

Lehman Brothers causes economic contraction: MD

BY Fauzan Mydin

KOTA KINABALU: Severe economic contraction can be almost totally blamed on the collapse of Lehman Brothers in Sep last year.

Without the policy flip-flop of the previous US Administration in not rescuing Lehman Brothers, it would have been pretty much "business as usual" for us, said Tan Teng Boo, 55, (pictured right), Founder and Managing Director for the Capital Dynamics Group from Kuala Lumpur in a media conference here yesterday.

He said many people have been confused by the cause-and-effect

relationship, which is incomplete and faulty, and attributed the economic contraction to the subprime problem and US housing bust.

He also said that the independent research of Capital Dynamics showed that the severe economic contraction could be due to the collapse of Lehman Brothers last Sep, and he described the current financial crises as the "Lehman Panic".

Unlike the many doom and gloom forecasts that are making the headlines, Tan said that the global economy is on course to a V-shaped synchronised recovery and the global



stock markets are on a major bullish reversal.

Tan, also a student of the stock market for the past 38 years, said his long term stock market outlook is no less optimistic and it bottomed a few months ago.

"The current stock market rally will be sustained by the 'institutional lemmings' which are still loaded with cash and the banking giants which have too much hoarded liquidity" he said.

He added that since inception, the funds managed by the Capital Dynamics Group have beaten the benchmark indices every single year.