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Measures will see `improved ringgit value'

FINANCE Minister Datuk Seri Anwar Ibrahim said the value of the ringgit will better reflect the country's economic fundamentals after the implementation of various Government measures.

He said Malaysia has taken comprehensive measures to restore the economy and strengthen the banking system.

"When all these produce results and restore market confidence, the exchange rate will reflect the true economic fundamentals," Anwar said in his written reply to Lim Guan Eng (DAP-Kota Melaka).

He said the recovery of the ringgit was also being assisted by the stabilisation of the regional foreign exchange rate.

"As stressed by the Prime Minister (Datuk Seri Dr Mahathir Mohamad) repeatedly, the country's foreign investment policy will not change and the Government will continue to support private sector activities like it has previously done."

Anwar who is also the Deputy Prime Minister, said the market forces involved in foreign exchange rates were influenced by various long- and short-term factors.

The short-term factors were related to market sentiments of economic performance, interest rates, share market performance and political situation of the country.

The long-term factors concerned basic economic fundamentals such as economic growth, inflation, balance of payment and external debt.

He said the combination of these factors would decide the demand and supply of the ringgit. The value of the ringgit had also been influenced by the contagion effect of the Asian financial crisis.

Recently, the region's currencies including ringgit were influenced by the weakness of the yen against the US dollar.

In view of this, he added that it was wrong to accuse the leadership of the Prime Minister of bringing about the depreciation of the ringgit.

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