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UBS bullish on Malaysian economy

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GLOBAL finance house UBS Investment Bank said it remains bullish about Malaysia's economic prospects after a smooth leadership transition and backed by a broad-based foundation.

Its vice-chairman, The Lord Brittan of Spennithorne, said since last October's leadership change Malaysia has emerged as "an image of stability and maturity".

Brittan, who was in Malaysia to meet several key Malaysian policymakers, spoke to Business Times yesterday.

The leadership transition from former Prime Minister Tun Dr Mahathir Mohamad to his successor Datuk Seri Abdullah Ahmad Badawi was a keenly-followed event around the world, given the former's long tenure in office.

"Sure there have been changes but the central policy continues and with the economic fundamentals in place, the economy is set to go well," he said.

Brittan had met Abdullah when the latter was Deputy Prime Minister and the UBS vice-chairman met present Deputy Prime Minister Datuk Seri Najib Tun Razak on Wednesday.

"Both meetings were in the same room and what I saw around the room indicates a symbol of continuity," he said.

There is room for economic growth and UBS is adopting a positive outlook for Malaysia.

In its recent investment research report it puts Malaysian securities alongside Singapore's as those with the most upside potential this year.

It estimates upside potential for Malaysian securities at 40 per cent or more while based on its own valuation, Malaysian equities remain undervalued by about 20 per cent.

Brittan also noted the strength of Malaysia's macro economy as exports burst through the US\$100 billion (US\$1 = RM3.80) level for the first time last year, after posting a record high in December. "The trade figures are very positive," he said.

Risk-wise, he said, the Malaysian economy is well-hedged against shocks, saying there has been balanced development among the agriculture, services and manufacturing sectors.

Even the ongoing threat from the regional bird flu virus outbreak should not be a caveat to the economic prospects so long as the authorities are prepared to deal with the issue in an open and professional manner, he added.

The bank, meanwhile, sees plenty of opportunities in Malaysia's Islamic banking sector, with Brittan saying it is rightly so for Abdullah himself to be extremely positive about its prospects.

UBS owns the fast-expanding Noriba Bank, headquartered in Bahrain, that was voted by London-based financial publication Euromoney recently as the best Islamic real estate finance house for 2003.

Noriba is a global Syariah-compliant wealth management firm providing investment products and services including mutual funds, trade investments, Islamic bonds, real estate, leasing, foreign exchange and wealth management services.

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