

PM not alarmed over inflow of 'hot money'
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Inflows of speculative foreign capital have not yet reached a problem level in Malaysia, Prime Minister Najib Razak said Monday.

Najib, who is also the finance minister, said the Malaysian central bank has been monitoring the flow of "hot money" that has raised fears that it could destabilise regional economies.

"We are monitoring it. It has not reached a position where it is alarming yet," Najib told a press conference.

The speculative funds have nudged most Asian currencies higher, making their exports more expensive on the global market as the US allows the dollar to weaken and China keeps a tight rein on the yuan.

The influx has also led to steep gains in stocks and property prices, fuelling fears of inflation and speculative bubbles that could burst if the money exits in haste.

Some central banks have acted to cool down their markets, including Thailand which slapped a tax on foreigners investing in bonds after a 10 percent jump in the value of the baht over the past year.

Southeast Asian finance ministers who met in Kuala Lumpur last week said they have no plans for a region-wide structure to tackle the speculative cash at the moment.

- AFP

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