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Malaysia remains focused on enhancing economic fundamentals

RINGGIT'S WEAKNESS

Malaysia remains focused on enhancing economic fundamentals

KUALA LUMPUR: The government will continue strengthening economic fundamentals and structural reforms to ensure the economy remains stable, following the ringgit's depreciation against the US dollar.

Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said as stated by the World Bank, there is no quick and easy fix to the ringgit's weakness compared to the strengthening US dollar.

Being a small and open economy, Malaysia is not spared the fallout from challenges confronting the whole world, he said in a statement issued on Saturday in response to reports, concerns and questions put forward to his ministry, especially relating to the ringgit's position and current developments in the economy.

He said the government would ensure the current account always remains in surplus, driven by exports that continue to rise, and that the country does not experience a twin deficit.

"The current account has stayed positive this year with a total of RM3 billion for the first quarter and RM4.4 billion for the second quarter."

Furthermore, the government would continue its fiscal reform measures, including the tabling of the Fiscal Responsibility Act towards the end of 2022.

"The government will also diversify the nation's economic structure and activities, particularly emphasising sectors that focus on the sustainability and environmental, social and governance aspects, as well as the digital economy."

Of equal importance was that

the country's financial system and stock market continued to function well and in an orderly manner, he said.

To date, there has been no disruption to financial intermediation and the lending activities continue to run smoothly, he noted.

"Business activities continue to have access to financing from banking institutions and the capital market.

"Meanwhile, the stock market continues to show a net inflow of RM6.7 billion from foreign investors and RM2.3 billion from retail investors."

Tengku Zafrul said Malaysia's

resilience to capital outflow and external shocks would continue to rise due to Bank Negara's flexible and dynamic ringgit exchange policy or fundamental, its sufficient and strong international reserves, the stock market that comprise multiple sectors, the country's robust banking sector and solid institutional investors.

"The government in protecting all Malaysians' wellbeing, whether it be households, individuals or businesses."

The country is not facing a financial or economic crisis as in 1998, 2009 and 2020, as during those years the gross

domestic product (GDP) contracted, Tengku Zafrul stressed, adding that the government was confident that this year's GDP growth would surpass the original projection of between 5.3 per cent and 6.3 per cent.

He also said proactive government measures, such as the subsidy allocation of almost RM80 billion which includes price controls for various essential goods, would cushion the impact of price increases.

Tengku Zafrul said the government would also continue with people-friendly projects with high multiplier effects value, such as improving people's housing, flood mitigation, water, electricity, Internet and 5G infrastructures, as well as public transport such as the Mass Rapid Transit 3 and Pan Borneo Highway. **Bernama**

INFO BOX

RM3b

Malaysia's current account total for the first quarter of 2022

RM4.4b

Malaysia's current account total for the second quarter of 2022