

Ringgit will make a comeback: Johari

> Finance Minister II says Malaysian currency facing turbulence, not crisis

BY **EVA YEONG**
sunbiz@thesundaily.com

KUALA LUMPUR: Currency fluctuation is part of the mechanism of the economy and the ringgit will recover if the country's fundamentals are in place and the global economy stabilises, Finance Minister II Datuk Johari Abdul Ghani.

The Malaysian currency yesterday hit levels seen only during the 1998 financial crisis, touching a low of 4.4805 against the dollar before settling 0.01% weaker at 4.475. The marginal fall was in line with most other regional currencies.

Among other emerging Asian currencies, based on Bloomberg's spot exchange rates, the greenback strengthened against South Korea's won and the Philippine peso by about 0.27% and 0.18% respectively.

The Malaysian stock market barometer FBM KLCI fell 0.21% to 1,634.3 points, also in line with other regional markets which were reacting to the US Federal Reserve's intention to make two or three interest rate increases in 2017.

"We cannot say that there is no problem (with the ringgit), but it is turbulence, not a crisis. We need to handle that carefully. The most fundamental thing is political stability, and government policy must allow free flow of money in and out of the country," Johari told reporters at a signing ceremony between Amanah Raya Bhd and Kenedix Inc yesterday.

He said speculative activities cannot be avoided especially when markets are



Johari (centre) witnessing the exchange of documents between Amanah Raya group managing director Adenan Md Yusof (left) and Kenedix Asia Pte Ltd president Akihiro Nakao at the signing ceremony yesterday.

anticipating further interest rate hikes in the US but believes that the ringgit will bounce back if Malaysia gets its fundamentals right and focus on what it needs to do.

"What we need to do as a country is to focus on what we do; no capital controls, no pegging and allow free flow of money in and out of the country for investors. We show them we are very open in this. We are an open economy, we cannot close our economy and I think once everything stabilises, they will come back," he added.

Johari said encouraging exports, facilitating business activities and promoting tourism are some of the quick wins in the economy that will help cushion the currency fluctuation impact.

Commenting on capital flight, he said it cannot be stopped but investors will return when the world economy is

stable as long as Malaysia provides a good investment ecosystem.

"This time around, despite all the fluctuations, we have no contraction (compared with 1997/98 Asian financial crisis and 2008/09 US subprime crisis) and we still have growth of about 4.3%. I think we shouldn't panic because I think we have the ecosystem to make it right."

Johari said investments made in public transport including the Light Rail Transit extension, Mass Rapid Transit, High Speed Rail and other infrastructure are indirectly a stimulus for the economy. "We don't need to put any additional stimulus because we are not in contraction. We are still growing even though the growth is not like what we saw in the past but there is still growth if you compare with the Asean region."

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