

## **Ringgit falls on reserves depletion concerns**

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**STORY BY BLOOMBERG**

The ringgit extends the week's losses on concern the erosion of Malaysia's foreign-exchange reserves will further hurt investor sentiment in an economy reeling from falling oil prices and a political scandal.

The reserve holdings have fallen 19% this year to US\$94.5 billion (RM397.5 billion) and data on Friday for the last two weeks of August may show the extent of central bank ringgit purchases to prop up Asia's worst-performing currency this year.

Australia & New Zealand Banking Group Ltd sees a figure of around US\$92 billion. Growth in exports may also have slowed in July following June's rebound from two-months of contraction, according to a Bloomberg survey before tomorrow's report.

"Any signs of further reserve draw-down or narrowing in the trade balance will hurt sentiment further toward the ringgit," said Khoon Goh, a strategist at Australia & New Zealand Banking Group in Singapore. "The US dollar's strength isn't helping."

The ringgit fell 0.8% to 4.2455 a US dollar in Kuala Lumpur, adding to Wednesday's 1.1% decline, according to prices from local banks compiled by Bloomberg.

It reached a 17-year low of 4.2990 on Aug 26. The Bloomberg US Dollar Index, which tracks the greenback versus 10 major currencies, rose 0.1% after gaining 0.3% yesterday.

### **Bonds fall**

Asia's only major net oil exporter has been hurt by the drop in Brent crude prices, which are down by about half from their year-ago level.

A looming US interest rate increase is also spurring capital outflows, just as Prime Minister Najib Abdul Razak faces pressure to step down.

Malaysia's economic foundation is "strong" and local markets have been exposed to global volatility in recent months, he said during a speech in Kuala Lumpur on Thursday.

Overseas shipments from the Southeast Asian nation rose 3.2% in July from a year earlier, slowing from 5% the previous month, according to the median estimate in a Bloomberg survey.

The trade balance probably narrowed to RM6.3 billion from RM7.98 billion.

Malaysia's 10-year government bonds advanced, with the yield down one basis point at 4.26%, according to prices from Bursa Malaysia.

— **By Elffie Chew**

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