

Najib assures economy solid after shares dive
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The government quickly offered investors reassurance today that the economy was strong despite turbulence in US and regional financial markets after the bourse dived 2.4 percent in early trade.

"The fundamentals of the Malaysian economy are strong. The economy has the capacity to weather the destabilising consequences ... in the US economy and international financial markets," said Finance Minister Najib Abdul Razak.

The local bourse has fallen 29 percent this year.

However, the bourse recovered later in the day and closed at 1,018.68 points - almost unchanged from yesterday's closing.

Najib said Malaysia's banking sector was "sound and strong," adding that there was ample liquidity in the financial system.

"Liquidity in the banking system remains ample and funding to the private sector continues to expand - in August by 13 percent. NPLs (non-performing loans) are now at 2.5 percent and have declined steadily since 2003."

Major Asian regional markets dived sharply after the Dow Jones index overnight plummeted by 777.68 points, or 6.98 percent, after the US House of Representatives rejected a 700-billion-dollar rescue for the financial system.

Najib said Malaysia was a diversified economy and its "stronger links to Asia" would allow the country to be in a better position to "weather this challenging period."

But the US is among Malaysia's top export destinations and the weakening US economy was expected to dampen demand for local electrical and electronic products.

Najib warns Anwar not to destabilise economy

Najib brushed aside analysts concerns that political uncertainty in the country would also keep investors sidelined.

"What is so uncertain about our political situation? The (ruling) Barisan Nasional continues to be in power," he said.

The opposition gained control of a third of parliamentary seats in March elections, and opposition leader Anwar Ibrahim has promised to topple the government within weeks, rattling investors and Malaysia's stock market.

But Najib issued a veiled warning to the opposition not to destabilise the economy.

"Now is not the time for politicking, speculation and political games by anybody. The government will act responsibly and swiftly to address any eventuality to safeguard the

interests of the people and the nation," he said.

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