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Ringgit closes stronger against greenback

THE local forex market saw continued confidence in the ringgit following through from last Friday as it closed on yet a stronger footing against the US dollar yesterday.

Ringgit gained some 400 points to close at 2.8960/10 against the greenback from last Friday's 2.9425/75.

The local currency has lost more than 900 points during persistent speculative attacks on the region's currencies. It touched a historic low of 3.0340 last week before it rebounded to the present level.

Dealers said the follow-through recovery was helped by the firm move taken by the Government, as announced by Prime Minister Datuk Seri Dr Mahathir Mohamad on Friday, to overcome the currency and stock market turmoil.

"At the moment the dollar was in the downtrend and we saw ringgit moving in favourable level of between 2.8950 and 2.9700," said a dealer with a local bank.

He said the strong buying interest on the Kuala Lumpur Stock Exchange had also increased demand for ringgit.

Last Friday, Dr Mahathir announced several large infrastructure projects such as the Bakun hydroelectric dam and the Kuala Lumpur Linear City would be delayed while trading restrictions on 100 stocks on the benchmark Composite Index were lifted.

The move was seen as a strong signal of the Government's commitment to ensure the current account deficit was contained within a manageable level.

The dealer added should the positive sentiment in local forex market continue, ringgit has the potential to strengthen further.

Other Southeast Asian currencies also made their recovery against the greenback with the baht ending at 34.35 from 35.35 last Friday, the rupiah to 2.935 from 2,990 and the Singaporean dollar to 1.5095 from 1.5170.

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