

'Guilty verdict will restore investors' confidence in Malaysia'

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KUALA LUMPUR: Former prime minister Datuk Seri Najib Razak's guilty verdict signifies that Malaysia has a strong judicial system and is committed to upholding the rule of law, economists said.

OANDA senior market analyst for Asia-Pacific Jeffrey Halley said the verdict would be a boost for Malaysia in the eyes of foreign investors in the long run.

"The verdict implies that the judiciary remains independent and that the law is respected. These are important factors in driving investment decisions," Halley told the *New Straits Times* yesterday.

Juwai IQI chief economist Shan Saeed said for any global investor, it was crucial that the rule of law prevails and all players should get fair opportunity to accept the verdict of the courts.

"Global investors like Juwai IQI continue to stand buoyant on the growth architecture of Malaysia. If you think strategically and view from the global perspective, the verdict generates confidence among global investors."

He said the verdict had not created situational or political impasse for the economy.

Shan said most investors who followed Juwai IQI were opti-

mistic about Malaysia's growth outlook, not only in the short term but also in the long run.

"Malaysia continues to be on global investors' radar due to its strategic location, being an important player in BRI (China's Belt and Road Initiative), as well as investor-friendly economic and structural policies."

Najib was yesterday found guilty of all seven charges of abuse of power, criminal breach of trust and money laundering in relation to RM42 million belonging to SRC International Sdn Bhd.

On what the verdict meant for Malaysia and its economy, Shan pointed out three important variables.

Firstly, Malaysia's reputation is enhanced globally where the rule of law prevails.

Secondly, foreign investors prefer to park funds in a country where laws are strong to protect their interests and capital.

Lastly, macroeconomic stability gets a further boost to improve economic landscape and financial outlook.

"This verdict will go a long way in building Malaysia's reputation where investors' interests are protected and well taken care of due to the country's strong judiciary system.



Shan Saeed

"It will help boost Malaysia's ranking globally in terms of ease of doing business and laws protecting investors."

Shan said a strong stance from the government by supporting the verdict would send a good signal to the market and result in the country being viewed as investor-friendly.

"However, in every policy lever or verdict, market players can view it differently and we can expect short- and long-term impacts at the macro level."

In the short run, Shan expected a few hiccups as the ringgit might

slightly depreciate as investors could be cautious when seeking more information about the verdict and its economic implications.

"The ringgit might loosen a bit and trade between 4.26 and 4.33 against the US dollar."

He added that the ringgit was expected to take a pullback and trade at its fair market value of 4.15 to 4.29 against the US dollar in the third quarter of the year.

Shan said for long-term investors, it would be business as usual.

Meanwhile, Bursa Malaysia's benchmark FBM KLCI index rose 0.7 per cent at the midday break as Najib was found guilty by the High Court here.

At 12.30pm, the index rose 11.14 points to 1,602.62, lifted by gains of index-linked glove makers, such as Top Glove Corp Bhd, Hartalega Holdings Bhd and Kossan Rubber Industries Bhd.

FBM KLCI saw more gains after the break and subsequently closed 18.46 points higher to 1,609.94.

Universiti Utara Malaysia's Economic and Financial Policy Institute deputy director Associate Professor Dr Irwan Shah Zainal Abidin said the verdict would likely have little impact on

the economy and the stock market in the short term.

"It is important to highlight that what matters now is on how the government is going to handle the impact of the pandemic on the economy and what are the medium- and long-term planning for the economy," he told the NST.

"However, the verdict has the possibility of putting some political risks in the economy, such as triggering a snap election.

"That, I think, would somehow affect the economy and stock market in the near future."

Putra Business School business development manager Associate Professor Dr Ahmed Razman Abdul Latiff said there would be a minimal impact on Malaysia's economy and the stock market as Najib was no longer holding any administrative position in the government.

"The market has already taken into consideration the facts of the case and the government is in the process of recovering some of the money missing from the 1Malaysia Development Bhd and SRC debacle."

He said there were no more surprises on whether the government was losing more money from these cases.