

Malaysia does not rely on ringgit to gain competitiveness, says Zeti

BASEL: Bank Negara Malaysia (BNM) will not encourage a further decline in the country's currency in a bid to make Malaysian exports more competitive, its governor Tan Sri Dr Zeti Akhtar Aziz said yesterday.

"We do not rely on the ringgit to gain competitiveness," Zeti told *Dow Jones Newswires* in an interview on the sidelines of meetings at the Bank for International Settlements.

She said in the immediate term, the currency reflected market conditions, but in the medium term it reflected underlying economic fundamentals.

Zeti also told *Dow Jones Newswires* that BNM was modestly investing in Chinese assets after Beijing gave it qualified foreign institutional



Zeti. Photo by Bloomberg

investor status earlier this month.

She said the US dollar would remain "an important international reserve currency," while the euro

would gradually gain in influence.

China last Friday said it would push for an overhaul of the international currency system to make it more diversified and reduce over-reliance on the current reserve currencies.

"We invest in assets in a very small way in Asia, so China would be just one of them," Zeti said, adding that the central bank invested a modest part of its reserve assets elsewhere in the Asia-Pacific region, including Australia and New Zealand.

Zeti also said Malaysia's interest rates were at an "appropriate" level but that the central bank had the flexibility to act if external conditions worsened.

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