

# Ringgit Weekly Outlook

To gain momentum amid improving risk sentiment, pending a dovish shift in FOMC minutes

## Fundamental Overview

- Despite the sharp decline in the USD index towards the 104.0 level following the release of softer-than-expected US inflation readings, the ringgit only experienced a modest appreciation of 0.11% on a week-on-week basis on 17 Nov against the greenback. The dovish repricing of future Fed rates, with the first anticipated cut likely in May 2024, has not contributed substantially to the strengthening of the local note below the 4.60/USD threshold. The market is waiting for stronger evidence of a weakening US economy before considering an increase in exposure to high-risk assets.
- The improvement in risk environment, stemming from a reduction in US-China tensions and the avoidance of a US government shutdown may help to bolster the ringgit to trade below the 4.65/USD next week. However, the disconnect in US macro data, as seen with stronger-than-expected retail sales but a weaker-than-expected labour market, is expected to persist, preventing the establishment of a sustained USD bearish trend. Next week, market attention will shift to the FOMC minutes, with a keen focus on any dovish signals. If such signals emerge, it could have a positive impact on the ringgit. Domestically, if the 3Q23 GDP reading today surpasses expectations, it could bolster the local note.

## Technical Analysis

- The USDMYR outlook remained neutral, with the pair likely to hover near its 5-day EMA of 4.688 as its RSI is in the middle of the range.
- The pair is expected to trade within the range of (S2) 4.644 – (R2) 4.736 next week. Nevertheless, there are lingering downside risks to the local currency.

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	39.164	4.688	4.708	4.736	4.661	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

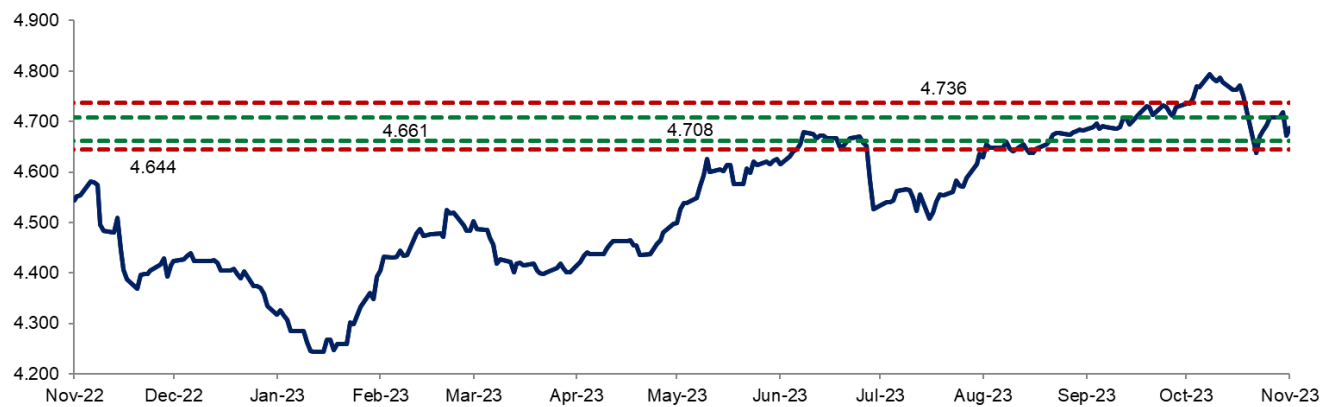
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

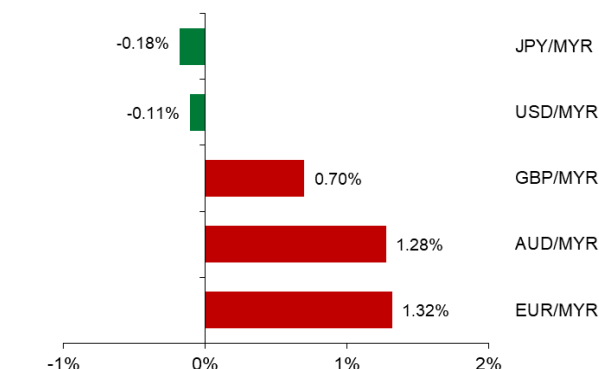
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



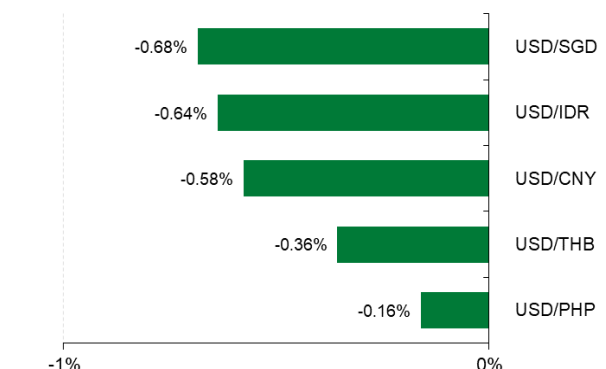
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

17 November 2023

Table 2: Performance of Core Pairs

Currencies	03/01/23 YTD	16/11/22 Last Year	16/10/23 Last Month	09/11/23 Last Week	16/11/23 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.409	4.544	4.736	4.693	4.688	6.34%	3.16%	-1.01%	-0.11%
AUDMYR	2.962	3.082	2.996	3.007	3.045	2.80%	-1.18%	1.64%	1.28%
GBPMYR	5.255	5.407	5.755	5.773	5.813	10.63%	7.51%	1.01%	0.70%
EURMYR	4.649	4.736	4.988	5.021	5.087	9.41%	7.41%	1.97%	1.32%
JPYMYR	3.373	3.262	3.167	3.106	3.100	-8.09%	-4.95%	-2.10%	-0.18%
SGDMYR	3.280	3.322	3.459	3.459	3.476	5.97%	4.65%	0.50%	0.50%
<b>ASEAN 5 + CN + JP</b>									
USDIDR	15601	15600	15721	15655	15555	-0.29%	-0.29%	-1.06%	-0.64%
USDTHB	34.444	35.563	36.261	35.6	35.473	2.99%	-0.25%	-2.17%	-0.36%
USDSGD	1.346	1.367	1.370	1.358	1.349	0.17%	-1.37%	-1.54%	-0.68%
USDPHP	55.799	57.35	56.792	55.86	55.770	-0.05%	-2.76%	-1.80%	-0.16%
USDCNY	6.915	7.098	7.311	7.285	7.243	4.74%	2.04%	-0.93%	-0.58%
USDJPY	130.690	139.370	149.560	151.130	151.210	15.70%	8.50%	1.10%	0.05%
<b>USD</b>									
EURUSD	1.053	1.043	1.053	1.069	1.085	2.98%	4.00%	2.97%	1.48%
GBPUSD	1.191	1.193	1.215	1.227	1.241	4.17%	4.03%	2.09%	1.08%
AUDUSD	0.670	0.678	0.632	0.640	0.649	-3.18%	-4.29%	2.72%	1.36%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
20/11/2023	CN	Loan Prime Rate 1Y	3.45 %	3.45% (status quo)
20/11/2023	MY	Exports (OCT)	-13.7% YoY	-9.3% YoY*
21/11/2023	US	Existing Home Sales (OCT)	3.96m	3.90m
22/11/2023	US	FOMC Minutes	N/A	N/A
22/11/2023	US	Durable Goods Order (OCT)	4.6% MoM	-3.1% MoM
24/11/2023	JP	Core Inflation Rate (OCT)	2.8% YoY	3.0% YoY
24/11/2023	MY	Inflation Rate (OCT)	1.9% YoY	1.8% YoY*
24/11/2023	US	S&P Global Manufacturing PMI Flash (NOV)	50.0	49.8

Source: Kenanga Research, Trading Economics, Bloomberg

\*KIBB

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