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RINGGIT-WEEKLY

RINGGIT EXPECTED TO TRADE MIXED AGAINST MAJOR CURRENCIES NEXT WEEK

KUALA LUMPUR, Dec 19 (Bernama) -- The ringgit is likely to trade mixed, in quiet trading next week, as market players are expected to continue with their position squaring activity ahead of the year-end, dealers said.

A dealer said with the coming Ramadhan month, coupled with the Christmas and New Year holidays, the foreign exchange market is not expected to see much activity.

"Beginning next week, there will be limited participation as people are bound to take advantage of the festive holidays and stay away from the market.

"They will be sitting back and happily enjoying the holidays," said the dealer.

While ringgit cross rates are expected to be traded within narrow confines, sentiment is however expected to be focused on further joint U.S.- Britain air attacks on Iraq.

Fresh tension also seemed to be mounting on the Korean Peninsular and this was raising eyebrows among traders, hence encouraging them to restudy investment strategies in that part of the world.

Another dealer the U.S. dollar may softens against the yen next week as attention shifts from the air strikes on Iraq to President Clinton's on-going impeachment proceedings.

He added that offshore traders, who would be conjuring up investment plans for 1999, may limit their presence in the market.

At home, Japan's financial aid package to Malaysia totalling US\$2.06 billion was viewed positively by foreign exchange analysts who felt that the package would indeed help support the country's economic recovery.

Japan's ambassador to Malaysia Issei Nomura announced Friday that the package will consist of the equivalent of US\$1.0 billion in official development assistance (ODA) yen loan, a US\$500 million Japanese Exim Bank loan, and a US\$560 million Japanese government guaranteed commercial loan.

Nomura also said these loans are not part of the US\$30.0 billion Miyazawa plan for the Asian region, simply because the negotiations on these loans began well before the Miyazawa initiatives were announced.

Prime Minister Datuk Seri Dr Mahathir Mohamad's remarks that the economy is poised for a one percent growth in 1999 drew positive reaction among international investors.

"I think this clearly indicates the return of strong investor confidence to the economy and that the government's selective exchange control policies were indeed the right ingredients to prompt the fast-track process," said an analyst.

On a weekly basis, the ringgit was mostly lower against major currencies except for the deutschemark.

It was slightly easier against the Singapore dollar at 2.3051/3064 from 2.3042/3060, easier against the yen at 3.3074/3106 from 3.2360/2393 previously, declined against the pound sterling to 6.3876/3919 from 6.3417/3465, but rose against the deustchemark to 2.2932/2938 from 2.2994/3004 last Friday.

In the money market, one-month Kuala Lumpur Interbank Offered Rates (Klibor) stayed unchanged and remained pegged at 6.31 percent while three-month monies eased two basis points to 6.56 percent. -- BERNAMA

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