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KLSE-PM

HOLD ON TO YOUR SHARES, SAYS PM

KLANG, Oct 12 (Bernama) -- Buying shares and holding on to them would help in the country's economic recovery, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Companies would be relieved of margin calls following the higher prices fetched by shares on the Kuala Lumpur Stock Exchange (KLSE) and banks would also see a drop in non-performing loans, he said.

This would help create a conducive environment for the business community to grow, he said at the opening of the 53rd annual general assembly of the Associated Chinese Chambers of Commerce and Industry Malaysia here.

Dr Mahathir said selling shares for quick profit would only hamper further rises in the KLSE's stock prices.

"If it (the KLSE's Composite Index) goes up by two points and then you sell, when can we hope for further rises (in the CI)?" he asked (Kalau naik dua point dan jual sampai bila pun tak boleh naik?). The KLSE CI is currently hovering at the 740 points level.

"Hold on to your shares. Believe me, it (CI) will go up. At the end of the year, it is going to go up to 800 plus," he said in a jest and this was followed by thunderous applause from the audience.

The prime minister also urged Malaysian investors to make their investment decisions free from the herd mentality of following eads from foreign institutional players.

"When you think the economy is going to grow, buy shares," he said, adding that in the end, investors would benefit more from higher capital gains.

Dr Mahathir said the freeze on Malaysian shares previously traded on the now defunct Central Limit Order Book International (CLOB) in Singapore had resulted prices of these shares moving higher than their September 1998 levels.

"At that time, their shares were very cheap," he said, stressing that the shares are now around 150 percent higher.

Dr Mahathir said shareholders of Malaysian shares traded on CLOB should be grateful for if they were allowed to sell their shares in September last year, they would only get one fourth of what they are worth today. --

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