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TIME TO REASSURE MARKET, SAYS MIER

By: Tan Hock Guan

SINGAPORE, Sept 5 (Bernama) -- Welcoming the lifting of trading curbs and delaying big projects as announced by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday, the Malaysian Institute of Economic Research says it is now time to reassure the market.

MIER executive director Prof Mohamed Ariff told Bernama here today that the Malaysian stock and currency markets would stabilise and revert back to normal when market confidence had been reassured.

The professor is in Singapore for the ASEAN Free Trade Area (AFTA)-Closer Economic Relations of Australia and New Zealand (CER) Linkage Conference.

The regional stock markets and currencies have been weakening since July 2 with the devaluation of the Thai baht, while in Malaysia measures were imposed in a bid to halt sliding stocks and ringgit.

He said it could take three to four months for the situation in Malaysia to return to normal.

"The saving grace for Malaysia is that the economic fundamentals are fine," he added.

"But, if the uncertainty had continued for long, then even the fundamentals will be affected," he said.

He added that it was good that this was realised early and it was time to reassure the market rather than "to frighten the market".

"We should learn to work with the market and not against it, that is the formula for normalising the situation," he said. -- BERNAMA

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