

Government to stay out of Bursa woes
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The government will not introduce measures to prop up the ailing stock market, Prime Minister Abdullah Ahmad Badawi said today.

Speaking to reporters after a briefing at Bank Negara in Kuala Lumpur on the state of the economy, he also said that economic policy would not be revised.

There was speculation that government funds could be used to boost the KL Composite Index (KLCI) after panic selling on Feb 28 saw it fall by 101.07 points to 1,136.01 before recovering to close at 1,196.45.

Since then, the stockmarket has been steadily falling. In the five trading days from Feb 27 to yesterday, the KLCI shed 162.18 points from 1,278.7 to 1,110.69, wiping out a colossal sum of RM149.11 billion in the value of listed companies.

Prior to that, Abdullah had encouraged Malaysian retail investors to "push hard" in tandem with speculation that the KLCI would breach the 1,350 mark.

Asked today whether it would bounce back to this level, he replied with a laugh: "I wouldn't know, I wouldn't know. All that I said (is that our economy) has very strong fundamentals - that's all there is to it. We're taking that stand."

Prompted for clarification, Abdullah said sternly: "No, I'm not going to answer that speculative question."

KLCI recovered slightly today, closing 20.27 points up at 1,130.96.

Pension fund's RM2.2 billion bid

Abdullah was also asked whether he had approved the Employees Provident Fund (EPF) proposal to take over and run the Rashid Hussain Bhd (RHB) banking group and RHB Capital.

"There have been investments by EPF that were found beneficial and profitable so I don't disapprove of this.

"This is done based on EPF's own considerations. If the EPF investment board assumes that it's a good investment which would be beneficial, what's is wrong with them doing so? EPF has a lot of money. They can't just simply keep it," he said.

Last Friday, the pension fund's management tried to edge out competitor EON Capital in proposing a takeover of RHB Bank and RHB Capital.

It has joined in the fray for debt-ridden RHB bank, launching a RM2.2 billion counter offer to bids from EON Capital and a Middle East consortium.

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