

Najib: BNM measures will strengthen ringgit

mlay mail 7/12

JOHOR BARU — Bank Negara Malaysia's new measures to enhance liquidity in the foreign exchange market, which came into effect on Monday, will strengthen the ringgit, says Prime Minister Datuk Seri Najib Razak.

He said the central bank, as a regulator, adopted a prudent monetary policy which included the management of the exchange rate, which was carefully thought out.

"I believe the measures (Bank Negara) announced last week will instill confidence in the market. (And) these measures, we believe, can strengthen the ringgit, God willing," Najib, who is also the finance minister, said when commenting on whether the measures could stabilise the ringgit.

The measures announced on Friday included allowing residents, such as resident fund managers, to freely and actively hedge their US dollars and Chinese renminbi with an exposure of up to a limit of RM6 million per client per bank.

Residents with domestic ringgit borrowings are free to invest in foreign currency assets both onshore and abroad, up to the prudential limit of RM50 million for

corporates and RM1 million for individuals.

Another measure which took effect on Monday was to allow exporters to retain only up to 25 per cent of export proceeds in foreign currency and the remaining 75 per cent in ringgit.

At 4.46pm yesterday, the ringgit was traded at 4.4400/4440 versus the US dollar compared to 4.4470/4500 at 6pm on Monday.

Najib said he was confident Malaysia's economy would reach RM2 trillion in seven to eight years.

[He said the rapid development of Iskandar Malaysia would help the country reach the target.

"I want the economy to reach RM2 trillion within seven or eight years. I discussed this with Finance Minister II Datuk Johari Abdul Ghani, and we believe we can achieve that target," he said.

Najib, who is also joint chairman of Iskandar Regional Development Authority, said he wanted Malaysia to be among the top 20 major economic nations within a certain period of time.

"Iskandar Malaysia will also contribute to achieve the target," Najib said. — Bernama