

Upside forecast for index



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icapital.biz Bhd's designated person Tan Teng Boo. - SHAARI CHEMAT / THESTAR

GEORGE TOWN: The FBM KLCI will hit 2,500 to 3,000 points over the next three to five years, says Capital Dynamics Sdn Bhd managing director and chief investment officer Tan Teng Boo.

“The government has been implementing the right policies to attract foreign investments besides consciously grooming local talent,” Tan said.

He added that the technology industrial park projects initiated by the Penang and Selangor governments will play a pivotal role in sustaining the country's robust economic health.

"In May this year, the Penang state government unveiled plans for an integrated circuit (IC) design and digital park to cater to high-impact projects.

"Subsequently, the Selangor government also announced plans to set up a 0.6-ha semiconductor IC design park to enhance Malaysia's semiconductor industry's competitive edge and its 'Made by Malaysia' ambitions. "The projects will further solidify the states' positioning as preferred investment destinations for businesses and entrepreneurs in the technology sector," Tan said.

He added that if the federal and state governments could keep up with these policies, Malaysia could become an economic power in Asean and globally over the coming decades.

Tan said these parks were better than just getting wafer foundries, for example.

"With wafer foundries, we get mainly the capital but not the talent. Hence, the locals don't get that knowledge and technology transfer.

"This is why we don't see Malaysia's semiconductor industry moving up the value chain.

"Furthermore, these IC design parks are not capital-intensive but talent-intensive, which will yield long-term returns for Malaysians," he said.

On the ringgit's performance against the US dollar, Tan predicted that the ringgit was being temporarily weak.

He had said last year that the ringgit would soon recover and that there was nothing to worry about.

The currency has since strengthened to RM4.28 presently from its high of RM4.78 in mid-April this year.