

05 MAR 1998

Mahathir-Recovery

MALAYSIA ON RIGHT TRACK FOR ECONOMIC RECOVERY, SAYS PM

KUALA LUMPUR, March 5 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today Malaysia appears to be on the right track for economic recovery.

He said the ringgit has appreciated "a bit" against major currencies while local share prices have risen too since the regional currency and stock markets came under speculative attack in early July last year.

The ringgit, which at one point had fallen by 50 per cent from its 2.5 level against the US dollar, is presently hovering at the 3.8 to 3.6 level against the greenback.

On the other hand, the Kuala Lumpur Stock Exchange, whose benchmark Composite Index dropped below 500 points in January, is now trading above 700 points.

Speaking at a news conference after opening the International Timber Conference here, Dr Mahathir said investment in the productive sectors too has gone up while "the export of certain products and commodities, like timber, garments and palm oil, has increased and earned much more in terms of foreign exchange."

Commenting on the 6.7 per cent dividend declared by the Employees Provident Fund for last year (down from 7.7 per cent in 1996), Dr Mahathir said the reduced dividend was due to foreign speculative pressure on the regional currency and stock markets.

Investment in equity constituted 19 per cent of EPF's assets last year. Its income from this activity last year fell to RM994.27 million from RM1,188.77 million in 1996.

The other sources of income for the EPF last year were Malaysian government securities (MGS), loans and bonds, money market instruments and properties.

Asked whether EPF will move away from its equity investment, Dr Mahathir said the fund has the freedom to invest in whatever area it chooses. -- BERNAMA

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