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MIER-KLCI

KLSE'S CI MAY BREACH 1,000 LEVEL BEFORE END 2002, SAYS MIER

By: Massita Ahmad

KUALA LUMPUR, April 18 (Bernama) -- The Kuala Lumpur Stock Exchange's Composite Index could breach the 1,000 level before the year ends, says executive director of the Malaysian Institute of Economic Research (MIER) Dr Mohamed Ariff.

"Things now appear far better than previously with the rebound in business confidence and consumer sentiment. I believe with the way things are going, the KLCI could breach 1,000 points before end of this year," he told reporters during a briefing on the Malaysian Economic Outlook, First Quarter 2002 by MIER here today.

He also based the bullish view on the flow of portfolio funds in the region.

"China, although it is attracting a lot of funds, is facing a lot of problems and some foreign direct investments are likely to flow out of China to Malaysia and other Asian countries," he said.

He added that the CI could hit the 800 points anytime soon.

On the country's gross domestic product (GDP) growth for the first quarter, he said it is likely to be "around 1.0 percent or less" year-on-year.

"The Malaysian ringgit is not facing any threat of devaluation due to the country's strong foreign exchange reserves and low level of short-term debts," Dr Mohamed Ariff said.

"The ringgit peg is not in danger. Our reserves are high, while the short-term debts and short-term liabilities are not high," he said.

He also does not expect the yen to weaken to 140 against the US dollar, the level Prime Minister Datuk Seri Dr Mahathir Mohamad had said Malaysia would reconsider its ringgit peg of 3.80 to the dollar.

"The yen is stabilising. I don't see the ringgit under pressure," Dr Mohamed Ariff said.

Malaysia may have cause for concerns if its export growth lags behind other countries in the region, but so far there have been no indications that that is the case, he said. -- BERNAMA

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