

KERATAN AKHBAR

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'Malaysia in need of structural reforms to lift ringgit'

UOB FORUM

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KUALA LUMPUR: Malaysia needs structural reforms to strengthen growth prospects and encourage more investments to boost the ringgit, said economists.

They also said too much pressure had been put on Bank Negara Malaysia and that the government should play a more active role to stabilise the ringgit and strengthen the economy.

Malaysian Inclusive Development and Advancement Institute of Universiti Kebangsaan Malaysia director Tan Sri Dr Noor Azlan Ghazali said since 2015, the ringgit had been categorised into two distinct bands versus the US dollar.

Any fluctuations within the bands are regarded as short-term phenomena.

The first band is between 3.0 and 3.8 and the second-band is between 3.8 and 4.6.

Noor Azlan said if economic reforms were not implemented, the ringgit would likely enter the third range where its value would be much weaker than the US dollar.

"We are putting too much pressure on Bank Negara. It is a structural matter. If you look at Bank Negara's international reserves, are we crossing below US\$100 billion very soon?"

"Our retained export multiples and short-term external debt multiples are also not good. So I think we need to put less pressure on Bank Negara but more on Putrajaya," he said at the UOB Asset Management Mid-Year 2023 Out-



The government should play a more active role to stabilise the ringgit and strengthen the economy, according to economists. FILE PIC

look Forum yesterday.

Noor Azlan said for years, concerned voices had been calling for the government to take decisive actions for structural reforms to support the economy.

"The question is when, what and who wants to do it? What is the goal? In the next few months, there will be four important documents — economic narrative, civil industrial master plan, re-

view on 12th Malaysian Plan and the 2023 Budget."

UOB senior economist Julia Goh said looking at the foreign exchange (forex) spot rate alone would not help the ringgit because it was obviously moving alongside the yuan and the US dollar.

She said Bank Negara had given businesses and individuals the tools to hedge, which helped take

away some forex volatility risk.

"Malaysia has recorded net foreign portfolio inflows of about RM13 billion a year to date and our foreign direct investment swept record levels last year.

"So all these things haven't really changed. I think we cannot be too obsessed about the levels because in the next six months, the US dollar strength will start to abate," she added.