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RINGGIT-WEEKLY  
RINGGIT MAY TRADE MIXED NEXT WEEK

KUALA LUMPUR, Sept 19 (Bernama) -- The ringgit is likely to be mixed to stronger against major currencies next week in line with a similar performance expected for the U.S. dollar.

However, against the yen, it could ease on strong buying for the Japanese unit by multi-national companies most of which would be closing their half-year accounts.

With no US interest rates cut and no signs to indicate a further deterioration of the American economy, the greenback is due to come in for some good support which would influence the ringgit's cross plays.

On the local front, Prime Minister Datuk Seri Dr Mahathir Mohamad remarks that the liquidity problem which was acute before was now mostly resolved was greeted favourably by the market.

The imposition of capital and foreign exchange controls have already showed positive signs despite being just enforced.

Dr Mahathir said the two percent cut in Statutory Reserve Requirement (SRR) and a further cut in the liquidity ratio has pumped some RM10 billion in additional funds to the banking system.

Besides this, the eventual non-convertibility of the ringgit overseas has led to the repatriation of ringgit deposits to the tune of RM11 billion.

"This figure could be higher as it does not take into account the transfer of liquidity from Singapore with the cessation of trading of Malaysian shares on the Central Limit Order Book (Clob)," the dealer said.

"There are promising developments due to the controls and I don't agree with some quarters that the move is scaring off long-term investors," he said.

During the week, ringgit was little changed against the Singapore dollar at 2.2098/2113 from 2.2016/34 at last Friday's close, lower against the yen at 2.8902/8927.

It was however slightly higher against the deutschemark at 2.2447/2462 from 2.2449//59, and sharply higher against pound sterling at 6.3875/3942 from 6.4071/07 previously.

On the money market, a dealer said Bank Negara undertook aggressive mopping-up activities to the tune of RM7.5 billion, which led to cash rates to be quite tight this week.

"The fact that Bank Negara has not lowered its intervention rate since last week is also indication that interest rates may not be allowed to fall as drastically in the short-term as expected," he said.

The Kuala Lumpur Interbank Offered Rates ended the week flat to lower with one-month money settling one basis points lower to 7.17 percent while the three-month monies dropped 0.18 of a point to 7.58 percent. -- BERNAMA

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