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Things are looking up

THE rains clearing the hazy Malaysian skies, the stock market rebound and the steadier ringgit this week are encouraging signs for the citizenry. The optimism is no doubt buoyed by a string of positive news in the run-up to the unveiling of the "critical" 1998 Budget on Oct 17.

In the wake of the foreign media onslaught, the resounding reaffirmation of support, including the Opposition, for the central leadership to see the country through the present economic problem, is crucial. It reinforces the fact that Malaysia's sound economic fundamentals is also backed by political stability. Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim's statement on Tuesday that he is confident the Budget will revitalise the economy and strengthen the ringgit is most reassuring.

Both local and foreign investors are bullish on the assurance that the Budget will address the current problem effectively. It sparked a sharp rally in the Kuala Lumpur Stock Exchange with the Composite Index jumping to a high of 845.56 on Wednesday afternoon although mild profit-taking trimmed gains leading to a close of 836.60, 33.15 points higher than Tuesday. Analysts attributed the rise of the index to the strong closing of the ringgit against all major currencies, notably the US dollar at RM3.1750/50 compared with RM3.2750/50 on Tuesday. The ringgit strengthened further yesterday, although stock prices dipped due to profit-taking and a lower Dow Jones closing.

The higher Bank Negara reserves, prospects for better than expected trade balance figures this year and the International Monetary Fund and the World Bank's positive reaction to Malaysia's campaign against currency manipulators are further sentiment-boosting news this week. For the Southeast Asian region, in the throes of a currency turmoil triggered by the July de facto devaluation of the baht and aggravated by "rogue" speculators, news yesterday that Malaysia has been given the responsibility to submit proposals to regulate currency trading is a splendid development. Delighted too will be those countries outside the region which had been subjected to similar currency attacks and have voiced support for the campaign. Credit should be given to Prime Minister Datuk Seri Dr Mahathir Mohamad for his bold approach despite attempts to thwart his move and scepticism that he would be heard for he is up against powerful opponents. It is indeed a feather in his cap and does Malaysians proud that the country has been asked to come up with plans for a transparent and regulated currency trading.

It is heartening that in the light of adversity the whole nation rallies, anxious that the country pull through yet another crisis with minimum pain and scars. Malaysians are not alone in having faith. Many outsiders see the current crisis as transient. Last week's write-up in the business section of Hong Kong's South China Morning Post reflects the optimism. With the headline "Economist sees hope in Malaysia's gloom", the report said that global strategist Albert Edwards goes so far as to say that Malaysia is on the verge of a third wave of economic growth, which will be driven by newly enthusiastic foreign direct investment. The report says that it is an ironic conclusion. Edwards, who foresaw so much doom and gloom in Malaysia earlier, appears to have done an about-turn and now believes Malaysia is worth a look.

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