

# Ringgit Weekly Outlook

Likely rangebound amid lack of catalysts; US macro to influence direction

## Fundamental Overview

- The ringgit strengthened against the USD, closing yesterday at 4.67, but failed to appreciate further towards the 4.65 level due to rising bets of a Trump presidency following a failed assassination over the weekend. Weaker China economic data and a sharp moderation in Malaysia's exports also weighed on the ringgit. As expected, Powell's dovish remarks acknowledging that the past three inflation prints bolstered the central bank's confidence that inflation is on track to 2.0% helped boost the ringgit. Despite hotter-than-expected US PPI and above-consensus retail sales figures, the market still expects a September rate cut, currently priced at over 90% probability.
- Today's potentially strong Malaysia's advance 2Q24 GDP reading may help keep the ringgit stable below 4.68/USD. The market will closely watch US macro readings next week as the FOMC's blackout period begins tomorrow. Consensus forecasts a stronger US 2Q24 GDP print at 1.8% QoQ (1Q24: 1.4%) and a higher core PCE reading at 0.2% MoM (May: 0.1%). Any below-consensus figures may further strengthen the case for a Fed rate cut and boost the ringgit. The PBoC is expected to maintain the status quo next week, providing no catalyst from China. Domestically, despite inflation potentially edging slightly higher at 2.2% YoY, BNM's policy outlook is expected to remain unchanged, benefiting the ringgit.

## Technical Analysis

- The USDMYR outlook has turned neutral, with the pair likely to trade near the 5-day EMA of 4.675 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) 4.660 – (R2) 4.686 next week.

Table 1: Currency Outlook

Long Term*							
	Q2-24	Q3-24F	Q4-24F	Q1-25F	Q2-25F	Q3-25F	Trend
USDMYR	4.718	4.553	4.416	4.376	4.284	4.192	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	39.466	4.675	4.682	4.686	4.669	4.660	▲

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

\*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

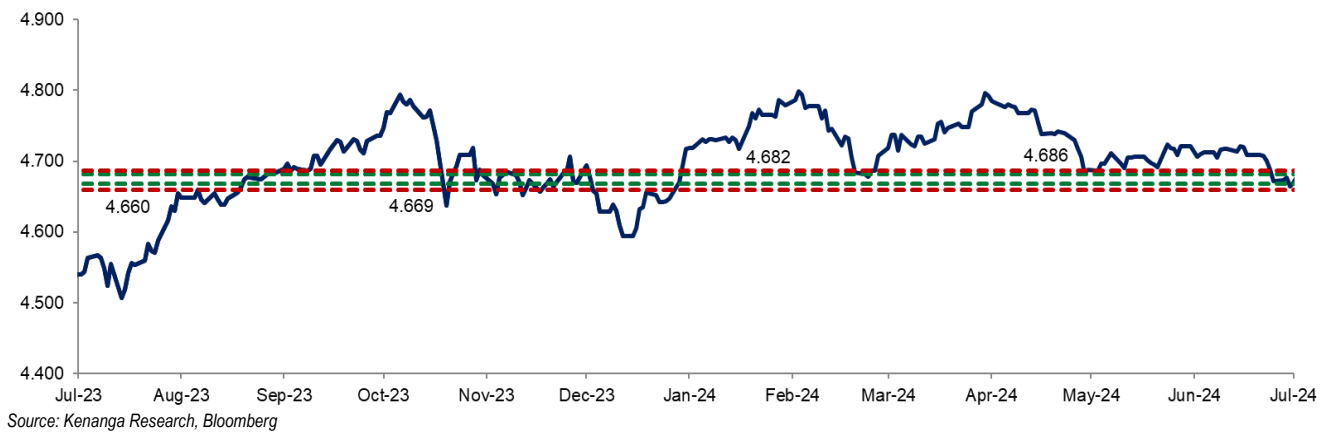
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

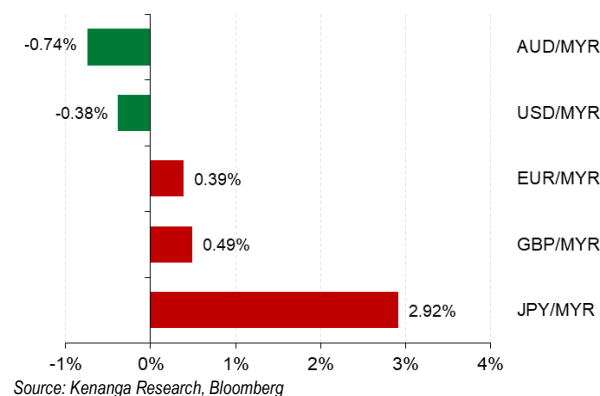
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

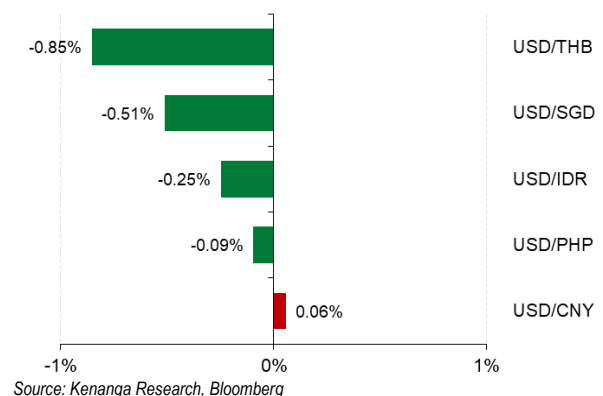
Graph 1: USDMYR Trend



Graph 2: Weekly Performance of Core Pairs



Graph 3: Weekly Regional Peers' Performance



19 July 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	18/07/23 Last Year	18/06/24 Last Month	11/07/24 Last Week	18/07/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.606	4.540	4.713	4.688	4.670	1.38%	2.86%	-0.93%	-0.38%
AUDMYR	3.142	3.096	3.119	3.168	3.145	0.09%	1.58%	0.83%	-0.74%
GBPMYR	5.857	5.948	5.979	6.036	6.066	3.55%	1.97%	1.46%	0.49%
EURMYR	5.073	5.107	5.052	5.085	5.105	0.62%	-0.05%	1.03%	0.39%
JPYMYR	3.251	3.284	2.981	2.901	2.986	-8.15%	-9.07%	0.16%	2.92%
SGDMYR	3.482	3.437	3.481	3.479	3.482	0.02%	1.33%	0.03%	0.10%
<b>ASEAN 5 + CNY + JPY</b>									
USDIDR	15470	14997	16412	16195	16155	4.43%	7.72%	-1.57%	-0.25%
USDTHB	34.151	34.176	36.843	36.276	35.967	5.32%	5.24%	-2.38%	-0.85%
USDSGD	1.323	1.321	1.354	1.348	1.341	1.32%	1.50%	-0.99%	-0.51%
USDPHP	55.665	54.419	58.631	58.302	58.247	4.64%	7.03%	-0.65%	-0.09%
USDCNY	7.143	7.186	7.254	7.258	7.262	1.66%	1.05%	0.11%	0.06%
USDJPY	141.650	138.270	158.110	161.550	156.400	10.41%	13.11%	-1.08%	-3.19%
<b>USD</b>									
EURUSD	1.101	1.126	1.072	1.085	1.093	-0.68%	-2.88%	2.01%	0.77%
GBPUSD	1.270	1.312	1.269	1.288	1.299	2.33%	-1.01%	2.38%	0.89%
AUDUSD	0.682	0.682	0.662	0.676	0.674	-1.16%	-1.14%	1.81%	-0.25%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
22/07/2024	CN	Loan Prime Rate (1Y)	3.45%	3.45% (status quo)
24/07/2024	MY	Inflation Rate (JUN)	2.0% YoY	2.2% YoY*
25/07/2024	US	Durable Goods Orders (JUN)	0.1% MoM	0.5% MoM
25/07/2024	US	GDP Growth Rate Advance (Q2)	1.4% QoQ	1.8% QoQ
25/07/2024	US	Initial Jobless Claims (JUL/20)	243.0k	N/A
26/07/2024	MY	PPI (JUN)	1.4% YoY	N/A
26/07/2024	US	Core PCE Price Index (JUN)	0.1% MoM	0.2% MoM
26/07/2024	US	Personal Spending (JUN)	0.2% MoM	0.2% 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)

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)