

# Finance Minister II: Ringgit to strengthen against US dollar in 2024

**PUTRAJAYA:** Finance Minister II Datuk Seri Amir Hamzah Azizan expects the ringgit to strengthen against the US dollar this year as the US Federal Open Market Committee (FOMC) has signalled the end of interest rate hikes after raising the benchmark interest rates 11 times since March 2022 to the current rate of 5.25-5.50 per cent.

"The US Federal Reserve (Fed) has probably reached the end of the interest rate hikes period, so we expect this year that we should see the interest rate to be chipped off in the US if there are no material geopolitical events, we should see the ringgit strengthened throughout the year," he said.

"Apart from that, all the hard work that the Prime Minister and Finance Minister Datuk Seri Anwar

Ibrahim and Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz have done to bring in the foreign direct investments (FDIs) will also play a part in strengthening the local economy... this will surely improve the ringgit's (performance)," he told Bernama in his maiden interview since his appointment to the position in December 2023.

Amir Hamzah, however, refused to predict the local note's performance against the greenback by year-end.

"In terms of the performance, let us wait. Let the market decide," he quipped.

Asked if there is a need to peg the ringgit to the greenback, Amir Hamzah shrugged off the suggestion as he said the current situation is very

different from what happened during the 1998 Asian Financial Crisis.

"When we pegged the ringgit to the US dollar in 1998, we were reacting to a very different scenario and a very different financial capacity of the country. But today, when you look at the country's reserves, the debt exposure and the financial liquidity in the market, Malaysia does not need to peg its currency.

"Moreover, the Fed has signalled that they are going to end the interest rate hikes, so let the currency adjust back as these elements go through," he said.

On the current overnight policy rate (OPR) that the Bank Negara Malaysia (BNM) has maintained at three per cent since May 2023, Amir Hamzah said the current OPR is at a

fair level to help facilitate economic growth.

"Malaysia's inflation rate is still low, so the BNM does not have to use the monetary tool to curtail that part. The current rate of three per cent is the rate that (is needed to) facilitate economic growth," he said.

Data from the Department of Statistics Malaysia (DoSM) showed that Malaysia's inflation, measured by the consumer price index (CPI), retained at 1.5 per cent in December 2023, bringing the annual headline inflation in 2023 to 2.5 per cent compared with 3.3 per cent in 2022.

Core inflation increased at a slower pace of 1.9 per cent in December 2023 against two per cent in November 2023, bringing the annual core inflation rate to three per cent. — Bernama