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Ringgit speculators (HL)

Abdul Razak Ahmad; Brenda Lim

KUALA LUMPUR, Sat. - Prime Minister Datuk Seri Dr Mahathir Mohamad today revealed that a group of local and foreign speculators has been buying US dollars, hoping to sell at a profit if the ringgit is later devalued.

Dr Mahathir said such action would ruin the country's economy. He maintained that the rumours saying that the ringgit would be negatively re-pegged were baseless.

He said such rumours reached "especially strong" levels last month.

"They started rumours saying that the ringgit will be devalued to RM4.20 or some such value. With that, they started buying US dollars at the current rate of RM3.80 to the dollar, hoping that they would profit if the ringgit's value is decreased.

"This will ruin our economy," he said after attending a Workers' Day gathering at the Putra Stadium in Bukit Jalil here.

He was later asked whether a re-pegging of the ringgit was imminent.

"We will not re-peg. Our (ringgit) value and goods are still competitive."

Dr Mahathir added that the competitiveness of Malaysia's exports was not solely dependent on the value of the country's currency.

"In our country, productivity is high, there is political stability, there is also stability in terms of the action taken by the workers, so all these have contributed to our competitiveness."

Dr Mahathir said that even under current circumstances, where the ringgit was seen by some as being too highly valued compared to other regional currencies, the country's exports still remained competitive.

Asked if he had been advised on the presence of currency speculators who were apparently poised to exploit the situation, Dr Mahathir said:

"We know it is happening, but I don't know who are involved."

The financial speculators, added the Prime Minister, were now "waiting for the day when we will allegedly devalue our currency."

This was despite the Government's repeated insistence that it would not re-peg the ringgit, said Dr Mahathir.