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FOREX DEALER: RINGGIT'S SLIGHT DOWNTREND AGAINST US DOLLAR NOT A CONCERN

KUALA LUMPUR, Oct 31 (Bernama) -- The ringgit's current slight downtrend against the US dollar is nothing to worry about as the greenback is highly demanded everywhere within this time, said a senior forex dealer.

"It is actually an annual event during the year-end," he told Bernama when asked to comment on the Prime Minister's statement at midday regarding the constant fall of the local unit during the week.

Datuk Seri Dr Mahathir Mohamad had said that the ringgit's immediate fall was not because of the US threat to take action against Petronas's deal with Iran.

He had said that it was the dollar that had gone up due to anticipation that President Bill Clinton would be re-elected in the November elections in the US.

The dealer said the dollar was currently well bid due to almost all American and European big corporations undergoing a broad profit repatriation activities to prepare for the close of their business accounts ending Dec 31.

"That is why they need to buy dollar a lot compared to other major currencies," he said, adding that on the local front, demand for the greenback was not only due to the profit repatriation but also offshore loans servicing activities.

The ringgit was constantly in a downtrend mode against the greenback, falling by 0.77 percent to 2.5295/05 at the opening today from Monday's close of 2.5100/10. The highest rate for today was as at 4.00 p.m. at the 2.5330 level.

The dealer also did not rule out the possibility of more demands for dollar up to early next month, following market expectations that Clinton would be re-elected.

"It may be that ringgit would consolidate after the elections is completed. At that time, traders will sell back dollar to lock in profit before preparing for the next move," he said.

Pressure on the ringgit was also seen on Tuesday following the statement by Bank Negara Assistant Governor, Dr Zeti Akhtar Abdul Aziz, that the central bank might impose more restrictions to curb the inflow of "hot money" into Malaysia by forex market speculators. -- BERNAMA

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