

# Ringgit pegged at RM3.80 to dollar

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KUALA LUMPUR: The exchange rate for the ringgit has been fixed at RM3.80 to the US dollar, effective noon yesterday.

The move was aimed at insulating the economy from currency speculators and stock market manipulators.

Analysts and economists welcomed the pegging and curbs on trading in the ringgit outside the Malaysian market as it would help revive the currency.

They were confident that the government's reserves were poised to increase while the economy would be further reinforced against external shocks with the new exchange control measures announced

by the central bank on Tuesday.

Even before the peg of RM3.80 was announced yesterday, it had already started appreciating.

On Tuesday, in a live interview over RTM, when Prime Minister Datuk Seri Dr Mahathir Mohamed was asked whether the ringgit would be pegged to the US dollar, he replied: "Whether we like it or not, it has got to be pegged to a foreign currency."

As for the level of the ringgit that the Government would consider fair and be comfortable with, Dr Mahathir said: "We are comfortable at having an exchange rate that is basically steady and reflects the value of things."

He said the fixed rate regime would be

imposed for as long as necessary, until Malaysia was sure that there were profound and fundamental changes in the international financial system.

Dr Mahathir added that the move to have a fixed exchange rate was to insulate the economy from a system which had been abused by currency traders who reaped huge profits while impoverishing "whole countries, regions and peoples."

Security analysts said the fixed exchange rate was a good move towards stability and confidence boosting among foreign investors.