

**Zeti: Risks to slowing growth outweigh inflation concerns**

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Malaysia's growth faces greater risks from a slowdown in the world economy than from inflation, Bank Negara governor Zeti Akhtar Aziz said.

The threat of faster inflation will abate after the first quarter of 2016 and interest rates at current levels are supportive of growth, Zeti said in an interview in Lima, Peru yesterday.

Gross domestic product will increase about five percent this year, and the expansion would be in the same range in 2016, should risks to global growth not materialise.

Malaysian policy makers have been struggling to boost confidence in its economy and finances since oil prices started slumping late last year and as allegations of financial irregularities in a state investment company hurt sentiments.

Political tensions have also increased as Prime Minister Najib Abdul Razak battled accusations of impropriety over campaign donations that ended up in his private accounts.

"People are distracted now because our country rarely had political developments of this nature," Zeti said.

"Malaysia's policy decision process goes on, regardless of these political tensions."

- Bloomberg

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