

21 JUL 1998

Anwar-Ringggit

ANWAR IN SUPPORT OF MAHATHIR OVER RINGGIT'S DEPRECIATION

KUALA LUMPUR, July 21 (Bernama) -- Deputy Prime Minister Datuk Seri Anwar Ibrahim has come out in support of Prime Minister Datuk Seri Dr Mahathir Mohamad on allegation over the depreciation of the ringgit.

"There is no truth to allegation that says the Prime Minister Datuk Seri Dr Mahathir's leadership has led to ringgit's depreciation.

"As has been repeatedly stressed by the PM, there will be no change in the country's foreign investment policy and the government will continue to support activities of the private sector, just like it did in the past," he said in a written reply to Lim Guan Eng (DAP-Kota Melaka) in the Dewan Rakyat, here today.

He said the foreign exchange rate market force is influenced by various short and long term factors.

Short-term factors, he said are tied to market sentiments, economic performance, interest rates, share market performance and political situation.

Long-term factors on the other hand are related to the economic fundamentals like economic growth, inflation, balance of payment and foreign debt status.

"It is the combination of these factors that will determine the ringgit's demand and offer," said Anwar who is also Finance Minister.

He said the value of the ringgit is also influenced by the contagion effect of the Asian financial crisis.

Of late, the currencies in the region including the ringgit have been influenced by the weak Japanese Yen rather than the US dollar, he said.

Anwar said Malaysia has taken comprehensive measures to rehabilitate its economy and stabilise the financial system in facing the effect of the regional crisis at the local level.

"When these measures start to take effect and restoring confidence to the market, the exchange rate will react on its own, showing the real situation of the economic fundamentals," he said.

Apart from local measures to stabilise the value of the ringgit, he said the performance of the currency also depends on external factors.

Anwar said the ringgit's recovery also depends on the stability of the regional foreign exchange rate market.

-- BERNAMA

HAK ABG