'Bond market to remain intact, even with sell-off'
MalaysiaKini.com
Sept 30th, 2015

Malaysia's bond market would remain intact even if there should be a sell-off by foreign investors, says Bank Negara Malaysia governor Zeti Akhtar Aziz.

If foreign investors sell the bonds, Zeti said Malaysia still has its domestic institutional investors such as the Employees Provident Fund (EPF), Permodalan Nasional Bhd (PNB) and Tabung Haji (TH).

"The insurance industry is the major player in the bond market so our own institutional investors will step in to purchase them (bonds), so we don't expect any collapse of our bond market," she told reporters at the Malaysia-OECD High-Level Global Symposium on Financial Well-Being in Kuala Lumpur today.

Zeti was commenting on the possible sell-off of the RM11 billion Malaysian Government sovereign bonds, due for redemption today, by foreign investors.

The governor also said in the previous global financial crisis, the country had shown an ability to intermediate the inflows and outflows very well.

"When there was a global financial crisis in 2008 and 2009, we had huge outflows, much more significant than what we are seeing now and we were able to intermediate those flows," she said.

Despite no disruption in credit flows, Zeti said during the past crisis, the country also managed to have an efficient financial system which demonstrated that Malaysia has reached maturity.

"Therefore, the fact that there are some sell-off, if there is, of our bonds, then we still have a financial system that can still intermediate without being disrupted.

"It will still continue to function. It hasn't prevented corporates from raising funds or disrupted credit supplies," she added.

- Bernama

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source: http://www.malaysiakini.com/news/314031