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CFSB-PACKAGE

CREDIT SUISSE GIVES TOP MARKS TO MALAYSIA'S ECONOMIC PACKAGE

KUALA LUMPUR, May 28 (Bernama) -- Credit Suisse First Boston (CSFB) has given top marks to Malaysia's RM7.3 billion economic package, saying that the emphasis on helping the "small man" can be successfully implemented through the combination of two vital ingredients the country possessed -- political and bureaucratic wills.

The investment banking firm, in a report on Malaysia, said this was evident from a visit it paid to Bank Negara Malaysia which had revealed that they had already brought in outside expertise to implement the micro-credit scheme announced under the package.

This, coupled with earlier corporate restructuring efforts in the country, has also led to the firm becoming more bullish on the Malaysian stockmarket and increasing the beta of the portfolio.

"The combination of political and bureaucratic wills should increase the chances of successful implementation," the firm said in the "Asian Daily" research report issued recently and in which it drew several parallels between Malaysia's and Thailand's efforts to boost their economies.

Under the economic package, the Malaysian government has introduced a micro-loan scheme, aimed to put large cash and confidence to grass-roots consumers, similar to measures also undertaken in Thailand and Indonesia.

"A conversation with (Prime Minister Datuk Seri) Dr Mahathir (Mohamad) indicates that his personal input into the mini-budget was "to help the small man".

"The political will is clearly there," the firm said.

CSFB said prospects were bright for the package to be successful despite the Malaysian government not enjoying significant ownership and therefore control over lending policies of the banking system unlike Thailand.

It said Malaysia's stimulus package was 1.6 percent of GDP and with the government's debt to Gross Domestic Product (GDP) at 45 percent lower than Thailand's 54 percent, "Malaysia has more bullets, should they be required."

Feedback from international investors have also indicated that Malaysia is grossly under-owned, with CFSB's statistics showing the firm to be net sellers of Malaysia from end-May 2002 until end-December 2002.

CSFB also said that the package clearly contained measures to help the tourism industry recover from the outbreak of the Severe Acute Respiratory Syndrome (SARS).

"Thankfully, with very few actual cases in Malaysia, and SARS in remission, there has been little damage to Malaysia's branding as a tourist destination.

"Indeed, Malaysia is perceived to be tourist friendly for the Arab world and relatively safe from potential terrorist outrages," CFSB said.

"In addition, services such as education, medical tourism, transport and logistics are clearly being targeted, all of which will stimulate the services account," it said.

CSFB also said that Malaysia was also emerging as a hot favourite among Asian stockmarkets.

The KLSE's composite index rose by a significant 8.63 points to 650.88 last Friday from a day earlier.

It traded 7.75 points higher at 659.86 at the noon break today aided by

foreign support and steadier sentiment due to a higher close on Wall Street overnight.

On residential property, it said that several measures have been introduced that could kick-start the stalled property recovery.

The measures include tax-relief on interest payments, lower borrowing costs, suspension of real property gains tax, waiver on certain stamp duties, the freeing up of the property market for foreigners and greater government involvement in low-cost housing. -- BERNAMA

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