

Malaysia not facing economic crisis, says Zeti
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Malaysia is not facing an economic crisis, said Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz, despite widespread concerns over the state of the country's economy.

In an exclusive interview with The New Straits Times published today, Zeti insisted it was not all "doom and gloom" but they were not portraying that everything was fine either.

"Our country is not heading towards a crisis," she told the English daily and cited the country's strong fundamentals, including a surplus in its current account, low unemployment rate, high level of savings and low foreign debts.

"No, it isn't doom and gloom, but we are not portraying a picture that everything is fine. We are picturing a very challenging period that we have been able to manage so far."

She said the situation would be much worse if steps had not been taken to strengthen the banking sector, to develop financial markets and diversify the economy.

"We have not seen a widespread closure of businesses. Businesses may be scaling back, this is the reality of the environment. We should accept these realities and not be in the phase of denial.

"But to say that we don't have strong fundamentals is also not correct. We have strong fundamentals, and these are the fundamentals that will allow us to ride out this rough period and bounce back to a better economic performance," she was quoted as saying.

Despite assurances from Putrajaya that Malaysia's fundamentals are strong, concerns have been mounting over the economy as the ringgit, Asia's worst performing currency in the past one year, slid beyond the RM4 mark against the US dollar.

This was attributed to the worsening global outlook, China's surprise devaluation of the yuan, plunging commodity prices and the current political scandal linked to prime minister Datuk Seri Najib Razak over the RM2.6 billion "donation" from an unknown Middle Eastern country into his personal accounts while at the same time, his brainchild, state investment firm 1Malaysia Development Berhad (1MDB) is facing multiple probes of its alleged financial irregularities.

A survey by Merdeka Center between February and June this year found that more than half of Malaysians believed the country is heading in the wrong direction, caused by concerns over the nation's economy and governance.

Acknowledging that good times cannot last forever and that certain things were

beyond the central bank's control, Zeti attributed the ringgit freefall against the greenback to three factors including "domestic issues".

However, she did not elaborate on what she meant by that.

"Most of it is beyond our control. This is evident from the fact that the dollar has strengthened against more than 120 currencies," she was quoted as saying.

She told the NST that about US\$28 billion (RM118 billion) had fled Malaysian shores since September last year, but noted that prior to that, US\$60 billion in foreign funds flowed in between 2009 and last year. – September 17, 2015.

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