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MAHATHIR-INVEST

INVEST IN STOCK MARKET NOW FOR BETTER RETURNS, SAYS DR MAHATHIR

KUALA LUMPUR, June 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has called on 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 here today, he said competent investors would invest when share prices were low.

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

He said those who invest now would push up share prices resulting in capital gains, not only because of their investments, but because the current climate was also good.

He said this in reply to a question posed by Datuk Dr Yusof Yacob (BN-Sipitang) on public and private institutions which have lots of funds but were not active in stimulating the country's economy.

During a press conference later, Dr Mahathir reiterated that it was the right time to invest as share prices were undervalued when compared to 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, he said these (the companies to be invested in) were good companies.

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

To a question on interest rates cut raised by Dr Tan Seng Giaw (DAP-Kepong), Dr Mahathir said the government did not believe in using interest rates to stimulate the economy as the current interest rate is already low.

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

"For example this year, the US has lowered its interest rates four times but with little effect to its economy," Dr Mahathir said.

For Malaysia, he said the interest rate cut recently 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, interest rate has been reduced by 0.5 percent.

Answering another question by Dr Yusof on his stern remarks about Europeans during his opening speech at the Umno 54th Annual General Assembly last week, he said he was merely stating historical facts.

He said the remarks were meant more towards their governments' policies and not on individual European.

However, he believed that European businessmen would continue to invest here as the Malaysian government was stable.

Foreign investors would continue to invest in China for the same reason despite China being a Communist country, he said. -- BERNAMA

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