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ABDULLAH-KLSE

44 FIRMS WITH MARKET CAP OF RM21.3 BLN LISTED ON KLSE IN JAN-OCT 2003

KUALA LUMPUR, Nov 10 (Bernama) -- Prime Minister Datuk Seri Abdullah Ahmad Badawi said 44 companies with a market value of RM21.3 billion were listed on the Kuala Lumpur Stock Exchange in the first 10 months of this year.

During the beginning of the year, he said initial public offerings (IPOs) had received lukewarm response but of late IPOs had received oversubscriptions averaging at 21 times.

At the same time, the premium upon listing was about 50 percent above the offer price on the average, said Abdullah, who is also the finance minister, when he tabled the Supply Bill (2004) at the Dewan Negara here today.

He said as soon the 2004 Budget was tabled, credit rating agency Standard & Poor's had raised Malaysia's long term sovereign debt credit rating to A- from BBB.

"This not only reflects the confidence of an international agency towards thr country's economic and financial strength but more so in its recognition of the effective and pragmatic policies and strategies implemented by the government," he said.

The 2003 Budget was tabled on Sept 12, 2003 by the then prime minister and finance minister, Tun Dr Mahathir Mohamad.

Abdullah said all these positive developments had helped in improving investor sentiment and the KLSE's Composite Index had jumped to 817 points on Oct 31, its highest for the year, from 632 points on Jan, 2, 2003.

At the same time, transactions also improved to 1.4 billion units worth RM650 billion a day compared with 107 million units worth RM473 billion on Jan 2, 2003.

The prime minister said retail transactions had also picked up pace and accounted for almost half of all transactions compared with 40 percent at the beginning of the year.

Foreign investor participation had also become active and had risen four-fold to RM13.8 billion in October from RM3.7 billion in January this year.

Abdullah said in order to increase the country's aconomic growth, new sources of growth had to be identified and exploited.

He said the services sector has potential to be expanded as its contribution to the gross domestic product was only 57 percent and this figure was still small when compared with developoed countries.

In order to ensure that the growth potential of this sector was fully exploited, he said the government had expanded the functions of the Multimedia Development Corporation to be a one-stop agency along the lines of the Malaysia Industrial Development Authority (MIDA) for the some selected services to attract and help investors obtain investment approvals from various regulatory authorities.

Abdullah said since the 1997-98 financial crisis, the government had implemented expansionary fiscal policies aimed at stimulating the growth of the domestic economy to ensure that the nation's economic growth would continue to be positive.

Such moves had to be taken in order to take up the slack in private sector investments, he said.

The prime minister said the implementation of the policy had caused the government's financial position to record a deficit and its quest to attain

a balanced budget by 2005 (at the end of the Eighth Malaysia Plan) had been delayed.

He said with the private sector eventually expected to become the country's engine of growth, the government would be able to continue its fiscal consolidation programme.

The federal government deficit would be reduced from 5.4 percent of the GDP this year to 3.3 percent in 2004 and 1.8 percent in 2005.

Abdullah said the government was expected to achieve a balanced budget by 2006.

For the public sector, the 2003 budget deficit would only be 1.5 percent, far lower than the permitted 3.0 percent deficit among countries in the European Union.

Abdullah said the public sector's financial position was expected to see a surplus in 2004.

On the Micro Credit Scheme for small-time traders in which RM1 billion in funding had been allocated, he said in view of the encouraging response, it had been proposed that funding for the scheme be raised by another RM1 billion.

Up till the end of October 2003, 30,000 applications for RM445 million were received by Bank Pertanian Malaysia while almost 85,000 applications for RM1.419 billion were received by Bank Simpanan Nasional.

Of the total, both BPM and BSN had approved about half of the applications for RM578 million but the total amount disbursed was RM518 million. -- BERNAMA

MKO WNZ SHY