

PM 'responsible for market losses'
Malaysiakini.com
March 1, 2007
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Opposition party DAP's newest recruit, economic advisor Tony Pua, has held Prime Minister Abdullah Ahmad Badawi responsible for the losses suffered in the Kuala Lumpur Composite Index (KLCI) yesterday.

Speaking at a press conference in the DAP headquarters today, Pua - officially the advisor to party secretary-general - said the biggest losers have been the retail investors after the PM's bullish encouragement before Chinese New Year.

Abdullah had made a statement during the Chinese New Year that after hitting a 10-year high of 1,262.1 points during that week, the KLCI might breach the 1,350 mark – which would be the highest in Malaysia's history.

He had encouraged Malaysian retail investors to 'push hard' to achieve the KLCI high on Feb 19.

"The 3.54 billion shares recorded before Chinese New Year is in itself a record. After Chinese New Year it hit a high of 4.7 billion shares and went higher to 4.76 billion shares later," said Pua.

"This record is a clear demonstration that whatever the PM said has encouraged and clearly given confidence to the retail investors to participate in the market," he added.

Yesterday, Bursa Malaysia saw panic selling which caused the stock market to shed as much as 101.07 points to 1,136.01 - the biggest fall in recent history - before recovering to close at 1,196.45.

The index nevertheless fell by 40.63 points, or 3.28 percent - the second day in a row in which KLCI was hit by significant losses.

On Tuesday, the index shed 2.8 percent, closing at 1,237.08. The fall wiped out RM38 billion in market value of listed companies, while yesterday it amounted to RM31.07 billion.

The last time the KLCI had its biggest single day loss was five years ago - on Sept 21, 2001 when it declined 3.5 percent.

Pua said the losses to the average wage earner in Malaysia would have been immense in two days as more than RM70 billion market capitalisation was wiped off.

Reckless and irresponsible

Pua stressed that the PM was definitely "reckless and irresponsible" for making unqualified stock market predictions.

"In eagerness to convince the electorate that the market is extremely rosy in pre-election year, he has gone overboard in causing untold damage to the average investor whose is already hit by significantly higher cost of living.

"Will the PM bear the responsibility for the rakyat's losses? In fact, the PM might have single-handedly beyond causing losses, destroyed the average Malaysia's confidence in the market," he said.

He posted his final challenge: "Would you dare to believe Pak Lah anymore?"

Pua also said that there are many other factors that affect the rise and fall of the stock market which are not necessarily related to the economy.

"Just as the 6 percent fall in the stock market prices over the last two days does not reflect a 6 percent decline in our economic fortunes.

"A 30 percent rise in stock market prices over the past few months certain does not represent a significant betterment of the state of our economy."

Ask on what Malaysians can expect from the market in days to come, he said brokers have opined that the market will be in consolidation mode - it will not move up or down.

"It is really difficult to say because some say the market would open (today) on a high of 18 points but as you can see, it has already fallen 6 points," he said.

Emergency Cabinet meeting

Pua then warned of the fact that the cabinet may use EPF funds to boost the market, a manoeuvre that was done during the financial crisis in 1998.

"I'm concerned that now that PM has made the prediction to redirect our local funds into the stock market.

"Is that why the 'unusual' and emergency cabinet meeting is being held? Would they direct local institutions' funds to take over (the market)? I don't know," he added.

The weekly cabinet - which is usually held on Wednesday - is convening for an emergency meeting tomorrow.

Also present at the press conference were DAP Selangor chief Ean Yong Hian Wah, Selangor secretary and PJ Action Team treasurer Thomas Goh, Bukit Gasing committee member Daniel Chong and Seri Setia branch chairperson T Kannan.

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