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Johari: No need for more currency measures

He says ringgit will strengthen if GDP continues to grow

SINGAPORE: Malaysia's economic growth should provide ammunition for the currency to strengthen and measures to curb volatility in the ringgit are currently sufficient, according to one of the nation's top finance officials.

There's no need to impose further steps to reduce movements in the ringgit and the gap between prices quoted offshore and in domestic markets is now "quite stable," Second Finance Minister Datuk Seri Johari Abdul Ghani said in an interview with Bloomberg Television's Haslinda Amin on Thursday.

Bank Negara warned foreign banks late last year against using offshore non-deliverable forwards to bet against the ringgit and vowed to limit speculation. Some investors fled in the wake of the crackdown and global funds pulled more than RM35bil from

Malaysian sovereign bonds in the four months through February, the longest stretch of outflows since 2014.

"Our measures have worked," Johari said in Cebu, Philippines at a gathering of South-East Asian finance officials. He said there are misconceptions that authorities are restricting money flows and reiterated that Malaysia is "very committed to free flow of capital, we are very committed in terms of not engaging in pegging or currency controls."

Asked if it's necessary to impose further currency measures, he said, "No need, no need. I think we're happy at this moment."

The gap between the onshore ringgit prices and 1-month non-deliverable forwards has narrowed since reaching a record in November.

Malaysia's exports in February expanded

at the fastest pace in seven years, helped by a surge in demand for electrical and electronic products. The economy grew 4.2% last year and is forecast by the central bank to expand 4.3% to 4.8% in 2017.

"We're promoting our exports, we're going into markets that are non-traditional for us," Johari said. "If things work where they are today and if our GDP continues to grow, I can only see strengthening of the ringgit."

Malaysia's finance minister is Prime Minister Datuk Seri Najib Tun Razak and Johari assists him as second finance minister.

The country would be "comfortable" with oil prices at around US\$55 a barrel and a level higher than that would provide more economic stimulation and facilitate development spending, Johari said. Malaysia is Asia's only major net oil exporter – Bloomberg

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