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Worldwide briefings on our economy for clients

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THE latest measures taken by Malaysia to spur economic growth and to insulate the country from the regional financial crisis have been endorsed by leading US investment bank Salomon Smith Barney Holdings Inc.

Co-chairman and co-chief executive officer Deryck Maughan yesterday said: "It is our expectation that the measures taken will (help in) the strengthening of the economy."

He said Malaysia was expected to maintain its economic policies with a view to ensuring the country continues to grow, adding that substantial funds would most likely be needed to finance this growth.

"It is our view, by any international standards, that Malaysia has long (been a good debtor) and thus has good capacity to incur additional foreign debts.

"The results of our review (show) that the Government understands the significance of a strong domestic financial system, and is ready to take the necessary steps to promote the stability of a domestic banking system."

"This is an unusual time in world financial markets. We believe the Government of Malaysia has acted decisively, and we are going to assist them in their endeavours.

The investment bank was yesterday appointed financial adviser to the Government to raise foreign funds to meet Malaysia's needs over the next two years, and also to advise Danamodal Nasional Bhd.

Speaking at a Press conference in Kuala Lumpur after the appointment was announced by Prime Minister Datuk Seri Dr Mahathir Mohamad, Maughan said:

"We are very pleased to be an adviser to the Government."

He said the investment bank will conduct a briefing next week on Malaysia and its economy for its clients around the world.

"The first thing that we will do is tell the facts about Malaysia."

"We will be publishing tomorrow a comprehensive analysis of the controls that have been put in place, and their impact on the economy and the financial strength of the country, which we will distribute to our clients worldwide.

"A team of our investment bankers and research analysts will meet with more than 100 institutions in Europe and the US next week, to tell the story and to gain their input into the strategy that we will devise (to raise funds for Malaysia)."

Asked about its plans to raise the funds, he said: "We would expect to have a targeted fund-raising programme, which deals with all the major investors in the world.

"We would not be linking ourselves with a single market.

"We will come into the market and will advise the Government (to go) into the market as soon as conditions permit.

"The fact is that we have a very volatile period in the world capital markets, and we need them to settle down before anyone can conduct a successful large offering.

"About 40 per cent of the world economies are currently in recession, so it is important that the world economic leaders take counter measures.

"I think it's best to have concerted action, to assure global investors that currency markets will stabilise and that it will not destroy local enterprises and stock exchange values."

Maughan however declined to disclose the amount to be raised.

"We will conduct a traditional underwriting exercise, where we will survey who is having bonds worldwide, and we will maximise the demands for these Malaysian bonds.

"It is quite normal that we acquire capital, and quite normal to provide support for the secondary markets.

"I do believe that there is quite a number of Malaysian bonds that are trading at well below their intrinsic value."

Salomon Smith Barney was founded by Charles D. Barney, a stock broker, and Edward B. Smith, an investment banker, in the late 19th century in Philadelphia.

Smith and Barney were also pioneers of the American securities industry and helped make Wall Street become the world's top financial market.

On Dec 31, 1993, Smith Barney became a wholly-owned subsidiary of Travelers Group Inc, a leading diversified financial services company listed on the New York Stock Exchange.

Salomon Inc and Travelers Group announced on Sept 24, 1997 that they agreed to combine Salomon Inc with Smith Barney Holdings, a subsidiary of Travelers Group, into a company known as Salomon Smith Barney Holdings Inc.

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