage owner Tan Sri Rashid Hussain had been arrested for alleged involvement in short-selling, saying "somebody has ill-will against Malaysia."

"It is just another vicious rumour like the previous one where they said my deputy has sent in his resignation letter...there has never been any truth," he said.

He added that those who created the rumours intend to profit from the market and attempted to impoverish the country.

Dr Mahathir said these people aimed to make huge profits as well as sabotage the economies in the region so that these nations would not be able to challenge the developed economies.

In his speech, Dr Mahathir said there could be a conspiracy against Asean countries by foreign speculators who have attacked their currencies and stock markets.

"I say openly these people are racists. (They're) not happy to see us prosper. They stab us. They say we are growing too fast and when we do not listen to them (to slow down), they initiate action to make us poor," he added.

On Aug 28, Dr Mahathir had announced that local funds would enter the share market in a big way. He had identified the Employees Provident Fund, Permodalan Nasional Bhd, Pensions Fund and Khazanah Nasional Bhd as among the local funds which would be involved.

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