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Invest in stock market now, says Dr M

KUALA LUMPUR: Prime Minister Datuk Seri Dr Mahathir Mohamad has urged individuals and institutions to invest in the stock market as this is the right time to do so.

Answering a question at the Dewan Rakyat yesterday, he said competent people would invest when share prices were low.

Although the Kuala Lumpur Stock Exchange benchmark, the Composite Index, was on the uptrend, rising from 630 points to 680 points now, he said the shares were still "underpriced".

Those who invest now would push up share prices, resulting in capital gains not only because of their investments but due to the current business climate.

He said this in reply to a question

from **Datuk Dr Yusof Jacob (BN-Sipitang)**, who wanted to know why public and private institutions which have lots of funds are not active in stimulating the economy

At a news conference later, Mahathir reiterated that it was the right time to invest because share prices were undervalued when compared to the companies' assets and financial performances.

Unlike dotcom companies, which were only "ideas with no assets" and whose original price could balloon 30 to 40 times, the companies to be invested in were good companies.

"Although they are facing some slight problems, they should be able to recover quickly," he said.

Mahathir said the government did

not believe in using interest rates to stimulate the economy as the current rate was already low.

"The current interest rate is already comfortable enough. Unlike the US, the Malaysian government's policy is not to be too intense on interest rates," he said.

"For example, this year, the US has lowered its interest rates four times but with little effect on its economy"

For Malaysia, he said, the interest rate cut recently had had some effect on the economy because it came together with the stimulus package.

In the RM7.3 billion economic package announced by the government last month, the interest rate was reduced by 0.5%.