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RINGGIT WEEKLY REPORT

KUALA LUMPUR, Nov 2 (Bernama) -- The ringgit was sharply lower against the US dollar this week in mixed trading, dragged down by the seasonal year-end demand for the greenback.

The local unit closed nearly 200 points lower at 2.5255/60 against the US dollar from last Friday's close of 2.5058/68.

As expected, the dollar's strength overseas prevailed over the five trading days as most American and European corporations sought dollars for profit repatriation in a preparation for end-December accounts closing.

On the local front, big demand for the greenback was also due to offshore loan servicing, especially by foreign interbank dealers.

Trading of the ringgit began in a tight range on Monday, pressured by remarks by a Bank Negara official in Hong Kong that the central bank could impose more restrictions to curb the inflow of "hot money" into Malaysia.

Consequently, the market tested the immediate resistant level of 2.5200, after breaching the psychological 2.5185 level.

Continued offshore buying of the dollar which surpassed commercial demand for ringgit by local exporters led the local unit to drift further on Tuesday and Wednesday. The dollar/ringgit rose from 2.5135/40 on Tuesday's close to 2.5235/40 on Wednesday's close.

On Thursday, the ringgit managed to regain its strength after midday, surging almost 60 points, as traders locked in profits to adjust their long positions on dollar and overbought positions.

The market reacted bullishly to Prime Minister Datuk Seri Dr Mahathir Mohamad's comment that the constant fall of the ringgit was not due to the US threat to take action against Petronas's investment in Iran.

Dr Mahathir said it was the dollar that had gone up due to people's high confidence that President Bill Clinton would be re-elected in the US elections this month.

A forex dealer said given the contrary underlying fundamentals and sentiment, traders were confused and concerned over the market's immediate trend.

On Friday, the ringgit continued its downtrend in early trading following speculative demand for dollar but strengthen slightly towards the close due to moderate short covering.

He expected the ringgit to consolidate with the quiet trade on the greenback anticipated next week.

Against other major currencies, the ringgit decreased sharply against the Singapore dollar at 1.7918/34 from 1.7681/97, was lower against the Japanese yen at 2.2237/61 from 2.2118/47, weaker against the deutschemark at 1.6620/29 from 1.6446/63 and plummeted against pound sterling at 4.1335/68 from 3.9966/07.

On the money market, Bank Negara was not seen intervening although the nearby-month tenures were in an uptrend.

The one-month Kuala Lumpur Interbank Offered Rates (KLIBOR) rose to 7.34 percent from 7.17 percent last Friday, while the three-month KLIBOR was higher at 7.36 percent from 7.23 percent previously. -- BERNAMA

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