

Ringgit to be stronger by end of 2011
Malaysiakini.com
Disember 8, 2010

The ringgit is likely to hover around RM3.02 to RM3.05 against a US dollar over the next 12 months on the back of further downside of the greenback, says an economist.

Credit Suisse Singapore director and Asian chief economist Joseph Tan said the appreciation was in line with other regional currencies.

He said this at a question-and-answer session at the 15th Malaysian Capital Summit in Kuala Lumpur today.

He was responding to a question on the outlook of the ringgit in view of the capital inflow and the risk of inflation next year.

Tan was one of the panelists at the session that discussed regional and national economic and investment outlook - challenges and prospects.

However, in the short-term period, he said, the US dollar would likely rebound as it has been on the downside for one-and-a-half-month.

On capital inflows, he said, "hot money" inflow into Malaysia was not as big as in other Asian countries, therefore the risks are quite mitigated.

However, for the second half of 2011, there will be more risk and to prevent further risk, Bank Negara Malaysia will likely increase the overnight policy rate by 25 to 50 basis points.

Currently, Bank Negara has the flexibility to keep the interest rates unchanged until the end of the first half of 2011, he added.

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