

# Ringgit Weekly Outlook

To trade stronger around 4.67/USD if nonfarm payroll corrects lower; technical correction likely

## Fundamental Overview

- While Fed Chair Powell maintains a hawkish stance and asserts that the central bank is not prepared to initiate interest rate cuts, signs of a cooling US labour market, evident in the deceleration of ISM services employment, slower growth in private payrolls, and a decline in job openings, have dragged the USD index (DXY) to trade around the 103.0 level. The weakening USD, coupled with positive China trade data and the BNM's decision to maintain the status quo, has contributed to the strengthening of the ringgit, reaching 4.71/USD. Notably, this week saw net foreign inflows of RMO.7b into the domestic debt market, indicating a rise in foreign demand.
- Despite the recent weakness in the US labour market, investors are likely to stay cautious ahead of the nonfarm payroll data release (consensus: 200.0k; Jan: 353.0k). A reading below consensus could potentially boost risk-on assets and bolster the ringgit to trade stronger around the 4.67/USD level. Conversely, an upside surprise may push the ringgit back above the 4.72/USD level. Attention will also be focused on China's "Two Sessions," particularly regarding economic stimulus and the stance on relations with the US and Taiwan. Looking ahead, next week's US core inflation and retail sales readings could offer the market a clearer view of the Fed's future direction before the March FOMC meeting.

## Technical Analysis

- The USDMYR outlook is partially bullish for next week as its RSI has entered into an oversold territory (See ST Technical table).
- Technically, MYR is expected to trade lower against the USD, with the pair's immediate resistance level at (R1) 4.719. Nonetheless, a move towards (S1) 4.670 will reaffirm the ringgit's strength.

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	19.935	4.714	4.719	4.752	4.670	4.653	▲

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

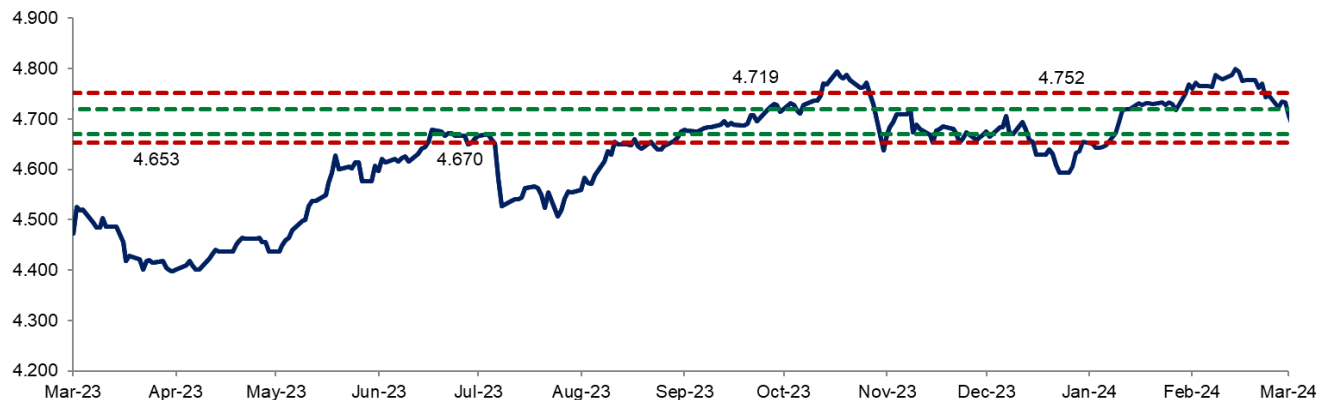
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

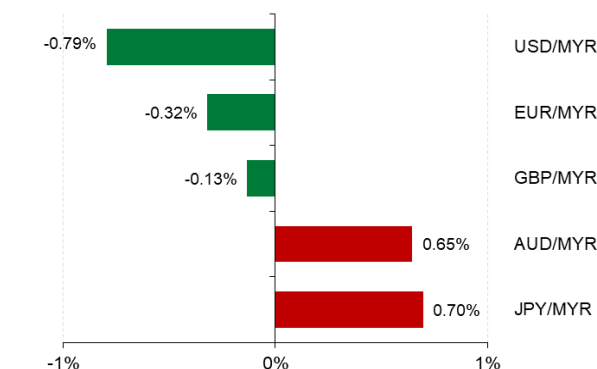
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



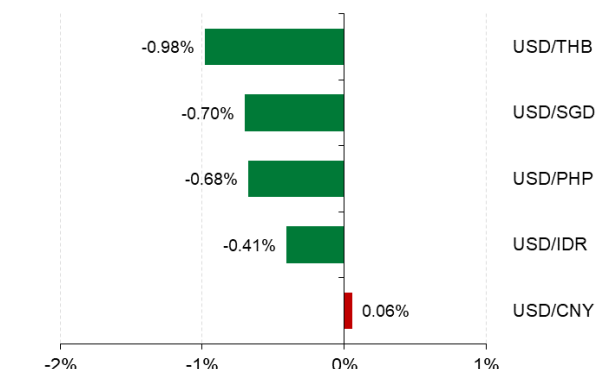
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

08 March 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	07/03/23 Last Year	07/02/24 Last Month	29/02/24 Last Week	07/03/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.606	4.472	4.761	4.743	4.705	2.16%	5.21%	-1.17%	-0.79%
AUDMYR	3.142	2.985	3.109	3.084	3.104	-1.20%	3.98%	-0.14%	0.65%
GBPMYR	5.857	5.372	6.015	6.007	6.000	2.43%	11.68%	-0.25%	-0.13%
EURMYR	5.073	4.766	5.127	5.146	5.130	1.11%	7.64%	0.05%	-0.32%
JPYMYR	3.251	3.288	3.214	3.160	3.182	-2.12%	-3.24%	-0.99%	0.70%
SGDMYR	3.482	3.322	3.545	3.528	3.522	1.17%	6.03%	-0.63%	-0.16%
<b>ASEAN 5 + CN + JP</b>									
USDIDR	15470	15367	15635	15719	15655	1.20%	1.87%	0.13%	-0.41%
USDTHB	34.151	34.568	35.635	35.921	35.569	4.15%	2.90%	-0.19%	-0.98%
USDSGD	1.323	1.346	1.343	1.345	1.336	0.94%	-0.77%	-0.57%	-0.70%
USDPHP	55.665	55.015	55.963	56.215	55.835	0.31%	1.49%	-0.23%	-0.68%
USDCNY	7.143	6.966	7.195	7.189	7.193	0.69%	3.25%	-0.03%	0.06%
USDJPY	141.650	135.990	148.130	150.100	147.870	4.39%	8.74%	-0.18%	-1.49%
<b>USD</b>									
EURUSD	1.101	1.066	1.076	1.084	1.090	-1.01%	2.21%	1.24%	0.54%
GBPUSD	1.270	1.201	1.263	1.266	1.276	0.51%	6.24%	1.05%	0.81%
AUDUSD	0.682	0.667	0.652	0.650	0.661	-3.08%	-0.99%	1.33%	1.72%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
12/03/2024	MY	Industrial Production (JAN)	-0.1% YoY	N/A
12/03/2024	US	Core Inflation (FEB)	0.4% MoM	0.3% MoM
13/03/2024	MY	Retail Sales (JAN)	5.0% YoY	N/A
14/03/2024	US	PPI (FEB)	0.3% MoM	0.3% MoM
14/03/2024	US	Retail Sales (FEB)	-0.8% MoM	0.8% MoM
14/03/2024	US	Initial Jobless Claims (MAR/09)	217.0k	N/A
15/03/2024	CN	House Price Index (FEB)	-0.7% YoY	N/A
15/03/2024	US	Industrial Production (FEB)	-0.1% MoM	0.0% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

## 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)

This document has been prepared for general circulation based on information obtained from sources believed to be reliable, but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

**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)