

# KERATAN AKHBAR

TARIKH : 10 JULAI 2023  
AKHBAR : NEW STRAITS TIMES  
MUKA SURAT : 20

## 'Vital to stay vigilant as core inflation remains elevated'

### LOWER PURCHASING POWER

## 'Vital to stay vigilant as core inflation remains elevated'

**KUALA LUMPUR:** Malaysia must stay vigilant given that core inflation is still at a higher-than-usual level, said Bank Negara Malaysia governor Datuk Abdul Rasheed Ghaffour.

High inflation makes life difficult, especially for the lower-income group, and could cause significant harm to the economy, he said.

"High inflation hurts our purchasing power. This means what you could buy with RM100 now would be much less in the not-so-distant future," he said in an interview.

Rasheed said high inflation also eats into savings.

"In addition, uncontrolled price increases make it difficult for businesses to plan and invest. This damages our growth prospects, and is something we want to avoid," he said.

Last Thursday, the central bank said both headline and core inflations are projected to trend lower for the second half of 2023.

However, Bank Negara cautioned that while core inflation has moderated, it remains elevated relative to the long-term average amid lingering demand

and cost factors.

Rasheed also said the ringgit's depreciation did not do justice to Malaysia's economic fundamentals.

He said the country's economy has been remarkably resilient through the pandemic.

"The ringgit is undervalued and should appreciate to reflect Malaysia's underlying economic fundamentals."

He said the currency's trading has been driven by external developments and sentiments, with the US dollar movements and China's weaker economic perfor-

mance continuing to weigh on the ringgit.

Furthermore, he said, the gradual hikes in the Overnight Policy Rate (OPR) have made the country's interest rate one of the lowest in the region.

Rasheed also said Bank Negara is committed to ensuring orderly market conditions, and will intervene to prevent excessive ringgit volatility.

"We are a small and open economy and what goes on in the world does affect us. But over the decades, our economy has transformed to become more diversi-

fied in terms of economic structure and trade partners.

"This means we are not too dependent on any one export product or particular trade partner."

On Malaysia's economic resilience, Rasheed noted its 5.6 per cent growth in the first quarter of 2023 was one of the highest in the region and that the country continues to have current account surplus.

Malaysia's current account balance in the first quarter recorded a surplus of RM4.3 billion, or one per cent of gross domestic product. **Bernama**