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Quick recovery a fulfilment of faith

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THE exchange rate control imposed recently to ward off international speculators has brought instant stock market recovery which should spearhead economic recovery.

It is amazing to see the country's reserve has grown by RM31 billion, borrowing cost has dropped by 35 per cent and the Composite Index shot up by a hefty 70 per cent within a short span of two months.

If our Prime Minister Datuk Seri Dr Mahathir Mohamad did not have the guts and the foresight to introduce such measures, our economy would still be on the downhill path.

Many foreign critics and analysts have predicted our economy would get worse with the capital control policies. In fact it has proved to be otherwise. The insulation from foreign speculators stabilised our stock market when the Dow Jones and Nikkei were fluctuating wildly.

Some foreign funds have refused to enter our market, which could be a blessing in disguise.

Most of them are here to make quick gains and would sell off their holdings once they have made 30 per cent to 50 per cent profit and would bring down our market again.

Without such foreign funds dumping their shares, Malaysians together with the local fund managers and some government agencies could easily push the index back to 700-900 points which would be very healthy for the country's economic recovery.

At this level, the stock market capitalisation would double and the ratio of non-performing loans greatly reduced, thereby increasing the wealth of the nation directly and revitalising the banking system.

We should fully support the policies of our Prime Minister to ensure the economy is in our control and continue to march toward Wawasan 2020.