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RINGGIT FALLS TO HISTORICAL LOW BEFORE RECOVERING

KUALA LUMPUR, Aug 15 (Bernama) -- The ringgit fell against the US dollar to a level reminiscent of 1973 when it was floated but recovered on profit-taking and short-covering.

It hit a low of 2.8210 today but recovered to close at 2.7830/50 against the greenback.

There were rumours that Bank Negara had intervened when the ringgit fell to 2.800 but dealers said there was no solid information to support the rumours.

Prime Minister Datuk Seri Dr Mahathir Mohamad had recently said that Malaysia will let market forces decide the ringgit/US dollar level.

Dealers said the spillover from a weak Indonesian rupiah, which was free floated yesterday, led to fresh speculative attacks on the ringgit.

They said there was selling of the ringgit for US dollars, especially from Singapore, as the effect of the weakened rupiah continued to be felt by regional currencies.

One dealer said the rupiah's free float and the strength of the US dollar had combined to weaken regional currencies and make them vulnerable to speculative attacks.

He said offshore funds are testing the government's level of tolerance to the ringgit's slide.

There is a gloomy feeling not only among the foreigners but also among the locals about the whole situation, said a dealer at a local bank.

"They may not want to listen to market boosting statements (from political leaders), they want to see what the government intends to do about it," he said. -- BERNAMA

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