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Thumbs up from fund managers (HL)

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KUALA LUMPUR, Sun. - Fund managers who met Prime Minister Datuk Seri Dr Mahathir Mohamad this morning gave their endorsement for the on-going measures by the Government aimed at stabilising the value of the ringgit and bolstering confidence in the Kuala Lumpur Stock Exchange.

They said the cost-cutting measures, the move to reduce imports and the lifting of trading restrictions on 100 stocks which form the KLSE Composite Index, would help re-adjust the market to a fair value.

About 50 fund managers, mostly foreign-based, met Dr Mahathir at Sri Perdana, the Prime Minister's official residence, barely six hours after his return from Mongolia and Kyrgyz Republic.

Dr Mahathir and wife Datin Seri Dr Siti Hasmah Mohamed Ali arrived at the Sultan Abdul Aziz Shah Airport in Subang at 2.30am.

The fund managers had also met Deputy Prime Minister Datuk Seri Anwar Ibrahim and senior government officials over the past two days.

The series of meetings were to clarify government policies and for foreign fund managers to hear them firsthand from the policymakers.

Later, five of the fund managers told reporters at the Bukit Kiara Equestrian and Country Club that they were impressed by the candour displayed by Dr Mahathir during the meeting.

They were David Roche from Independent Strategy of Singapore, James Alexandroff of Avisag Partners Ltd of Singapore, Shaun Chan of TCW Asia Ltd Hong Kong, Alison Bruce from Murray Johnstone (Asia) Pte Ltd of Singapore and Tan Jin Teik of Phileo Allied Securities.

"He (Dr Mahathir) assured us that in many ways, action was being taken to counter the problem," said Roche, expressing confidence that these measures would remedy the current situation.

Alexandroff said the move to strengthen the fiscal position, the decision to cut expenditure and to delay large projects were sufficient to restore the confidence of the investors.

"What the Malaysian economy needs is the confidence of both locals and foreigners ... that things are getting better.

"There are moments in which financial markets can actually be irrational. But in the main, I believe that financial markets are quite rational.

"What we must remember is that what Malaysia is suffering from is an East Asian problem, which means the money flowing to East Asia is more nervous than before.

"However, the market will soon settle down and take a rational view of things," he said.

Chan said the fund managers generally agreed that they preferred long-term stable growth rather than erratic and volatile economic periods.

"Even if the economy grows at seven per cent consistently, it will be good. But Malaysia has recorded eight per cent growth for many years," he said.

Bruce said Malaysia's economic track record was testimony to its growth capabilities.

"We did not discuss numbers with the Prime Minister. We focused on policies. Malaysia's historic numbers are well in place."

She believed that the pro-active measures taken by the Government would improve the value of the ringgit and the stocks.

Last Wednesday, Anwar announced several cost-cutting measures to ease

the inflationary pressures and reduce the current account deficit.

Anwar, who is also Finance Minister, said among the measures included delaying several large projects and reviewing or cancelling the purchase of expensive foreign goods by government departments, including the Armed Forces.

Imported cars used by Ministers, Deputy Ministers, parliamentary secretaries and senior civil servants would be phased out and replaced with Proton Perdana.

The Government also lifted restrictions on the Composite Index after it was found that short selling of stocks had stopped.

KLSE, in an unprecedented move, had earlier declared that trading on the 100 stocks would be on an immediate payment basis only, thus preventing short selling transactions and manipulation through trading on borrowed stocks.

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