

## KERATAN AKHBAR

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### Rising US dollar will have minimal impact on govt debt, says Mustapa



KUALA LUMPUR (Oct 3): The strengthening US dollar has minimal impact on the Government's borrowings as the debt is largely denominated in ringgit, said Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed.

"The direct debt of the federal government has not reached 5% in USD (US dollars), so the effect is small," Mustapa said in the Dewan Rakyat on Monday (Oct 3).

He was responding to Langkawi Member of Parliament and former prime minister Tun Dr Mahathir Mohamad, who asked if the depreciation of the ringgit has had an effect on Budget 2022, especially on the Government's payment in US dollars, and whether there was an increase in the deficit.

Mustapa said most of the Government's debt, especially treasury bills and government securities, is in ringgit.

“According to Bank Negara Malaysia's view, the bank's liquidity position is good as the coverage reserve is about US\$106 billion (RM493.01 billion), more than short-term debt,” the minister added.

At 9am, the local currency had eased to 4.6400/6445 against the greenback from last Friday's close at 4.6360/6390.

In a note on Monday, AmBank Research chief economist/head of research Dr Anthony Dass and his team said the ringgit is expected to trade between the support levels of 4.625 and 4.645, while resistance is pinned at 4.650 and 4.660.

“We expects the ringgit to trade higher this week, as external factors continue to weigh on the currency.

“Domestically, news surrounding politics would also put some pressure on the ringgit.

“Focus has been shifted to Budget 2023, which is scheduled to be tabled this coming Friday,” he said.

In August, Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said the federal government's debt as at end-June amounted to RM1.045 trillion or 63.8% of gross domestic product.

He also said it did not include the contingent liabilities of entities such as 1Malaysia Development Bhd (1MDB), its former subsidiary SRC International Sdn Bhd, and Suria Strategic Energy Resources Sdn Bhd.