

Bank Negara expects economy to remain strong post-election environment

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KUALA LUMPUR: Bank Negara Malaysia (BNM) expects Malaysia's economic outlook to remain strong despite the post-14th general election (GE14) environment, given its resilient and robust financial system.

Governor Tan Sri Muhammad Ibrahim said the ringgit would reflect Malaysia's strong economic fundamentals in the medium- and long-term.

"Our strength can be seen from the current account surplus, a strong reserves position, low level of external indebtedness and strong capital buffers in the banking system. We expect these strong conditions to persist.

"As many of you here can testify, our financial system is resilient and robust. On numerous occasions in the past decade, we have been able to manage market volatility due to the continuous measures taken over the years to develop our financial markets," he said at the Asian Institute of Chartered Bankers (AICB) Graduation Ceremony 2018 here today.



Governor Tan Sri Muhammad Ibrahim said the ringgit would reflect Malaysia's strong economic fundamentals in the medium- and long-term. (NSTP file pic/AIZUDDIN SAAD)

Muhammad said the market now was balanced, deep and liquid to provide the structural support for orderly market conditions, adding that moving ahead, BNM would continue to ensure orderly conditions in the onshore financial markets.

He said Malaysia was no stranger to short-term volatility, as the country's open economy was highly integrated with global markets.

However, he advised industry players not to overreact to market noises, especially when it was caused by factors which were temporary in nature.

"The negative but much reduced influence of the non-deliverable forward market should not detract the ringgit movements over the long term," he added.

On May 10, BNM's Monetary Policy Committee announced that it would maintain the Overnight Policy Rate (OPR) at 3.25 per cent and reaffirmed the strong outlook of the Malaysian economy.

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