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(Currency review)

United Overseas Bank

THE greenback fell against the ringgit last week after Prime Minister Datuk Seri Dr Mahathir Mohamad warned that Malaysia would punish currency speculators. The greenback fell as low as 2.6150 last Wednesday before picking up at the end of the week. Despite Dr Mahathir's stern words, speculators are bound to be back this week. The greenback closed at 2.6295 last Friday.

* THE Singapore dollar also closed the week lower against the ringgit on Dr Mahathir's warnings. But this is only a temporary setback. We expect to see the Singapore dollar rising against the ringgit this week. The Singapore dollar closed at 1.7894 last Friday from 1.7992 the week before.

* THE yen closed lower against the ringgit last week amid more signs of weakness in the Japanese economy. Reports showing that June's industrial production and retail sales figures were weak led to a yen sell-off. The yen closed last Friday at 2.2108 from 2.2670 the week before. The yen is unlikely to fall further this week.

* The British pound slipped further against the ringgit last week amid growing expectations that UK interest rates could not go up much higher. This sentiment should soon pass. And the pound should rise again in the near term. Sterling closed lower last Friday at 4.3141 from 4.4038 the week before.

* The Australian dollar rose from the week's lows against the ringgit after the Reserve bank cut interest rates by 20 bps to 5.0 per cent. Traders probably thought that no more rate cuts would be forthcoming. The Aussie dollar is on an uptrend now. It closed at 1.9549 last Friday.

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