

'Don't gauge economy by local bourse'

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KUALA LUMPUR, Thurs. Prime Minister Datuk Seri Dr Mahathir Mohamad said today the performance of the local stock market alone cannot be made a yardstick to gauge the economy.

The market did not reflect the true situation of the economy, he said when asked on why the local bourse did not respond well despite the RM3 billion stimulus package announced on Tuesday as part of the pre-emptive measures to counter the impact of a US economic slowdown.

He had earlier opened the MSC-Lucent Bell Labs Technology Forum at the Mandarin Oriental Hotel.

"I don't understand the market at all. They would probably respond better if something happens in Washington or New York but in Malaysia as far as I can see, the companies are doing well, most of the shares are under valued," he said.

Dr Mahathir said it had also been suggested that the local bourse has been bearish due to Malaysian companies being badly governed. He added this was the impression although in the last three months, the Malaysian bourse had gone down by only one per cent compared with Nasdaq which went down by 40 per cent and Dow Jones, by seven per cent.

Asked on views by certain economists that the pre-emptive measures has not addressed unemployment expected to take place following the US economic slowdown, Dr Mahathir said Malaysia was one of the few developing countries which had full employment.

"We have to depend on almost two million foreign workers. The Malaysian workers are not going to be affected by the US slowdown.

"Actually, this country, being a developing country, holds the record for having such low unemployment rates ... we are not worried about this (the effect of US economic slowdown)," he said.