# ‘Malaysians dictate market valuation’

LIDIANA ROSLI

**KUALA LUMPUR:** Malaysia’s focus on old age provisions has not only allowed the population to have ample spending power in retirement, but it also means that the valuation of the equity market is dictated by the locals and not volatile foreign capital inflows.

“Malaysia is rich in the sense that its focus on retirement funds is very concentrated, thus, giving the power of equity market valuation to the locals and not foreign capitals, which tend to swing because of the source of capital,” said Michael Spencer, Deutsche Bank (Hong Kong) chief economist and head of research (Asia Pacific).

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“Malaysia’s effort in its long-term saving scheme has also made the country better than most of the emerging markets and, to that end, we would categorise it with Chile and Poland and not with the other Asean countries,” he said at the final day of the World Capital Markets Symposium, here, yesterday, which is hosted by the Securities Commission Malaysia.

Spencer was involved in the final panel discussion of the two-day symposium, which discussed “Market Outlook for 2014”.

The outlook for the Malaysian economy was also projected as healthy by panelists Adrian Mowat, JPMorgan Asia-Pacific (Hong Kong)’s chief Asian and emerging market equity strategist and Christopher Eoyang, Goldman Sachs (Singapore) managing director and chief emerging market strategist. → *Turn to* ***B2***

# ‘Malaysia needs to broaden tax scope’

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“It is a progressive thing to do to have value-added tax rather than a business-based tax system, where certain items get taxed but others don’t,” Mowat said in response to expectations that the government may announce the consumption tax in the 2014 Budget tomorrow.

“It is important that Malaysia broadens its tax scope. But it does have to ensure that Petronas would have the money to invest and reinvest and go through an energy reform exercise,” he said, underlining the national oil corporation’s contribution to the economy.

Spencer said Malaysia, being one of the stronger economies in Asean and Asia, will continue to grow from strength to strength, given the right fiscal policy and corporate governance.

“One can’t dispute Malaysia’s growth and its potential, but much is decided on its policy reform in the medium to long term. Malaysia has outgrown its own market in its own game, which is the export industry. It’s one thing to be a global exporter of sorts, but another to be a smart exporter of sorts,” he said.

Meanwhile, Eoyang said although the outlook seems cautiously healthy for Malaysia, the country does have to work harder to retain foreign capital and investment because of its status as an emerging market and its small population.

“An important thing to understand is that most of the world’s capital come from developed markets and the way developed market investors think of emerging markets may not reflect reality.

“The bar for Malaysia is higher because it’s smaller than Indonesia and investors may not want to tap it because of its assumed lack of manpower or capital,” he said.