

Ringgit falls to 25-year low against the dollar

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Bernama

The Malaysian ringgit has fallen to its lowest level in 25 years against the US dollar.

The currency dropped by 0.3% to 4.7635 per dollar, the weakest since the 1997 Asian Financial Crisis.

According to a report by Bloomberg, the currency was weighed by the dollar's rise and a widening rate differential with the US.

The 10-year US Treasury yield rose to 4.91 percent.

"It's the worst performer in Asia this year after the (Japanese) yen," said the financial news service.

It was reported that at 9am today, the local currency traded easier at at 4.7615/7650 against the greenback from Wednesday's close of 4.7445/7485.

Bank Muamalat Malaysia Bhd chief economist and social finance head Mohd Afzanizam Abdul Rashid told Bernama that the main concern in the market now is the Palestine-Israel conflict.

“The US president’s unequivocal support for Israel could potentially prolong the conflict; under such circumstances, the dollar is likely to be the main beneficiary, given its safe haven status,” he said.

The ringgit had also eased against other major currencies, except the British pound, which had strengthened to 5.7809/7852 from 5.7869/7917 at Wednesday’s close.

It fell against the euro to 5.0181/0218 from 5.0140/0182 and was lower against the yen at 3.1794/1820 from 3.1685/1714 at yesterday's close.

It had also traded mostly lower against other Asian currencies.

Last week, Prime Minister Anwar Ibrahim told Parliament that the government, through Bank Negara Malaysia, is exploring initiatives to encourage countries to trade in local currencies.

This is in line with his view for Malaysia to reduce its reliance on the US dollar in trade and investments.

Anwar said Malaysia has held several negotiations with China, Indonesia and Thailand and has begun using local currencies in its transactions.

“We succeeded in using local currencies with Indonesia, Thailand and China. However, not all (countries) are involved in commodity and international trade. That is why I suggest de-dollarisation,” he said.

In an effort to reduce Malaysia’s reliance on the US dollar, Anwar previously proposed for Asian countries to establish the region's own version of the International Monetary Fund (IMF).

Financial experts previously suggested that having an Asian Monetary Fund (AMF) would provide Asian countries with a better alternative during crises.

In last week’s budget tabling, the premier also announced that the Government is expected to implement global taxation to companies with international revenues of at least €750 million, instead of using the US dollar as a measure.

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