

# Ringgit Weekly Outlook

To seesaw between gains and losses with an upside bias, contingent on US inflation readings

## Fundamental Overview

- Malaysia's better-than-expected 3Q23 GDP reading (3.3% YoY; Consensus: 3.2%) and trade figures, coupled with a weaker greenback, have bolstered the MYR against the USD. The USD index fell below the 104.0 mark as investors unwound their USD long positions, fuelled by a firm expectation that further Fed tightening is improbable. However, after appreciating close to the 4.65/USD level, the ringgit erased some gains following the FOMC's cautious policy approach and an unexpected drop in US initial jobless claims.
- The potential stabilisation of Malaysia's inflation readings around its long-term average, combined with a relatively robust economic growth, is likely to encourage the BNM to maintain the current status quo on the OPR. In the upcoming week, the ringgit may oscillate between gains and losses due to the absence of pro-ringgit catalysts. However, market participants will closely monitor the US core PCE data, where a softer-than-anticipated reading could prop up the ringgit. Additionally, investors are expected to scrutinise Manufacturing PMI data from both Malaysia and China for insights into the countries' latest economic conditions. Any indications of recovery may positively impact the ringgit.

## Technical Analysis

- The USDMYR outlook remains neutral, with the pair likely to trade near 5-day EMA of 4.678 as its RSI sits in the middle of the range.
- Given the neutral short-term bias, the pair is projected to trade in the range of (S2) 4.644 – (R2) 4.699 next week. However, downside risks to the local note remained due to the disconnect in US macroeconomic readings.

Table 1: Currency Outlook

Long Term*							
	Q3-23	Q4-23F	Q1-24F	Q2-24F	Q3-24F	Q4-24F	Trend
USDMYR	4.695	4.440	4.331	4.306	4.280	4.254	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	46.024	4.678	4.690	4.699	4.662	4.644	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

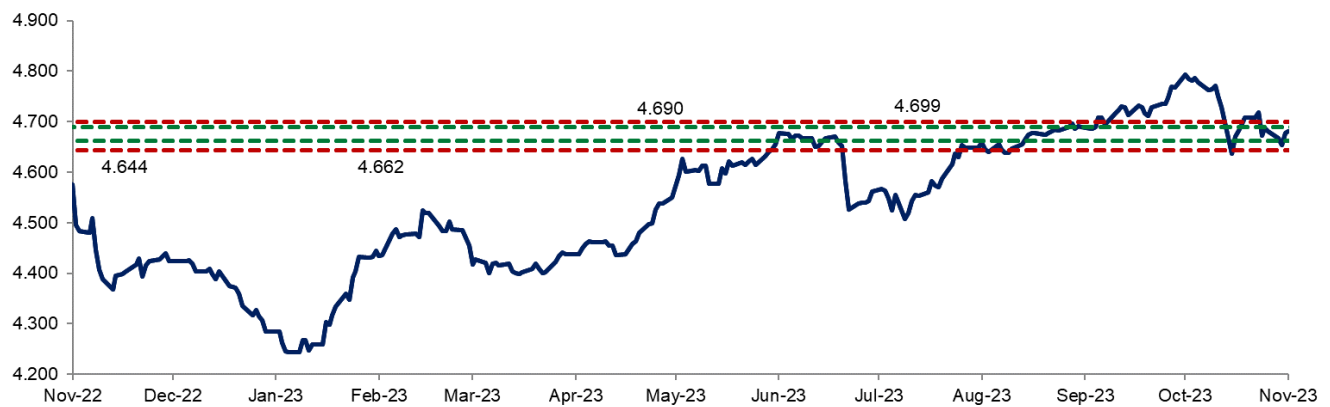
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

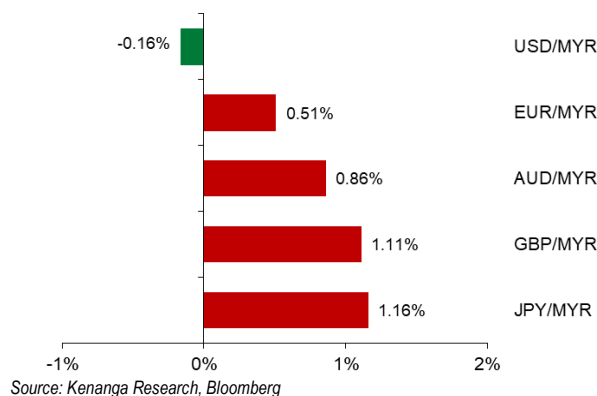
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

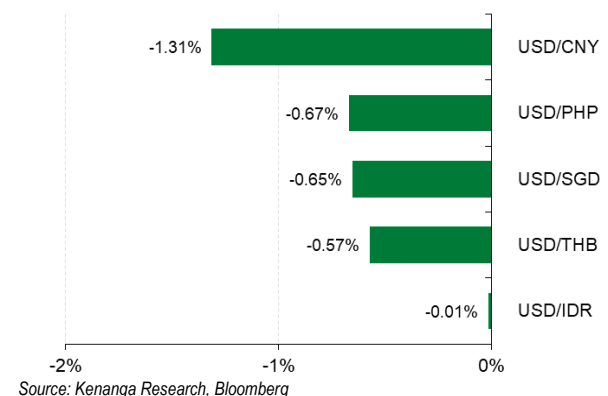
Graph 1: USDMYR Trend



Graph 2: Weekly Performance of Core Pairs



Graph 3: Weekly Regional Peers' Performance



24 November 2023

Table 2: Performance of Core Pairs

Currencies	03/01/23 YTD	23/11/22 Last Year	23/10/23 Last Month	16/11/23 Last Week	23/11/23 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.409	4.575	4.794	4.688	4.680	6.17%	2.30%	-2.37%	-0.16%
AUDMYR	2.962	3.044	3.017	3.045	3.071	3.68%	0.90%	1.81%	0.86%
GBPMYR	5.255	5.454	5.824	5.813	5.878	11.86%	7.76%	0.92%	1.11%
EURMYR	4.649	4.724	5.078	5.087	5.113	9.96%	8.24%	0.67%	0.51%
JPYMYR	3.373	3.235	3.197	3.100	3.136	-7.03%	-3.06%	-1.89%	1.16%
SGDMYR	3.280	3.307	3.491	3.476	3.495	6.53%	5.66%	0.10%	0.53%
<b>ASEAN 5 + CN + JP</b>									
USDIDR	15601	15687	15934	15555	15553	-0.31%	-0.85%	-2.39%	-0.01%
USDTHB	34.444	36.252	36.514	35.473	35.271	2.40%	-2.71%	-3.40%	-0.57%
USDSGD	1.346	1.385	1.373	1.349	1.340	-0.48%	-3.28%	-2.38%	-0.65%
USDPHP	55.799	56.977	56.825	55.77	55.398	-0.72%	-2.77%	-2.51%	-0.67%
USDCNY	6.915	7.161	7.315	7.243	7.148	3.36%	-0.18%	-2.29%	-1.31%
USDJPY	130.690	141.420	149.970	151.210	149.230	14.19%	5.52%	-0.49%	-1.31%
<b>USD</b>									
EURUSD	1.053	1.031	1.060	1.085	1.092	3.68%	5.89%	2.97%	0.68%
GBPUSD	1.191	1.193	1.216	1.241	1.255	5.38%	5.23%	3.25%	1.16%
AUDUSD	0.670	0.664	0.630	0.649	0.656	-2.09%	-1.17%	4.12%	1.12%

Source: Kenanga Research, Bloomberg

Table 3: Upcoming Major Data Release And Policy Announcement for the Week

Date	Country	Indicator	Previous	Consensus/Forecast
28/11/2023	MY	PPI (OCT)	0.2% YoY	N/A
28/11/2023	US	New Home Sales (OCT)	12.3% MoM	-4.8% MoM
29/11/2023	US	GDP Growth Rate 2 <sup>nd</sup> Estimate (Q3)	2.1% QoQ	5.0% QoQ
30/11/2023	MY	M3 Money Supply (OCT)	2.9% YoY	N/A
30/11/2023	US	Core PCE Price Index (OCT)	0.3% MoM	0.2% MoM
30/11/2023	US	Personal Income (OCT)	0.3% MoM	0.2% MoM
01/12/2023	MY	S&P Global Manufacturing PMI (NOV)	46.8	N/A
01/12/2023	CN	Caixin Manufacturing PMI (NOV)	49.5	N/A

Source: Kenanga Research, Trading Economics, Bloomberg

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