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Experts: New governor to do well

BANK NEGARA MALAYSIA HEAD

EXPERTS: NEW GOVERNOR TO DO WELL

Inflation, OPR, ringgit likely to be his primary focus, say observers

KUALA LUMPUR

MALAYSIA'S current inflation, interest rate and the weakening ringgit will most likely be the key focus for newly minted Bank Negara Malaysia governor Datuk Shaik Abdul Rasheed Abdul Ghaffour, industry observers said.

They believe Rasheed — whose five-year term takes effect on July 1 — will do well in navigating the nation's monetary and financial stability.

He will assume the position of the governor from Tan Sri Nor Shamsiah Mohd Yunus, who completes her five-year term on June 30.

All eyes on inflation

Malaysia's inflation is not misbehaving, giving the central bank room to keep up its "conditional

pause", Bank Negara assistant governor Fraziali Ismail told Bloomberg recently.

Nevertheless, current inflation level would be a key focus area for Rasheed.

Market forces dictate that the new governor should strive to ensure that inflation is within an optimal range, which could promote economic growth without reducing the ringgit's value.

Inflation is one of the top issues affecting the country as it could influence the movement of economic growth.

It is also a key factor in determining the Overnight Policy Rate (OPR) hike.

Will there be another OPR hike?

The central bank expects headline and core inflation to moderate over the course of this year, averaging between 2.8 and 3.8 per cent.

Hence, upholding Bank Negara's role in promoting monetary and financial stability is equally crucial in providing a conducive environment for the sustainable economic growth.

Asked if there would be a change in OPR with the new gov-

ernor in place, Bank Muamalat Malaysia chief economist Mohd Afzanizam Abdul Rashid said it should continue to be assessed based on incoming data.

"The presence of two external members in the Monetary Policy Committee will ensure the integrity of the governance structure and sound decision-making. So, policy continuity can be assured," he explained.

Bank Negara reduced the OPR to a record-low of 1.75 per cent in July, 2020, to boost the economy which was affected by the Covid-19 pandemic.

It was kept until May last year before the central bank increased the OPR five times (May 2022, July 2022, September 2022, November 2022 and May 2023), and each time by 25 basis points.

Bank Negara's latest hike brought rates back to pre-Covid-19 levels of three per cent.

Ringgit and market forces

On the ringgit, Afzanizam said Bank Negara has been consistent in its view that currency was not its policy tool.

"Intermittently, there will be market intervention by Bank Negara but, merely to smoothen the

currency fluctuation.

"In a nutshell, the ringgit will be determined by market forces."

The local note is softening and stood at 4.60 against the US dollar, while the FBM KLCI dropped to below the 1,400 level due to external and internal uncertainties.

As at June 9, the ringgit ended at 4.6115/6160 versus the US dollar.

Faith in the new governor

Former Bank Negara governor Tan Sri Muhammad Ibrahim acknowledged

Rasheed's appointment and believed he would do well in ensuring the nation's monetary and financial stability.

"He is the most suitable candidate.

"Rasheed's strong work ethics, collaborative and inclusive approaches have served the bank and the country well."

Muhammad said the responsibility of a central banker was challenging given the need to bal-

ance the interests of stakeholders amid the increasingly challenging global financial and economic environment.

Afzanizam said: "Vast experience and knowledge. The central bank is in good hands..."

"Rasheed is liked by many people because of his openness to listen and accept opinions."

Rasheed joined the bank in 1988 and rose to the position of deputy governor in 2016.

He is a member of the Monetary Policy Committee and Financial Stability Committee since 2015.

He played key roles in the development and implementation of the Financial Sector Masterplan and Financial Sector Blueprints.

He graduated from Universiti Malaya with a Bachelor of Economics and holds a Master in Business Administration from Saïd Business School, University of Oxford. **Bernama**



Datuk Shaik Abdul Rasheed Abdul Ghaffour