

## Foreigners 'extremely cautious' on investing in Malaysia, says expert

EE ANN NEE/TAG/-/META/EE-ANN-NEE) /19 FEB 2020 / 21:19 H.



**KUALA LUMPUR:**

KUALA LUMPUR: Foreign investors would be extremely cautious on investing in Malaysia, given that Malaysia faces multiple challenges, including the absence of political clarity and long-term economic policy, at a time when they are worried about the global economic outlook.

Investment house Capital Dynamics managing director Tan Teng Boo (*pix*) said the Covid-19 outbreak has not helped the situation either.

"Firstly, when you have no major policy, if I'm a foreign investor, I'd look for countries like Thailand, Vietnam, Indonesia and Singapore. Why should I come here (Malaysia)? Secondly, what are we going to attract in terms of FDI (foreign direct investment)?"

He said Malaysia is short of skilled workers and talent, adding that the country does not have the people to cater to labour-intensive or high-end FDI.

"We're caught in that dilemma and there's no economic policy addressing this issue. If I'm a foreign investor, I'd be extremely cautious," he told reporters at a media conference here today.

Tan said Malaysia's poor economic growth cannot be blamed on the Covid-19 as the country's economy had been declining before the outbreak.

"The Malaysian economy is going to be a struggle this year because of many factors coming in at the same time. First quarter gross domestic product growth of Malaysia wouldn't look that pretty ... there is no one single cause (to a weak economy). You have the US-China trade war, Brexit, Hong Kong riots, Australia's bushfires, South Korea-Japan quarrel and this Covid-19," said Tan, who estimated that Malaysia's GDP growth will only be in the range of 3.5-4.0% this year, compared with 4.3% last year.

He said the stimulus package, which will be revealed next week, will help buffer the damage to some extent, especially for the hospitality and tourism-related industries.

"However, the problems that Malaysia face are not just short term, but are long term, structural problems. Malaysia has reached a stage where we can muddle through or really reform."

On investment strategy, Tan advocated stock-picking during this period of time.

"You got to be selective. It's a stock-picking type of environment. Look at individual stocks rather than sectors. If you look at the glove sectors, some are doing well, some are not. Some semiconductors counters are doing well but some dropped a lot."

He said the stock exchanges of New York, Frankfurt and Sydney are near all-time highs but locally the FBM KLCI is "more depressing, languishing and struggling to recover".

Year to date, the FBM KLCI has declined 54.60 points or 3.4%. It closed 2.92 points or 0.19% lower at 1,534.16 points today.