

## **Zeti: Inflation within 2%-3% in 2015**

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Inflation rates are expected to remain well within the 2%-3% range, despite inflationary pressures from a weaker ringgit and implementation of the Goods and Services Tax, according to Bank Negara Malaysia governor Zeti Akhtar Aziz.

“These are being mitigated by a number of factors. First, oil prices and commodity prices have come down significantly to offset some of these upward adjustments.

“Secondly, as a result of these global and regional developments, there have been some slight moderation on consumption,” she told delegates present at the Economic Update 2015 organised by Pemandu (Performance Management & Delivery Unit) under the Prime Minister’s Department.

The consumption figures currently stand at 6.4%.

This, she added, is different from the period of strong consumption activity as experienced in 2014, which stood at 8%.

“There is no upward pressure on inflation spike. Therefore we do not see inflation moving above the 2%-3% range for the year as a whole, ” said Zeti.

Monthly inflation figures for August is expected to be released on September 23. Risks to inflation, she added, include collapse of commodity and oil prices to significant lows which can often serve as triggers.

Commenting on reserves which plunged to US\$94 billion (RM395.7 billion) in August she said: “We have seen this happen time and again, and I have great confidence that we will have an opportunity to rebuild.”

Federal reserves have fallen past the US\$80 billion in the past, while the Asian Financial Crisis also saw reserves plunging to a lowly US\$ 20 billion.

“Every opportunity we get we will rebuild our reserves,” she assured.

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