

Ringgit Weekly Outlook

Likely for balanced movement with potential for gains amid improving risk appetite

Fundamental Overview

- As expected, strong demand for the USD due to uncertainty about the Fed's outlook has bolstered the DXY within a 103.4 to 104.0 range, keeping the ringgit weak above 4.70/USD. Following the FOMC meeting, the ringgit recovered some losses, helped by Fed Chairman Powell's remarks, which were interpreted as dovish. Despite the pivotal decision by the BoJ to end its negative interest rate policy and stronger-than-expected China's IPI and retail sales data, the ringgit surprisingly did not strengthen. Also, disappointing export growth domestically has further weighed on the currency.
- Meanwhile, the unexpected 25 bps rate cut by the Swiss National Bank yesterday has significantly weakened the CHF. This, combined with the Bank of England's dovish shift and robust US Manufacturing PMI data, has propelled the DXY higher, consequently weakening the ringgit. Next week's lack of catalysts may tether the ringgit's movement against the USD. However, anticipated fund inflows into emerging markets, particularly into Malaysia, due to speculation of a Fed pivot in June and the nation's relative stability, might aid the ringgit's recovery. Additionally, continuous government and BNM efforts to boost the ringgit's value through short- and long-term policy reforms could support its stability. Market attention will be on the US Core PCE data on Friday.

Technical Analysis

- The USDMYR outlook for next week is neutral, with expectations for the pair expected to stay close to its 5-day EMA of 4.725.
- Technically, the pair may fluctuate between within the range of (S1) 4.722 – (R1) 4.744. However, weakening USD could lead the pair towards 4.700.

Table 1: Currency Outlook

Long Term*							
	Q4-23	Q1-24F	Q2-24F	Q3-24F	Q4-24F	Q1-25F	Trend
USDMYR	4.594	4.690	4.597	4.508	4.416	4.324	▲

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	59.548	4.725	4.744	4.751	4.722	4.708	—

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

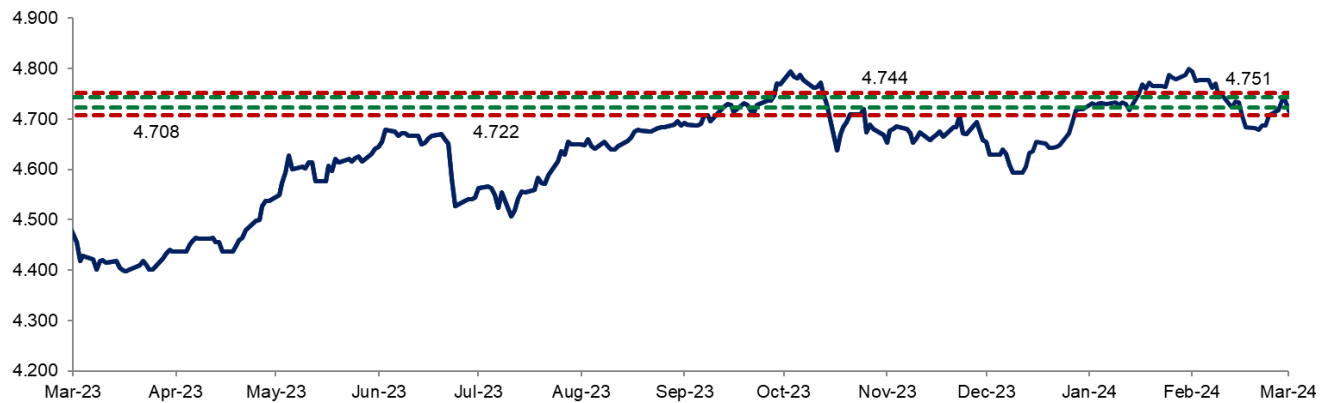
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

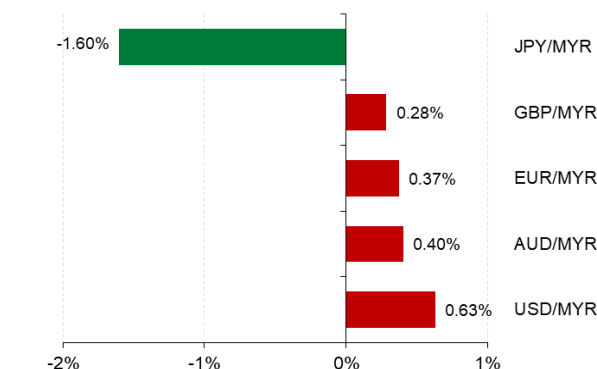
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



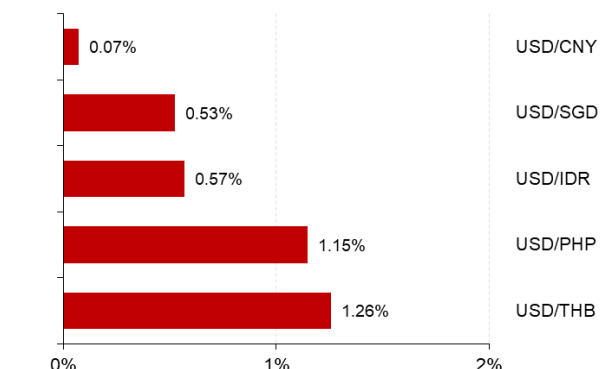
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

22 March 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	21/03/23 Last Year	21/02/24 Last Month	14/03/24 Last Week	21/03/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.470	4.794	4.686	4.716	2.38%	5.49%	-1.64%	0.63%
AUDMYR	3.142	2.988	3.142	3.104	3.117	-0.80%	4.32%	-0.81%	0.40%
GBPMYR	5.857	5.477	6.046	6.005	6.022	2.82%	9.95%	-0.40%	0.28%
EURMYR	5.073	4.804	5.178	5.127	5.146	1.44%	7.11%	-0.61%	0.37%
JPYMYR	3.251	3.381	3.196	3.172	3.121	-4.00%	-7.70%	-2.35%	-1.60%
SGDMYR	3.482	3.343	3.567	3.518	3.522	1.15%	5.34%	-1.27%	0.11%
ASEAN 5 + CN + JP									
USDIDR	15470	15345	15635	15580	15669	1.29%	2.11%	0.22%	0.57%
USDTHB	34.151	34.291	35.805	35.608	36.056	5.58%	5.15%	0.70%	1.26%
USDSGD	1.323	1.336	1.344	1.332	1.339	1.19%	0.23%	-0.36%	0.53%
USDPHP	55.665	54.444	55.95	55.405	56.042	0.68%	2.94%	0.16%	1.15%
USDCNY	7.143	6.879	7.191	7.194	7.200	0.79%	4.65%	0.12%	0.07%
USDJPY	141.650	132.210	150.000	147.750	151.110	6.68%	14.30%	0.74%	2.27%
USD									
EURUSD	1.101	1.076	1.080	1.094	1.092	-0.81%	1.45%	1.09%	-0.19%
GBPUSD	1.270	1.226	1.262	1.281	1.277	0.56%	4.16%	1.14%	-0.35%
AUDUSD	0.682	0.668	0.656	0.662	0.661	-3.04%	-1.06%	0.79%	-0.20%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
25/03/2024	MY	Inflation Rate (FEB)	1.5% YoY	1.4% YoY*
25/03/2024	US	New Home Sales (FEB)	0.661m	0.675m
26/03/2024	US	Durable Goods Orders (FEB)	-6.1% MoM	1.4% MoM
27/03/2024	MY	PPI (FEB)	-0.6% YoY	N/A
28/03/2024	US	GDP Growth Rate Final (Q4)	4.9% QoQ	3.2% QoQ
29/03/2024	MY	M3 Money Supply (FEB)	6.0% YoY	N/A
29/03/2024	US	Core PCE Price Index (FEB)	0.4% MoM	0.3% MoM
29/03/2024	US	Personal Income (FEB)	1.0% MoM	0.4% MoM

Source: Kenanga Research, Trading Economics, Bloomberg
*KIBB

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