

Analysts: Bersih push 'may strengthen investor confidence'
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By Lee Wei Lian

KUALA LUMPUR, April 30 — The rally by the Bersih coalition for free and fair elections that descended into chaos over the weekend is unlikely to pose any major disruption to the economy, said analysts today.

While the confrontations between the riot police and some Bersih protestors may have affected some businesses near Kuala Lumpur's Dataran Merdeka where the rally took place, it was not big enough to have an impact on the larger economy.

RAM Ratings chief economist Dr Yeah Kim Leng said that the push for good governance by the electoral reform movement may even strengthen investor confidence over the long term.

"We're not seeing any reforms or changes (from Bersih) that will impact the economy although it helps improve governance by putting it on the agenda — that will help enhance public confidence over the longer term," he said when contacted.

He said that Bersih was unlikely to cause major business disruptions to the city unless it became a continuous act of protest.

"Since it is one-off, the impact is minimal," he said.

Rahul Bajoria, a regional economist with Barclays Capital in Singapore told newswire Reuters that the chaotic weekend scenes in Kuala Lumpur were "a short-term negative" but would not significantly hamper reforms.

"One should not get distracted by what's happening on the political front," he said. "There's enough momentum in the economy both from an investment perspective and from the reforms perspective."

There was little impact from the rally in the stock market today with the benchmark FBM KLCI inching up 2.81 points or 0.18 per cent.

The ringgit also closed 0.5 per cent higher against the US dollar at 3.025.

The rally could, however, result in the general election being postponed to a later date, which in turn could affect business confidence.

The general election is widely expected to be held in June, but it is unclear if Saturday's large turnout will give the prime minister pause over when to call for polls.

A delay in the polls could further push back critical private investment as investors take to the sidelines due to the uncertainty over whether policies will shift should there be a change in administration.

One of the country's top bankers, CIMB's Datuk Seri Nazir Razak, said in January that economic reforms are not moving as fast as was hoped for, apparently due to distractions from a general election that must be held by early next year.

MIER (Malaysian Institute of Economic Research) executive director Zakariah Abdul Rashid had earlier said that private investors were holding back critical investments on concerns that government policies will change should the current administration fail to hold on to power, and urged the government to call for early polls to dispel investors' wait-and-see attitude.

Sim Moh Siong, a currency strategist at Bank of Singapore told Bloomberg today that the Bersih rally introduces "a bit more uncertainty in terms of the election timetable and what that means for further reforms being introduced by the government."

The crowd at the electoral reform movement's third rally in just over four years was larger than a previous gathering held on July 9 last year where a clampdown by the government saw the Najib administration being widely condemned by the international press.

The prime minister soon announced a raft of reforms including a parliamentary select committee on electoral improvements and the Peaceful Assembly Act that came into force last Monday.

But the findings of the panel were criticised for being cosmetic, leading to Saturday's planned sit-in at Dataran Merdeka, which police say drew up to 50,000 and was the first major test for the assembly law the Umno president said would allow public gatherings in accordance with "international norms."

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