

## **PM: Ringgit not reflecting economic fundamentals**

**MalaysiaKini.com**

**Aug 20, 2015**

Prime Minister Najib Abdul Razak today said the falling ringgit is not reflective of the country's solid economic fundamentals.

However, Najib noted that Malaysia's economy is linked to the global market which is affecting the country's currency.

"As the global economy and financial markets are facing adjustments, it will have implications on the domestic financial markets and our exchange rate," he said in a statement today.

Najib (photo) stressed that Malaysia remains committed to market-friendly policies.

"Although the Malaysian government views that the current levels of the ringgit do not reflect its fundamentals, the government is cognisant of the integration of the Malaysian and global economies.

"As such, the government remains steadfast in maintaining the integrity and openness of its markets and will not impose capital controls, nor will it implement a peg for the ringgit to the US dollar," he said.

Najib said it was important for the ringgit to be allowed to flow amid the global market's impact on the currency.

"The flexibility of our exchange rate is thus important to absorb these global adjustments and volatility," he said.

### **Economy has diversified**

Najib stressed that the country's economy remained sound as reflected in the 4.9 percent growth for this year's second quarter gross domestic product.

"Malaysia's financial system resilience remains intact.

"The domestic financial markets continue to function in an orderly manner, and financial intermediation activities continue to function efficiently to support the financial and financing needs of the domestic economy," he said.

He added that the situation faced by Malaysia today also differed from the 1997/1998 financial crisis.

"The diversification of the Malaysian economy has allowed for continued reduction in relying on oil and gas for government revenues.

"Measures undertaken have allowed for oil-related revenues to be reduced from 41 percent of total government revenue in 2009 to 30 percent i 2014," he said.

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