

**1MDB does not pose systemic risk to government finances, says rating agency**  
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Malaysia's economy, its banking system and government finances are not under systemic risk from developments at state fund 1Malaysia Development Berhad (1MDB), rating agency Moody's said on Monday.

A Wall Street Journal (WSJ) report on Friday said investigators had traced nearly US\$700 million to bank accounts they believed belonged to Prime Minister Datuk Seri Najib Razak.

The prime minister has denied taking any money from state funds for personal gain.

Moody's said the rise in political friction has not affected the government's stance on fiscal reforms.

Two of Malaysia's main opposition parties on Sunday demanded an emergency sitting of parliament to discuss the prime minister's future, and Malaysian stocks eased on Monday.

Moody's said in an emailed response to Reuters that developments related to 1MDB would affect the country's A3 rating only if they materially affected the trend of fiscal consolidation that supports its positive outlook.

The agency also added that last week's media reports were not specific with regards to their sources and "not much different from a lot of the developments related to 1MDB over the past year". – Reuters, July 6, 2015.

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