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Anwar-Rates

POSSIBILITY OF A HIKE IN INTEREST RATES

KUALA LUMPUR, Jan 20 (Bernama) -- There is a possibility of a hike in interest rates, Deputy Prime Minister Datuk Seri Anwar Ibrahim said today.

However, Anwar, who is also Finance Minister, could not say when this would happen.

"The option is with Bank Negara to determine the interest rate policy," he said after a dialogue on Financing Arrangements for Productive Sectors.

"The option remains and we will have to accept the fact that the interest rate policy is a necessary policy to determine the effectiveness of the monetary regimen," he added.

He said interest rates have been rising substantially in the last few months, adding that the central bank can either reduce or increase the rates.

Interest rate movements, he explained, cannot be seen in isolation and one has to take into account the regional developments.

However, he said "we have seen gradual increase of the interest rates and I think the present policy is certainly manageable."

"I think the option remains, we are not suggesting that we are capping the interest rate to the level that it is now," he said.

Bank Negara also has to take into account the need to monitor the monetary policy effectively, he added.

The International Monetary Fund (IMF) has suggested that Malaysia increase its interest rates to curb excessive credit growth.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said the government would consider the suggestion. -- BERNAMA

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