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# Najib: No more budget adjustments

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**STABLE:** Only if crude oil prices dip below US\$30 will we relook it, says PM



Reporting from the U.S.

SAN FRANCISCO  
jaili@nstp.com.my

**T**HERE will be no further adjustments to the 2016 Budget as crude oil prices are likely to stabilise at US\$30-US\$40 (RM126.2 to RM168.3) per barrel, said Prime Minister Datuk Seri Najib Razak.

But should prices dip below US\$30, then the government would have to relook its fiscal position, Najib told reporters covering his United States working trip to California.

Najib had, in January, recalibrated the budget, taking into account the sharp drop in world oil prices. As such, the government revised the budget assumption price to between US\$30 and US\$35 per barrel, from US\$48.

"It looks like oil prices are likely to stabilise at between US\$30 and US\$40 per barrel; in mid-US\$30 for a while. If that happens, that's within the range of our recalibration of the budget, so it is not necessary for us to make any more adjustments. If it falls below US\$30, then the government will relook our fiscal position," said Najib.

Saudi Arabia and other members of the Organisation of the Petroleum Exporting Countries (Opec) have refused to reduce output in an attempt to drive less competitive players, in particular US shale oil producers, out

of the market. But in the first sign of Opec and non-cartel producers co-operating after prices fell around 70 per cent since mid-2014, Saudi Arabia and Russia said on Tuesday they would freeze output if other major producers did the same.

Venezuela, Qatar and Kuwait also agreed on the planned freeze following talks in Doha. Saudi Arabia's regional rival Iran surprised markets by saying that it, too, supported the move, sending prices soaring. But on Thursday, Saudi Arabia said it was "not prepared" to cut oil production.

"If other producers want to limit or agree to a freeze in terms of additional production, that may have an impact on the market, but Saudi Arabia is not prepared to cut production. The oil issue will be determined by market forces. The kingdom of Saudi Arabia will protect its market share," Saudi Foreign Minister Adel al-Jubeir told AFP.

Najib said he might travel to London in May as part of the government's programme to engage capital market players.

"We have decided to go on engagement and communications in various financial capitals around the world," he said after meeting fund managers, who manage total funds of US\$7 trillion, from 11 firms here.

"(Minister in the Prime Minister's Department) Datuk Seri Wahid (Omar) had gone to Hong Kong, Singapore, London and San Francisco, and in May, I hope to go to London to meet investors, including fund managers. Engagements can help them understand the situation and see through the noise that has been created by some quarters."