

Putrajaya to boost economy to shore up ringgit, says Najib
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Prime Minister Datuk Seri Najib Razak said the government would shore up the domestic economy and attract investments to counter the dwindling value of the ringgit, The Star reported today.

He reiterated that the government would not introduce capital controls or peg the ringgit to dollar.

"I would like to reiterate that we will not impose capital control measures or peg the ringgit despite the strong headwinds we are facing. Instead, my administration will shore up the domestic economy and continue to attract investments"" he was quoted as saying in an excerpt from a series of interviews with the English daily.

"Some examples are the Kuala Lumpur mass rapid transit project, Pan-Borneo Highway, high-speed rail link between Kuala Lumpur and Singapore, and Petronas oil and gas terminal project at Pengerang in Johor."

Najib had previously said that Malaysia would not return to pegging the ringgit or any other form of capital control even as the currency plummeted to a 17-year low against the US dollar.

Instead, Najib said, the government would revise its projections downwards to cope with weakening oil and commodity prices, adding that "internal adjustment" would be made.

Minister in the Prime Minister's Department Datuk Seri Abdul Wahid Omar, meanwhile, listed various external and domestic challenges as reasons for the ringgit's poor performance.

"In terms of external challenges, first, there is a reversal of investment flow from emerging markets back to the US economy. Therefore, Malaysia as an emerging market is negatively affected. Second, we are still a net exporter of oil and gas, and with oil prices slumping, we are taking a hit.

"Third, trade with China last year was at 14% of total trade, making China our largest trading partner. Malaysia is bound to feel the heat as Chinese growth moderates as part of its efforts to rebalance and for economic sustainability.

"The one domestic challenge is our own domestic sentiments, which compound these external impacts on the ringgit," he was reported as saying in the same series of interviews.

Wahid was asked if the rapid fall of the ringgit was over issues surrounding the debt-ridden state investment fund 1Malaysia Development Berhad (1MDB), political crisis or the drop in oil prices.

Najib, who is the chair of 1MDB's advisory board, has come under fire over the firm's RM42 billion debts that it had accrued since its inception in 2009. – November 4, 2015.

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