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Foreign inflows into bond mart reflect confidence in country's policies, direction – Tengku Zafrul

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KUALA LUMPUR, 2 Feb – The accumulated net foreign inflows of RM18.3 billion recorded by Malaysia's bond market in 2020 reflects yield-hunting activities and, to some extent, represents the confidence of the capital market in the country's policies and direction over the next few months, said Tengku Datuk Seri Zafrul Abdul Aziz.

The Finance Minister said although Bank Negara Malaysia has cut the Overnight Policy Rate (OPR) to record low of 1.75 per cent, there is room for the central bank to take action in terms of monetary policy.

"Central banks around the world cut their interest rates, and Malaysia is one of them. However, at the same time, foreign funds' net selling of RM24.6 billion was recorded in the equity market for 2020; and to put it into context, it (equity exit) happened to all the countries when they entered into lockdown," he said during the Bursa Malaysia Forum aired on Bernama TV (Astro 502) today.

The forum, themed "Menang Bersama: Rebuilding Malaysia's Economy Together", featured a question-and-answer session moderated by Bursa Malaysia Bhd chairman Tan Sri Wahid Omar.

Tengku Zafrul further said that Malaysia, alongside other countries including South Korea, Indonesia, Thailand and

On the country's foreign direct investment (FDI), he said that the government is aware of the challenges and highly competitive landscape as COVID-19 pandemic disrupts supply chains globally, particularly in capturing the relocation of multinational companies (MNCs).

"One of the key factors in deciding where to invest is consistency of policies. Deciding to open and close factories and offices without clear guidelines will only damage investor confidence," he added.

Hence, the Government has introduced various tax and investment incentives under the National Economic Recovery Plan (PENJANA) and Budget 2021, as well as measures to ensure seamless facilitation of investors such as the establishment of the Project Acceleration and Coordination Unit and various online platforms such as the i-Incentive.

"As a result of all these measures, investors' confidence in Malaysia can be seen in terms of the approved investments during the first nine months of 2020, which stood at RM110 billion, 40 per cent of which was FDI. These investments involved over 2,900 projects, with the creation of close to 65,000 jobs," he added.

The Malaysian Investment Development Authority announced that it has also identified 240 high-profile foreign investment projects with a combined potential investment value of nearly RM82 billion from various sectors, namely electrical and electronics, machinery and metal, life sciences and medical technology, chemical and advanced materials, transportation technology, and food technology and resource-based industries.

"These projects are anticipated to materialise this year, with about RM48 billion worth of potential investments into the country currently being evaluated. These projects, once approved, are expected to be implemented within 2021 to 2022," he said.

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