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(Currency review)

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THE US dollar surged against the ringgit last week after Prime Minister Datuk Seri Dr Mahathir Mohamad said that Malaysia would not do anything to defend the ringgit. Uncertainties about how Malaysia would reduce its imports also dampened sentiment. The greenback rose as high as 2.8240 on Friday before closing lower at 2.7630. It will probably take a pause this week.

* THE Singapore dollar rose as high as 1.8290 against the ringgit last week as currency uncertainties dragged on in the region. The abandonment of the rupiah's trading band last Thursday added to the bearish sentiment for the ringgit. The ringgit should drift sideways this week. The Singapore dollar closed at 1.8180 on Friday, up from 1.7982 the week before.

* THE yen rose as high as 2.3710 against the ringgit last week. The yen's strength was not due to any significant factor on Japan's side. It was largely due to the ringgit's weakness. As it has been overbought, the yen is expected to weaken slightly this week. The yen closed at 2.3370 on Friday, up from 2.2446 the week before.

* THE British pound also surged strongly against the ringgit last week even though the Bank of England said that it would not raise UK rates further for the time being. Sterling should trade sideways this week until expectations of higher UK rates return. Sterling closed at 4.3920 on Friday, up from 4.1784 the week before.

* THE Australian dollar strengthened against the ringgit last week despite talk that Australian rates could still drop. Even lower gold prices could not counteract the ringgit's weakness. The Australian dollar closed at 2.0380 on Friday, up from 1.9386 the week before. It should see a technical correction this week.

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