

Signs of investors' confidence ss stock market, ringgit rebound

BERNAMA

14/05/2018

By Harizah Hanim Mohamed

KUALA LUMPUR, May 14 (Bernama) -- Bursa Malaysia's rebound from a sharp fall of almost 50 points right after the opening bell today is a reflection of investors' confidence in the Pakatan Harapan (PH)-led government.

Sunway University Business School's Professor of Economics Prof Yeah Kim Leng said that based on market trend, investors were more confident in the new government and today's performance was seen as a form of affirmation of the current government in fulfilling its promises.

The benchmark FTSE Bursa Malaysia KLCI lost 49.37 points as at 9.04 am but rebounded thereafter and stayed mostly in the positive territory before ending the day 3.91 points higher.

"Investors also opined that the global Brent crude oil price, which is now traded at US\$76.96 per barrel, a level that is considered high, would give greater flexibility to the new government in managing the public coffers," he told Bernama in a telephone interview today.

Yeah also pointed out that the oil prices had helped ease concern on the new government's fiscal policy.

He believed that the stock market reaction was comforting as it did not trigger the circuit breaker to suspend trading.

As for the ringgit, the local unit had earlier succumbed to selling pressure when it opened at 3.9850/9880 today, but clawed back earlier losses before closing at 3.9480/9530, the same level as last Tuesday, which was a day before the general election.

On the ringgit's prospect, Yeah said the expectation was that the local currency could perform better than it did during the 1997/98 Asian financial crisis when it was pegged at the 3.80 level to the US dollar.

"It was during Tun Mahathir's (Prime Minister Tun Dr Mahathir Mohamad) era when the financial crisis took place, and I believe the ringgit would be in a better position now as it is supported by high oil prices, positive external support, export momentum and less concern about current account surplus, which cumulatively will be positive for the ringgit," he explained.

Thus, for the longer term, closure of risk premium due to the unresolved 1Malaysia Development Bhd scandal would also build greater confidence among the investors, he added.

-- BERNAMA

© 2017 BERNAMA. All Rights Reserved. [Disclaimer](#) | [Privacy Policy](#) | [Security Policy](#)

Source: <http://www.bernama.com/en/news.php?id=1463918>