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(Currency review)

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THE greenback surged against the ringgit last week after Prime Minister Datuk Seri Dr Mahathir Mohamad unnerved markets with with his comments from South America. At one point last Wednesday, the greenback rose as high as 3.4100. The greenback closed at 3.3525 last Friday, up from 3.0800 the week before.

THE Singapore dollar also marched up against the ringgit last week as the Malaysian currency fell to 26-year lows. Last Friday, the Singapore dollar remained above the 2.000 level for the third consecutive week, closing at 2.1738, from 2.0310 the week before. This week, we expect the Singapore dollar to make a significant reversal.

EVEN though the yen fell against the major currencies, it rose against the ringgit last week. The yen's decline against the greenback is due to the latest tankan survey which showed further lethargy in the Japanese economy. The yen closed higher at 2.7471 last Friday, up from 2.5410 the week before. The yen could rise higher this week.

STERLING rose against the ringgit last week after the United Kingdom government denied reports that Britain would enter the EMU soon. But towards the end of the week, sterling pared some of its gains after a report of a slower UK economy. Sterling closed higher at 5.3814 last Friday, up from 4.9980 the week before.

THE Aussie dollar rose against the ringgit last week as hopes of lower Aussie interest rates began to wane. The Aussie dollar closed higher at 2.4446 last Friday, up from 2.2290 the week before. Further rises are expected for the Aussie.

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