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RINGGIT-PEG

PEG REVIEW WILL CONSIDER RINGGIT'S OVERALL PERFORMANCE, SAYS ZETI

KUALA LUMPUR, Jan 20 (Bernama) -- Any review of the ringgit's peg against the U.S. dollar will take into account its performance against a basket of currencies and not any one currency, Bank Negara Malaysia Governor, Tan Sri Dr Zeti Akhtar Aziz said today.

She reiterated that Malaysia would not consider the performance of ringgit against just one currency when looking at the possible review of the ringgit peg.

"We don't just look at one currency. We look at many currencies and the stability of our exchange rate against our major trading partners," she said after the launching of Financial Mediation Bureau here today.

"That is the overriding objective of our exchange rate policy," she said when asked by reporters to comment on calls for a review by former Prime Minister Tun Dr Mahathir Mohamad.

Dr Zeti said the authorities would look at the development, and if there were fundamental structural changes which had taken place or if there were potential misalignment of the currency, the authorities would review the situation.

The ringgit is pegged at RM3.80 to the greenback since Sept 1, 1998.

Former Prime Minister Tun Dr Mahathir Mohamad was quoted yesterday as saying the peg should be reviewed as the weak U.S. dollar had caused the ringgit to depreciate against major currencies.

Dr Mahathir imposed selective capital controls and peg the ringgit to the US dollar in 1998 during height of Asian financial crisis.

The speculation about possible review of the ringgit peg has been strong since the end of last year.

That has resulted in the inflow of foreign funds in the country, buying ringgit-backed assets such as bonds and shares as foreign investors hopes to make profit from the widely speculated revaluation of the ringgit against the US dollar. -- BERNAMA

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