

## **Ringgit leads rise in Asia before Najib's Budget 2016 speech**

### **Malaysian Insider**

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The ringgit led gains in Asia before Prime Minister Datuk Seri Najib Razak's budget speech as the prospect of more monetary stimulus from the European Central Bank buoyed emerging-market assets.

Najib will unveil the government's 2016 spending plans for Southeast Asia's third-largest economy today.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed said in Parliament on Tuesday that the budget would reveal measures to strengthen the ringgit, Asia's worst performer this year.

The MSCI Asia Pacific Index of stocks climbed with regional currencies today as ECB president Mario Draghi suggested the euro area may need a fresh injection of stimulus by year-end to counter an economic slowdown.

"The ringgit is up on speculation the budget will be friendly, focusing on infrastructure and boosting consumer spending," said Wong Chee Seng, a currency strategist at AmBank Group in Kuala Lumpur. "The ECB's stimulus measures should drive flows to Asia."

The ringgit strengthened 1.3% to 4.23 a dollar as of 12.10pm in Kuala Lumpur, following a 3.9% loss in the last five trading days, according to prices from local banks compiled by Bloomberg.

It has lost 1.2% this week. The currency's 17% slump this year has made it Asia's worst-performing exchange rate as a slide in Brent crude prices hurt the region's only major net oil exporter and a funding scandal linked to Najib spooked foreign investors.

### **Consumer prices**

The budget will be "one of the most difficult," Najib was quoted as saying in a The New Straits Times report on Monday.

The government aims to cut the fiscal deficit to 3.2% of gross domestic product this year from 3.5%, after amending the target from 3% in January as oil prices continued to slide. Najib's speech is due to start at 4pm.

Consumer prices in Malaysia rose 2.6% in September from a year earlier, slower than the median estimate of 2.9% in a Bloomberg survey and compared with a 3.1% increase in August, official data released today showed.

Foreign-exchange reserves climbed US\$800 million in the two weeks to October 15 to US\$94.1 billion, according to a Bank Negara Malaysia statement issued after markets

closed yesterday. They dropped the most since 2008 last quarter. – Bloomberg, October 23, 2015.

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