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RINGGIT BREAKS RESISTANCE LEVEL AT 2.64, NEXT AT 2.66

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KUALA LUMPUR, July 24 (Bernama) -- The ringgit, which has been under pressure from the strengthening of the US dollar globally since last week, sank to a new low of 2.6500 "so far this year," dealers said.

The ringgit dipped about 150 points in early trade this morning when compared to yesterday's close of 2.6350/00 despite assurance from Prime Minister Datuk Seri Dr Mahathir Mohamad that the government would study possible measures in attacking speculative activities against the ringgit.

Yesterday's meeting between the Prime Minister and the Finance Ministry, Bank Negara officials and chief executive officers of several banks, did not manage to lift sentiment in the already weak market, said one dealer.

After breaking its resistance level of 2.6470, dealers feel that the next resistance for the ringgit will be around the 2.6600 level.

However, before the lunchbreak, the ringgit was seen recovering to hover around the 2.6400 level on profit-taking activities as players turned nervous ahead of the Asian central bankers meeting in Shanghai tomorrow.

Central bank governors from all over the world would meet to discuss, among other things, the fall of currencies in Southeast Asia.

At 3.00 pm, the ringgit was at 2.6245/55. It had moved as high as 2.6370 and a low of 2.6550 today. All the while it has been hovering around the 2.64 level.

In the morning trade, there was substantial demand for the US dollar from offshore centres, especially from Singapore and Hong Kong.

"We are still waiting for Bank Negara to intervene in the market at the 2.66 level. The rumours of intervention has been in the market since yesterday", said banking sources here today.

He said the situation now was very uncertain, adding that "we do not know how low the ringgit will go. The swing has been so wild that the ringgit could even go below the 2.70 level".

However, he said bankers still maintained their views that the central bank would not allow this to happen as it will affect the country as a whole.

Despite its absence in the market, Bank Negara was reported to be carrying out routine checks since last week.

It was rumoured that the central bank checked the market at the 2.65 level last Tuesday through agents.

The source added that trading has been very volatile and people still perceived that all Southeast Asian currencies were at risks, especially the ringgit.

The Phillipine peso and Thai baht also continued to be badly battered with the banks buying more dollar to cover their positions.

The source cited that the baht was at record lows on the onshore baht market in early trade, falling to 32.63 to the dollar.

"The recent weakness reflects concerns over the economy and liquidity and right now there is a lack of confidence in the baht and that the dollar demand has surged," he added. -- BERNAMA

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