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Just what the doctor ordered

OWN up if you were one of those who only a few weeks ago hunkered down with the majority espousing gloom and doom over the direction of the economy. You cannot be blamed of course as the impact from the double whammy of disease and destruction - SARS in this region and the lingering aftermath of war in the Middle East - continued to stifle any prospect of recovery. If there was just one justification left in the world to kick and cajole the economy back to life, this was it. Very much like a near-comatose patient needing a defibrillation jump-start.

Of course the medical parallels was not lost when Prime Minister Datuk Seri Dr Mahathir Mohamad addressed an expectant nation on a Wednesday afternoon towards the middle of May in Putrajaya. He would not have been out of place had he worn a surgeon's garb to deliver a resuscitating jab of heart-pumping adrenaline to boost deflated desires.

What did the doctor ordered? A stimulating smorgasbord of initiatives worth RM8.1 billion in total - RM7.3 billion in fresh funds and a further RM800 million in revenue waived - calculated to promote growth for the economy, stir the stock market and crank up the capital market. Dr Mahathir said the government's proactive move to introduce the new package to stimulate economic growth was expected to cushion the impact of the weak global economy.

Its efficacy was most visible on the stock market, the KLSE Composite Index broke the 650 level on the week ending Friday 23rd. This trend has continued with the CI closing at 681.57 points for the week ending June 6.

KLSE executive chairman Dato' Mohamad Azlan Hashim remarked that the initiatives would result in continued investor confidence and interest and on-going, if not expanded, capital generation activities. 'This will in turn fuel a more positive development of the economy, the capital market and the stockmarket,' he said.

The attractiveness of the bourse has been enhanced by the relaxation of the 30% bumiputera equity regulation - to be applied now only upon listing. This would encourage more foreign companies to be listed on the KLSE which is very much in line with the Capital Market Masterplan.

'This is indeed welcomed as it would contribute to expanding the breadth and depth of the KLSE and offer further opportunities for investors to participate in Malaysia's economic growth,' Azlan said.

He added a key impact of this move is to promote greater interest and direct participation by investors in the KLSE. To date, the KLSE is home to 878 companies in 14 sectors and future additions will further increase the profile and enhance the portfolio of securities listed on the KLSE that are being monitored by fund managers.

'Overall, this is certainly a significant initiative in the right direction to further integrate the Malaysian capital market internationally,' Azlan said.

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