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Najib: Strengthening ringgit augurs well for country

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KUALA LUMPUR: The strengthening ringgit has made it the region's top performing currency, achieving its highest level of 3.8650 against the US dollar on April 14, Datuk Seri Najib Tun Razak said.

The Prime Minister said the ringgit's increase was 11% since the end of 2015 and the rising commodity prices would augur well for the local unit.

He said the prices of commodities, especially crude oil, were projected to increase with the Brent, West Texas Intermediate (WTI) and Dubai Fateh poised to exceed US\$40.99 per barrel at the end of 2017 (2016: US\$34.75 barrel).

"Indirectly, this recovery is expected to have a positive effect on the ringgit as its movement follows

the trend of world crude oil prices.

"The Government's revenue from oil resources is expected to increase and bolster the Government's fiscal position," he told the Dewan Negara here yesterday.

Najib was replying Senator Datuk Mariany Mohammad Yit who wanted to know the projected economic growth for 2016 and the prospects of global economic recovery.

He said Malaysia's economy was expected to grow between 4.0 and 4.5% this year on the back of the challenging economic and financial landscape.

The Prime Minister said domestic demand, which was projected to grow 4.3% this year, would continue to be the main driver of growth, supported mainly by pri-

vate sector spending.

He said the external sector was expected to continue to contribute to growth through export diversification in line with moderate external demand.

Exports were expected to grow 3.2% this year from 0.7% last year, while imports were projected to continue to grow 3.4% from 1.3% in 2015, he said.

Najib said Malaysia's economic growth forecast for this year took into account the slowing global economic recovery.

"The slowdown in the world's economy, especially in China, moderating commodity prices following oversupply and the world's financial market volatility, will become contributing factors to Malaysia's

economic slowdown," he said.

For 2017, Najib said Malaysia's economic growth was expected to be better, riding on the wave of the global economic recovery.

Based on the International Monetary Fund's (IMF) World Economic Outlook in April 2016, the world's economy is forecast to grow at a higher rate of 3.5% in 2017 from 3.2% in 2016.

The world's trade was expected to be more robust next year, growing 3.8% from 3.1% this year, Najib said.

He said investor sentiment in 2017 was also expected to be more positive as the national economic prospects would grow in line with the world's economic growth.

In addition, public investments

were expected to improve following steps taken by the Government to encourage Government-linked companies and Government-linked investment companies to repatriate their profits from abroad to invest in high-multiplier effect projects at home, he said.

Najib said as the international economic and financial landscape was anticipated to be more favourable in 2017, the country's economic growth was expected to be stronger.

"Malaysia's ability to cope with external shocks will also continue to be reinforced by the availability of sufficient buffers, robust policy framework, economic adaptability and adequate policy space," he said.

— Bernama