CURRENCIES

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Ringgit higher against greenback in early trade

KUALA LUMPUR: The ringgit edged upwards versus the US dollar in early trade yesterday, starting the year on a firmer footing against the broad greenback strength.

Oil gains might provide some buffer against the ringgit weakness, said Maybank FX Research, but it cautioned that the ringgit remained sensitive to United States Treasury yield movements.

Higher US Treasury yields will see higher US dollar/ringgit pairing, especially with higher US borrowing costs on the horizon this year and policies to be announced by US president-elect Donald Trump.

The ringgit opened at 4.4815 against the greenback yesterday, and its last price was quoted at 4.4938 from 4.4862 on Monday.

Market watchers said the US dollar recorded its biggest rise in two weeks.

Apart from the Singapore dollar which edged up against the US dollar — lifted by the stronger fourth quarter gross domestic product — the rupee, won, baht and Taiwan dollar also rose against the US dollar yesterday.

Trade in Asian currencies was, however, thinner yesterday due to a holiday in Japan.

On Monday, the dollar strengthened against most of its major rivals, closing at 1.046 against the euro and 117.49 against the yen.

The ringgit also weakened to 4.4862 against the US dollar at 5.25pm from the previous close of 4.4850 on Friday — off the intra-year high of 3.8668 on April 20. At 4.462, the ringgit was at its weakest since the 1998 Asian financial crisis, said AmBank.

Meanwhile, a number of Purchasing Managers' Index (PMI) reports were released for most Asian economies, including Malaysia.

China's production activity report, the Caixin PMI, improved to a four-year high.

The PMI remained unchanged in Malaysia and contracted in Indonesia. **Rupa Damodaran**

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