

INVESTMENT MOMENTUM TO PICK UP

'RINGGIT'S SLIDE BELIES ECONOMIC PROSPECTS'

BNM says external factors behind local currency's recent dismal performance

KUALA LUMPUR

THE ringgit's current performance does not fully reflect the prospects of the Malaysian economy, said Bank Negara Malaysia governor Datuk Abdul Rasheed Ghaffour.

The ringgit hit a 26-year low against the US dollar yesterday. At 5pm, the ringgit's middle rate against the US dollar was at 4.7975.

Rasheed said the ringgit's recent performance, like other regional currencies, was influenced by external factors.

The factors include market adjustment to changing US interest rate expectations, geopolitical

concerns and uncertainty over China's economic prospects.

He said growth this year would be driven by improvements in external demand and strong domestic spending. He referenced the latest International Monetary Fund forecast that global trade would improve from 0.4 per cent last year to 3.3 per cent this year.

Exports saw steady improvement since the fourth quarter of last year, with January exports recording growth of 8.7 per cent.

Rasheed said the tourism sector was seeing a strong recovery, with tourist arrivals this year expected to surpass pre-Covid-19 pandemic levels of 26 million.

He said investment momentum had picked up with the implementation of approved projects in the private and public sectors.

He said analysts expect the ringgit to appreciate this year due to good developments, the government's commitment to reform and the expected lowering of interest rates in advanced economies.