

**Najib says no ringgit peg or capital controls**  
**The Malaysian Insider**  
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Prime Minister Datuk Seri Najib Razak said today he would not peg the ringgit to the US dollar or implement capital controls as he sought to calm fears about the sliding currency and capital flight from Southeast Asia's third-largest economy.

Najib, who has come under severe criticism after being embroiled in a scandal over indebted state fund 1Malaysia Development Berhad (1MDB), is trying to reassert his leadership over his government and a stumbling economy.

"The flexibility of our exchange rate is important to absorb global adjustments and volatility," Najib said in a statement.

The ringgit, Asia's worst performer this year with losses exceeding 17% against the dollar, was steady today after the comments and found some respite as China's yuan rallied.

With debts of RM42 billion, 1MDB is being investigated for allegations of graft and financial mismanagement. Najib sits as the chair of its advisory board.

Najib has sought to ride out the political storm by reining in dissent within his party and government. He sacked his deputy last month and replaced the attorney general amidst a probe into 1MDB.

The 62-year-old has also faced criticism for taking his eye off an economy suffering from weak global commodity prices and falling domestic consumption.

Najib, who also serves as finance minister, met economists from local and foreign financial institutions this week, promising to "proactively manage the economy going forward", he wrote on Facebook.

Separately, Bank Negara Malaysia governor Tan Sri Zeti Akhtar Aziz said foreign exchange reserves had fallen but it was not a cause for worry.

"We've seen it decrease before and there's no issue to be concerned because that's what the reserves are there for, to represent a buffer to adjust during such periods," she told reporters.

Malaysia's international reserves fell below the US\$100 billion (RM409 billion) mark as of July 31, boosting doubts over abilities to defend the worst-performing Asian currency so far this year.

She also backed the prime minister's comments on ruling out a dollar peg for the ringgit.

"There's no intention of moving to a less flexible regime like a peg exchange rate

regime," Zeti told reporters.

"The fact that we can adjust allows the rest of our economy to remain more stable."  
– Reuters, August 20, 2015.

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