

## KERATAN AKHBAR

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### Ringgit depreciation against dollar due to US Congress deadlock on debt-ceiling suspension vote, says Rafizi



PUTRAJAYA, May 31 — The recent depreciation of the ringgit versus the US dollar is due to looming concerns over the United States's congressional approval to temporarily suspend the US debt limit, Economy minister Rafizi Ramli said today.

He said there are many contributing factors which were predominantly affected by uncertainty in the United States that began earlier this year.

He cited two major crises the US had to weather: Silicon Valley Bank's collapse in March and the ongoing deadlock in Congress between opposing US lawmakers to lift the US\$31.4 trillion (RM144 trillion) US debt ceiling and new federal spending cuts.

“When you have disagreements on raising the debt ceiling, the US government cannot spend, and when you cannot spend there are risks the US might not be able to service its debts.

“That is why when we look at the ringgit’s performance from December to January, it strengthened to RM4.20 against the US dollar because there was political and economic stability.

“So there are crises beyond our control,” he told reporters at a press conference here.

US Treasury secretary Janet Yellen, had previously warned lawmakers that the US would run short of money to pay its bills on June 5, which would trigger a potentially calamitous default, unless Congress raises the US\$31.4 trillion debt ceiling.

As for the Overnight Policy Rate (OPR) hike recently announced by Bank Negara Malaysia (BNM), Rafizi insisted Malaysia's OPR rate was considerably lower than that of its regional partners.

Rafizi said it was crucial that Malaysians take an overall and long-term perspective of the country's economy as the uncertainties will eventually be resolved.

“We are pretty much behind because when Covid-19 subsided, they quickly normalised their interest but we were slow because we had a general election to deal with.

“In my opinion, there are things beyond our control and within our control. My view is that we will always be subjected to the risk of global uncertainty and headwinds from time to time.

“I always advocated for politicians to leave — as much as possible — monetary issues to the central bankers because they take a long-term view of the economy,” he said, noting that politicians often have a knee-jerk reaction to monetary policies that could potentially lead to short-term actions which are detrimental.

He later expressed optimism that the congressional deadlock in the United States will be resolved and markets normalise to be reflective of Malaysia's economic fundamentals.