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Fund managers will meet corporate chiefs and officials

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THE 28 fund managers brought in by the Government's financial adviser Salomon Smith Barney under its "reverse roadshow" will meet senior officials and heads of major corporations today.

The reverse roadshow is aimed at rebuilding the confidence of foreign investors through first-hand assessment of the economic situation in Malaysia.

Chief representative of Malaysia equities in Salomon Smith Barney Malaysia Yeo Kar Peng said yesterday the group would hold a series of meetings with Petronas, Telekom Malaysia Bhd, Tenaga Nasional Bhd and YTL Corporation Bhd officials.

Among the major international fund managers from Asia, Europe and the United States in the group are those from Prudential Investment Management, Loomis, AIG London, Black Rock Financial, TCW, Guinness Flight Hambro Asset Management, Columbus Advisors and Fineco.

She described yesterday's meetings with the Prime Minister, and senior officials of government agencies as "productive".

Earlier, speaking to Bernama, Yeo described the current investment climate as positive following recent developments.

Interest rates have gone down significantly, the stock market has seen prices appreciate while the improvement in the country's external account has boosted investors' confidence.

At the same time, the liquidity problems faced by corporations have eased and the next phase will see these corporations embarking on their debt restructuring.

Yeo disclosed that fund managers from Europe and the United States felt that Malaysia's investment climate right now was positive.

She said fund managers were not facing problems with capital controls but they were keen to know if the ringgit peg would be reviewed.

She said the Prime Minister had told the fund managers that Malaysia might consider reviewing the ringgit peg.

But then Dr Mahathir maintained that "it depends on the situation. If it becomes a problem for Malaysia, yes we will consider. But it is not something we would do in the immediate future".

One of those present, Gordy Holterman from US-based SF Sentry said Malaysia had seen the bottoming out of its problems and investors would be coming back eventually.

He said the discussions with Dr Mahathir yesterday revolved around the general investment climate in Malaysia.

The National Economic Action Council said in a statement that its executive director Tun Daim Zainuddin briefed the fund managers on the workings of the agency. Daim had said the NEAC Exco, which is chaired by Dr Mahathir, was in full control of economic developments.

He said the NEAC would continue its work until the country was back on a steady growth path, but warned of external factors that could derail the recovery plan, which needed monitoring.

Developments in Brazil and the possibility of devaluation of the yuan could pose problems for Asia. Internal factors within the Government's control are being focused on.

For example, food imports were down by RM1 billion last year, having been replaced by local products.

Daim also briefed the fund managers on how the Government was tackling

problems of excess capacity in the system and in the property market, stressing Malaysia's pro-business stance and a Government that was ready to listen to advisers and critics.

A report prepared by Salomon Smith Barney for the fund managers stated the economy was showing signs of bottoming out, as the gross domestic product for the third quarter had increased by 2.3 per cent on a quarterly basis.

The GDP continued to contract on a year-to-year basis but was growing on a quarter-to-quarter basis, and showing signs of bottoming out.

Year-on-year contraction rose to 8.6 per cent in the third quarter of 1998 from 6.8 per cent in the previous quarter, but quarter-on-quarter GDP rose by 2.3 per cent.

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