

**DATE :** 26 OCTOBER 2023  
**PUBLICATION :** BUSINESS TIMES  
**SECTION :** BUSINESS  
**HEADLINE :** MALAYSIA CAN WEATHER CHALLENGES

NewStraitsTimes • THURSDAY, OCTOBER 26, 2023

## BUSINESS TIMES

STRONG FUNDAMENTALS

# 'MALAYSIA CAN WEATHER CHALLENGES'

Country's robust current account surplus serves as substantial buffer, says icapital.biz

S. JOAN SANTANI  
KUALA LUMPUR  
bt@nst.com.my

**M**ALAYSIA is well-positioned to weather the global economic turbulence due to its strong fundamentals, said icapital.biz Bhd managing director Tan Teng Boo yesterday.

The challenges include the United States-China trade spat, concerns over US inflation and geopolitical tensions.

Tan said Malaysia's current account surplus, at two to three per cent of its gross domestic product (GDP), served as a substantial buffer in mitigating any significant impact on the local market.

"If you have a robust current account surplus, you can keep building on your reserves. That's one of the important fundamentals," he said at a briefing yesterday.

Malaysia's current account balance recorded a higher surplus of RM9.1 billion in the second quarter alone and this was

expected to reach a total of RM62.24 billion next year, said the Finance Ministry.

Tan likened the US to a ticking time bomb, given the country's myriad challenges, including a high fiscal deficit and the inability of the House of Representatives to select a Speaker.

"Can the US stock market plunge 20 per cent, 30 per cent, 40 per cent? Yes, it is possible, and of course, we will be affected as we are all interconnected. But when it happens like that, that is the best time to invest.

"Such a downturn will considerably impact our stock market due to the interconnections. Nonetheless, this will also present an opportunity to invest."

He said the FTSE Bursa Malaysia KLCI (FBM KLCI) projection for next year relied heavily on the extent of the US market's decline.

"I am optimistic that the FBM KLCI will show resilience and not experience a substantial drop following the performance of

the US market.

"If the local market does dip to 1,200 points in the coming year like during the Covid-19 pandemic, the prospects for recovery are more favourable as our potential loss is limited. In such a scenario, I anticipate a recovery to the 1,500-1,600-point range."

He said for next year, the biggest winners would be the plantation, semiconductor and automotive sectors.

"Our capital market has been very boring and there have only been very few initial public offerings. However, I believe that this will change under the current administration," said Tan.

"Next year will be the peak of the US dollar. Not just the ringgit and rupiah, but other currencies will also start to appreciate.

"The ringgit's current weakness is due to the strengthening of the greenback. If conditions stabilise, the ringgit can strengthen to around 4.30 to 4.50 next year," he added.

**Our capital market has been very boring and there have only been very few initial public offerings. However, I believe that this will change under the current administration.**

**TAN TENG BOO**  
icapital.biz Bhd  
managing director

