

## **Zeti unconcerned by 'junk status' rating for M'sia**

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**Radzi Razak**

Bank Negara Governor Zeti Akhtar Abd Aziz said Malaysia will tell its own story to investors about the current climate of the market and the bourse in the country.

This is why she is not concerned with the possible downgrade to "junk status" by Credit-Default-Swap (CDS) Traders, she said.

Further, she added, CDS Traders is not a financial ratings agency.

"It's not by the rating agencies. It's up to us to tell our story to the market, just like we did before during the Asian financial crisis.

"All sorts of things were said about Malaysia, but in 1999, less than a year after the crisis, we went on to tell the world our story," she told reporters in Kuala Lumpur today.

Bloomberg last week reported that six developing nations including Malaysia and South Africa, could follow Brazil to have their junk bond status degraded further, following loss of investments.

CDS announced it two weeks after the Latin American country lost its investment grade at one of the three major ratings providers.

CDS investors are punishing other emerging markets facing similar challenges, sending their implied ratings at least five levels below their official grades, according to data from Moody's Corp.

Malaysia is currently at A3 but traders see it six levels lower at Ba3.

### **Maintaining robust atmosphere for business**

Zeti also said that the country will have to possess strength and resilience to ride through the overall grim economy that the world is currently facing.

She said despite the falling ringgit, which is now approaching RM4.40 to a US dollar, Bank Negara is still maintaining robust atmosphere for business in the country.

"We are not under any pressure. Our interest rates right now are described as being accommodating, that means it is supporting economic activities.

"We are still seeing steady credit growth that means it does not hamper borrowing from financial system to support businesses, especially the SMEs," she added.

Zeti said problems due to the volatile world economy will be stabilise once the economic climate gets better in China, United States and the Middle East.

She added that she is convinced Malaysia will meet its target of 4.5 percent to 5 percent growth in the second half of the year as the climate improves.

"We have to accept, once some of the global development are stabilised, like when we know the direction of US interest rates and when it happens, I believe it will contribute to stability in the international financial system.

"Of course we would like to see our currency stabilise rather than being volatile because it's very challenging to businesses and people who are exposed to currency, those who have children studying abroad or business abroad," Zati said.

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