

Zeti wants Malaysia to tackle perception issues after 'junk' status
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By Md Izwan

Bank Negara Malaysia (BNM) governor Tan Sri Zeti Akhtar Aziz has urged authorities to address the negative perception surrounding Malaysia, after a rating's agency said the country deserved junk status.

Zeti said Malaysia should adopt the same strategy it used when facing the 1998 Asian Financial Crisis, and explain to investors the country's real situation.

"It's not up to the rating agencies. It's up to us to tell our story to the market, just like we did before.

"During the Asian Financial Crisis, all sorts of things were said about Malaysia, but in 1999, less than a year after the crisis, we went to tell the world our story," Zeti told reporters in Kuala Lumpur today.

She said this would allow investors to see for themselves the state of Malaysia's economy.

"So, this is what we must do, so investors will look at how we assess our situation and they can make their assessment then," she said.

Last week, Bloomberg reported that data from Moody's Corp showed six developing nations, including Malaysia and South Africa, deserve to follow Brazil into junk status.

Although Malaysia is A3 at the company, traders see it six levels lower at Ba3, Bloomberg reported.

The country, which still has investment grades at Moody's and Fitch Ratings, saw its implied ratings trade six steps below the official level.

The report said most developing nations were confronting the same issues that saw Brazil losing its investment-grade rating at Standard & Poor's – the plunge in commodity prices, a slumping currency and political turmoil.

The report also said that "political disputes are a key hindrance to investors' perception of emerging-market credit-worthiness", and noted recent street protests calling for Prime Minister Datuk Seri Najib Razak's resignation over alleged financial scandals. – September 28, 2015

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