

EXTRA STEPS MAY BE ADOPTED



Full impact of previous measures to be known in 3-6 months, says Muhammad

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PREVIOUS measures to stabilise the ringgit have shown progress but Bank Negara Malaysia may consider new measures if needed, said governor Datuk Seri Muhammad Ibrahim.

The full impact of the measures, announced early last month, was expected to be seen in three to six months, he said.

"It will take three to six months before we can see the ringgit stabilise, but we have seen good progress so far.

"If need be, we will introduce new measures so we can basically strengthen that policy," said Muhammad after the opening of Bank Negara's inaugural Karnival Kewangan 2017, here, yesterday.

He said the new measures would not be a form of capital control and would stabilise the ringgit and ensure liquidity in the local market.

Muhammad said the public should not be too fixated on what ideal ring-

git levels should be.

"We should not be fixated on any particular level. It's very important for the ringgit, once we are realigned between demand and supply, and it is dictated by actual demand and supply for the currency... that's when the ringgit will stabilise."

The ringgit has lost 5.3 per cent against the US dollar since November 9 last year, and breached 4.5 against the US dollar on January 4 for the first time since 1998, as investors continued to sell down emerging market assets, according to a report by Bloomberg.

Bank Negara's measures to stabilise the local currency, announced on December 5, included allowing exporters to retain only up to 25 per cent of export proceeds in foreign currency, with the rest in ringgit.

It also allowed residents, including resident fund managers, to hedge their US dollar and yuan with an exposure of up to RM6 million per client per bank.

Residents with domestic ringgit borrowing are free to invest in for-

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Datuk Seri Muhammad Ibrahim
Bank Negara Malaysia governor



Second Finance Minister Datuk Johari Abdul Ghani (centre) handing the best innovation award, won by Malayan Banking Bhd (Maybank), to Maybank chairman Tan Sri Megat Zaharuddin Megat Mohd Nor at Karnival Kewangan 2017 in Kuala Lumpur yesterday. With them is Bank Negara Malaysia governor Datuk Seri Muhammad Ibrahim. PIC BY MOHAMAD SHAHRIL BADRI SAALI

eign currency assets, both onshore and abroad, up to the prudential limit of RM50 million for corporates and RM1 million for individuals.

In his keynote address yesterday, Muhammad said the disruptive influence of speculative activities on the ringgit in the offshore market had subsided. Imbalances in the domestic foreign exchange market had improved while ringgit volatility had also reduced.

"The ringgit depreciation is not a

unique and isolated event. It is a global phenomenon. The strong appreciation of the US dollar has led to similar depreciation pressures in all global and regional currencies.

"This is due to several factors, including the uncertainties surrounding monetary policy of the United States, as well as global economic and political developments."

He added that the global developments had affected sentiments in the world's financial markets, leading

to capital outflows from emerging markets.

"The currencies of many countries have underperformed and the ringgit was also not spared. The ringgit was affected given the structure of our economy and financial market that is one of the most open among emerging market countries. Our market was exposed to global financial market uncertainties that led to the reversal of portfolio investments," he said.