

Singapore's answer to ringgit drop, 'Keep Calm and Shop in Malaysia' **The Malaysian Insider** **August 20, 2015**

When Edmund Goh wanted a better air-conditioning system for his Toyota Harrier, he chose a mechanic in neighbouring Malaysia where the currency, at a record low against the Singapore dollar, offered a bargain for the upgrade.

Goh, 35, said he paid RM780 (S\$190) for what would usually cost him S\$700 in the city-state, unperturbed by inconveniences ranging from traffic jams and higher toll rates, as well as reports of theft of Singapore cars. His friends head across the border for cheaper food, groceries and massages.

"With the exchange rate itself you save more than half," said Goh, who works in operations for London-based asset manager RWC Partners Ltd.

While global investors are fleeing Malaysia's currency, bond and stock markets as political uncertainty clouds the outlook for an economy rocked by plunging oil prices and an emerging-market selloff, Singaporeans are heading for its restaurants, big-box retailers and shopping centers.

Some switched their vacations to Malaysia from Bangkok after a deadly blast Monday, while Singapore money changers at times ran out of ringgit as demand surged.

The Singapore dollar closed at a record RM2.9246 yesterday and it has climbed about 11% against the Malaysian currency this year.

Michelle Yeoh

"It's lucky that the ringgit is cheaper now," said Tan Geok Lee, 48, who booked a holiday to Ipoh, the hometown of international actress Michelle Yeoh and a city known for its noodle dishes. "We're going to just go there and spend," Tan added.

While both the Singapore dollar and the ringgit have weakened against the greenback, Malaysia as a net oil and gas exporter and in the midst of a political scandal has fared worse. Against the US dollar, the Malaysian currency has fallen about 15% this year, Asia's worst performer.

The FTSE Bursa Malaysia KLCI Index has lost 23% in US dollar terms this year, the most in among Asian benchmark gauges, while sovereign bond risk jumped to a four-year high since the Wall Street Journal reported on July 3 of a money trail of about US\$700 million that led to Prime Minister Datuk Seri Najib Razak's accounts.

The Malaysian Anti-Corruption Commission said this month the RM2.6 billion in Najib's accounts were from donors in the Middle East.

Malaysian bargains

What is a bane for Malaysia has been a boon for tourists. Annalise Cheong, a Singaporean mother-to-be, accompanied her husband on a business trip to Kuala Lumpur and went shopping for newborn clothes and toys while he was at work.

"More than anything in the world, Singaporeans love bargains and sales and food," Cheong said. "It is really a good time to be shopping and eating in Malaysia."

The weakening ringgit may help the country's tourism sector at a time when other industries are hurting from an uneven global recovery that has curbed export demand and hurt commodity shipments.

"Second half, tourism should do better compared with the first half of this year," said Rahul Bajoria, a regional economist at Barclays Plc in Singapore. "From a relative value perspective, you might see more tourists coming in from China, from India as the ringgit becomes more competitive."

Safety concerns

Even a spate of car thefts hasn't deterred Singaporeans from spending time in Malaysia.

At least three Singaporean cars have been stolen in the border city of Johor Baru this month, the Straits Times reported. A Honda Fit vanished 15 minutes after its owner parked it next to a restaurant on August 14, while a Honda Civic was broken into and driven out of a parking lot on August 10, the newspaper said.

"Safety is a concern for sure," said Gwendolyn Pan, who traveled to the southern Malaysian city by train earlier this month to avoid traffic jams that lasted as long as six hours over a four-day weekend. "Singapore cars are always a target. We had to take precautions," she added.

Singapore has one of the lowest crime rates in the world, according to the US State Department's Bureau of Diplomatic Security. In comparison, the bureau gave Malaysia a "high" crime rating in its latest report, which said petty crime against expatriates is fairly common.

For Goh, his familiarity with Malaysia and the lure of the weak ringgit is too strong to resist even as some friends with young children choose to stay away.

"It's quite a struggle for a lot of people, because the pull factor for Malaysia of course is the exchange rate, but the push factor is the crime rate," he said. "For me, I don't care, I just go in." – Bloomberg, August 20, 2015.

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