

Najib to announce economic measures on Monday

MalaysiaKini.com

Sept 12th, 2015

Reuters

Prime Minister Najib Abdul Razak is expected to announce measures to strengthen the economy on Monday as falling commodity prices weigh on growth and the ringgit currency plumbs near 18-year lows.

Slowing demand from China and a political crisis swirling around Najib have also shaken investors in Southeast Asia's third-largest economy in recent months, pushing the ringgit down nearly 19 percent against the US dollar so far this year.

Najib is expected to announce the new measures at around 11.30pm after a weekly meeting of the economic council on Monday, officials at the Prime Minister's Office said today, without giving details.

Last month, he set up a special economic committee to propose immediate and medium-term measures to strengthen the economy and to restore investor confidence.

Malaysia has been gripped by political tensions which escalated in early July after a report that investigators looking into debt-laden state investment fund 1MDB had found that close to US\$700 million had been deposited in an account held by Prime Minister Najib Razak.

Najib, who also chairs 1MDB, has denied any wrongdoing, but the scandal has not died and has weighed on the economy.

Both Najib and Malaysia's central bank governor have pledged not to impose capital controls.

Najib has maintained that Malaysia's current economic situation was stronger than during the 1997-98 Asian financial crisis.

Massive outflows of capital during that crisis forced Malaysia to peg the ringgit at 3.8 to the dollar, which was retained that 2005.

Fitch Ratings said last week that Malaysia's deteriorating currency position - reflected in the ringgit's sharp depreciation, falling foreign exchange reserves and shrinking current account surplus - could force it to restore a negative outlook on the country's credit rating.

- Reuters

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