

Ringgit continues pullback to RM3.70

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By The Rakyat Post

KUALA LUMPUR, The ringgit continued its uptrend today to open sharply higher against the US dollar in the early session as investors cut bullish bets on the greenback.

At 9.08am, the ringgit was quoted at 3.7050/7090 against the US dollar from 3.7100/7150 at close yesterday.

A dealer said the greenback fell overnight in the wake of yesterday's downgraded interest rate projections from the US Federal Reserve, prompting demand for the local note.

Meanwhile, the ringgit also traded higher against other major currencies.

It rose against the Singapore dollar to 2.7819/7854 from 2.7874/7934 yesterday and appreciated against the yen to 3.0149/0194 from 3.0204/0255.

The ringgit strengthened against the euro to 4.2174/2227 from 4.2235/2295 and improved against the pound to 5.8880/8966 from 5.8952/9050.

Reuters reported that the US dollar wallowed at a fresh one-month low against a basket of major currencies today, as tame US inflation data added to uncertainty over when the Federal Reserve will begin raising interest rates.

A measure of core inflation rose a mere 0.1% in May, the smallest gain in five months, suggesting the Fed can stick to a very gradual policy tightening cycle, when it eventually does start hiking rates later in the year.

Meanwhile, Bank Negara Malaysia (BNM) yesterday reiterated that the Ringgit's current movements are affected by both global and domestic developments.

The central bank was referring to recent inaccurate and misleading media reports regarding alleged reasons for the volatility in the ringgit's exchange rate.

Bank Negara said it remained focused on its role and mandate in maintaining monetary and financial stability and to support sustainable economic growth.

"BNM has never been and will not be drawn into any political agenda but will remain accountable for delivering its mandates to the people of this country," it said in a statement.

It said global developments affecting the ringgit's movements would include the investor expectations relating to monetary policies of major central banks and the trends in crude oil and gas prices.

Domestic factors would include concerns about government-linked entities and ratings-related issues.

“Uncertainty on any of these issues contributes to the volatility of the currency.

“While external developments are beyond the control of any open economy, every effort needs to be undertaken to bring about resolution to the domestic issues that confront our economy.

“Once these issues are resolved, the performance of the currency is expected to be consistent with our sound economic fundamentals and growth prospects,” added BNM.

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