

## **M'sia not in economic crisis, Zafrul says amid weakening ringgit**

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**Bernama**

Malaysia is not experiencing an economic crisis just because the ringgit is trading at a low level against the US dollar, said Finance Minister Tengku Zafrul Abdul Aziz.

He explained that the ringgit's performance should be viewed holistically, not just in comparison with the US dollar, as the local note has also strengthened against other currencies.

"While the ringgit has depreciated by 7.5 percent against the US dollar since the beginning of the year, many currencies in the region and developed countries have also fallen against the greenback.

"For example, the Japanese yen has slid 19.2 percent, the lowest in 24 years; the pound sterling has dropped 14.4 percent, the lowest in 37 years; and the euro has weakened by 11.7 percent, the lowest in 20 years," Zafrul (above) said in a video posted on his social media page.

Although the currencies of these countries have declined in value against the US dollar, they - including the European Union and Japan - are not experiencing an economic crisis, he said.

The ringgit has strengthened compared with the currencies of Malaysia's other trading partners, he noted.

Among others, the ringgit has risen by 14.2 percent against the Japanese yen, 8.2 percent versus the pound sterling, 4.5 percent vis-a-vis the euro, 3.9 percent compared with the New Zealand dollar, and 7.2 percent against the South Korean won.

"The important thing is, as an exporting country, the low ringgit against the US dollar has a positive effect on the country's export revenue.

"So do not look at just one aspect. Ask Malaysian exporters ... they are all happy as their exported products have become more competitive," he said.

Additionally, economic fundamentals that have continued to strengthen are important in determining the robustness of the ringgit, the minister added.

**GDP growing**

"What are the proofs (that our economy is on a solid footing)? First of all, Malaysia's gross domestic product (GDP) has grown for three consecutive quarters.

"The GDP grew by 3.6 percent in the fourth quarter of 2021, 5.0 percent in the first quarter of 2022 and 8.9 percent in the second quarter," he said.

Zafrul said that the country's unemployment rate of 3.7 percent in July, the lowest since Covid-19 hit the country, is further proof that the country is not experiencing an economic crisis.

He also pointed to the Industrial Production Index which rose by 12.5 percent year-on-year (y-o-y) in July, and the sales value of the wholesale and retail trade which surged 41 percent to RM130.7 billion in the same month.

"For the first seven months of this year alone, wholesale and retail trade was valued at RM882.1 billion, 19 percent higher than last year," he said.

Zafrul also noted that the country's exports increased by 38 percent year on year to RM134.1 billion in July.

He added that net foreign investment in the local stock market has amounted to

more than RM8 billion and net retail investment has reached RM1.8 billion year-to-date.

The country's inflation rate is also manageable at 2.8 percent for the first seven months of the year due to price control measures, particularly through the provision of subsidies of almost RM80 billion this year.

"So, it makes no sense for some to say, despite these positive indicators, that we are in an economic crisis," Zafrul said.

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