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JAMALUDIN-UPGRADE

S&P UPGRADE FOR M'SIA POSITIVE, SAYS JAMALUDIN JARJIS

KUALA LUMPUR, Oct 8 (Bernama) -- Second Finance Minister Datuk Dr Jamaludin Jarjis today said that the upgrade by Standard & Poor's of Malaysia's long-term foreign currency sovereign credit rating to "A-" from "BBB" was positive news indeed for the nation and is a direct result of the prudent budget announced by Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad in September.

"S&P's upgrade is a recognition of the government's continued prudent fiscal policy," he said when asked to comment on the ratings upgrade announced by the agency earlier today.

S&P also affirmed Malaysia's short-term foreign currency rating of 'A-2', and long- and short-term local currency ratings of 'A1' on Malaysia.

The outlook on Malaysia is stable, the rating agency said.

It said that the grade reflects Malaysia's better-than-expected fiscal performance, and the smooth leadership transition process.

Jamaludin said that the government was committed to achieving a balanced budget by the year 2007 and would "strive to ensure that our target for the 2004 deficit of 3.3 percent is maintained."

S&P said it expects the general government balance to move to a small surplus after 2007.

"We are also happy to note that the upgrade has brought Malaysia equal to South Korea and above China and Thailand as we feel that it is timely government policies towards prudent fiscal management are recognised by international ratings agencies," the minister said.

Jamaludin also said that the market reacted very positively to the upgrade and "we have broken the psychological level of 760 points."

The Kuala Lumpur Stock Exchange (KLSE)'s market barometer composite index hit a new year-high of 759.62, up 11.07 or 1.48 percent after active trading today with encouraging foreign participation in key index-linked issues following the ratings upgrade.

"We believe this level of confidence can be sustained especially given the smooth transition process that is currently taking place," he said.

S&P concurred, saying that the leadership transition was progressing well, with little, if any disruption to Malaysia's policy environment.

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi is scheduled to officially take over the premiership from Prime Minister Datuk Seri Dr Mahathir Mohamad when he steps down on Oct 31, 2003. -- BERNAMA

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