

# Ringgit Weekly Outlook

More weakness expected ahead of US election and escalating Middle East conflict

## Fundamental Overview

- The ringgit has extended its decline, nearing the 4.30/USD mark. While we anticipated some weakening this week, as highlighted in our previous [FX report](#), the depreciation has exceeded expectations. This is largely due to the market finally aligning with the Fed's Dot Plot projections following Friday's robust US jobs data. The USD has also gained due to less dovish FOMC minutes and dovish signals from the ECB, BoE, and BoJ, coupled with escalating tensions in the Middle East. These factors have pushed the USD index near 103.0 and lifted the 10-year US Treasury yield above 4.0%.
- The above-consensus CPI reading, combined with Fed Bostic's openness to pausing rate cuts, strengthens the case for a more cautious pace of rate cuts moving forward, supporting the USD. With the closely contested US election approaching on November 5, demand for the USD could increase, suggesting the ringgit may not have reached its low. A further ringgit depreciation towards the 4.35 level appears likely in the coming weeks. Markets will closely watch upcoming US economic data, though no major catalysts are expected to shift the prevailing narrative. In the near term, geopolitical volatility seems to favour the USD. However, the potential for CNY2.0t of fresh stimulus from China's Ministry of Finance this weekend could provide a sentiment boost.

## Technical Analysis

- The pair is likely to stay neutral-to-bearish, consolidating near its 5-day EMA of 4.274 as the RSI nears overbought territory.
- The ringgit is expected to face further pressure next week, with immediate resistance at (R1) 4.292 and potential to breach (R2) 4.298 (R2) if risk-off sentiment intensifies.

Table 1: Currency Outlook

Long Term*							
	Q3-24	Q4-24F	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Trend
USDMYR	4.124	4.248	4.210	4.172	4.135	4.098	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	68.460	4.274	4.292	4.298	4.281	4.276	▼

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

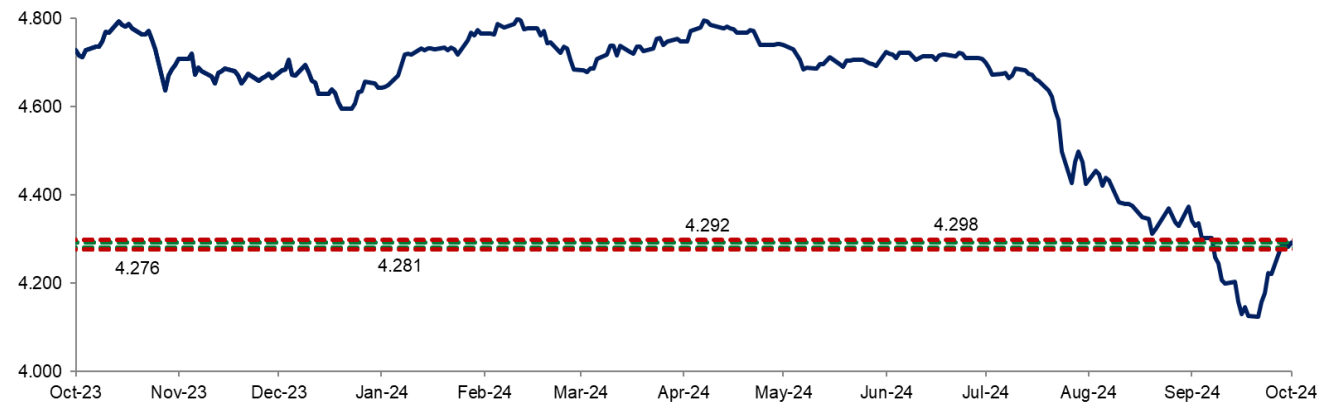
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

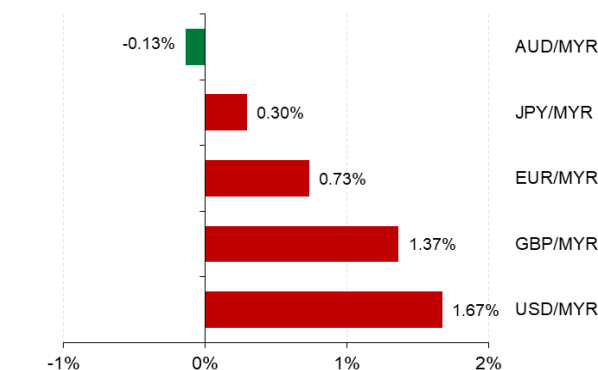
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



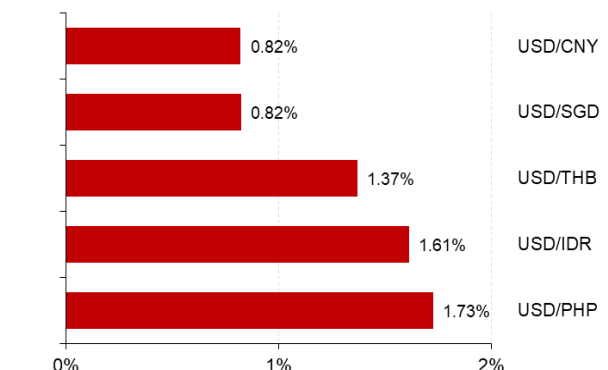
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

11 October 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	10/10/23 Last Year	10/09/24 Last Month	03/10/24 Last Week	10/10/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.606	4.728	4.342	4.222	4.293	-6.80%	-9.22%	-1.14%	1.67%
AUDMYR	3.142	3.033	2.895	2.891	2.887	-8.12%	-4.83%	-0.28%	-0.13%
GBPMYR	5.857	5.800	5.687	5.538	5.614	-4.16%	-3.22%	-1.30%	1.37%
EURMYR	5.073	5.013	4.793	4.659	4.693	-7.49%	-6.38%	-2.08%	0.73%
JPYMYR	3.251	3.174	3.036	2.875	2.884	-11.29%	-9.15%	-5.02%	0.30%
SGDMYR	3.482	3.464	3.328	3.255	3.282	-5.72%	-5.24%	-1.36%	0.85%
<b>ASEAN 5 + CNY + JPY</b>									
USDIDR	15470	15739	15455	15429	15678	1.34%	-0.39%	1.44%	1.61%
USDTHB	34.151	36.714	33.741	33.118	33.572	-1.70%	-8.56%	-0.50%	1.37%
USDSGD	1.323	1.366	1.305	1.297	1.308	-1.16%	-4.22%	0.26%	0.82%
USDPHP	55.665	56.875	56.392	56.347	57.320	2.97%	0.78%	1.65%	1.73%
USDCNY	7.143	7.294	7.121	7.019	7.077	-0.93%	-2.98%	-0.62%	0.82%
USDJPY	141.650	148.950	143.040	146.830	148.850	5.08%	-0.07%	4.06%	1.38%
<b>USD</b>									
EURUSD	1.101	1.059	1.104	1.104	1.094	-0.63%	3.28%	-0.91%	-0.94%
GBPUSD	1.270	1.226	1.310	1.312	1.309	3.13%	6.80%	-0.05%	-0.20%
AUDUSD	0.682	0.641	0.667	0.685	0.672	-1.36%	4.98%	0.78%	-1.78%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
16/10/2024	US	Export Prices (SEP)	-0.7% MoM	-0.4% MoM
17/10/2024	US	Retail Sales (SEP)	0.1% MoM	0.2% MoM
17/10/2024	US	Initial Jobless Claims (OCT/12)	258.0k	N/A
17/10/2024	US	Industrial Production (SEP)	0.8% MoM	-0.1% MoM
18/10/2024	CN	GDP Growth Rate (Q3)	4.7% YoY	4.6% YoY
18/10/2024	MY	GDP Growth Rate Preliminary (Q3)	5.9% YoY	5.3% YoY*
18/10/2024	MY	Exports (SEP)	12.1% YoY	N/A
18/10/2024	US	Building Permits Preliminary (SEP)	4.9% MoM	-0.3% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

\*KIBB

## For further information, please contact:

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Nurul Hanees Hairulkama**  
Economist  
[nurulhanees@kenanga.com.my](mailto:nurulhanees@kenanga.com.my)

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)