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No timeframe for ringgit peg review

PUTRAJAYA, Thurs. - Malaysia's currency peg will stay for now, the Prime Minister said today.

Datuk Seri Abdullah Ahmad Badawi said the Government would monitor, study and analyse the situation from time to time before arriving on whether to lift the peg.

"There is no change at this point ... if there comes a time when changes are required to be made for the benefit of the people, we would consider making the changes then," he said here today.

He was asked to respond to comments by former Prime Minister Tun Dr Mahathir Mohamad yesterday that it was time to review the ringgit peg as the weak dollar had caused the ringgit to depreciate against other major currencies.

There have been growing calls from economists and rating agencies for Malaysia to take advantage of strong economic conditions to move to a more flexible system.

In the last year, the ringgit dropped by 4.1 per cent against the euro, 5.1 per cent against the British pound, and 3.2 per cent against the yen.

Abdullah said no time frame had been set on reviewing the currency peg.

"No regulation is cast in stone. We can review the pegging when we feel it is necessary," he said.

At the height of the Asian financial crisis, Dr Mahathir imposed selective capital controls and fixed the ringgit at RM3.80 to the US dollar on Sept 1, 1998. as part of measures to stem the rapid outflow of speculative hedge funds from the country.

(END) Source : New Straits Times