

# Ringgit Weekly Outlook

To trade within 4.35 – 4.40 against the USD with upside potential on dovish Fed signals

## Fundamental Overview

- After a marginal 0.2% WoW decline last Friday, driven by stronger-than-expected US retail sales data, the ringgit rebounded to 4.38 against the USD. This rally is supported by a robust domestic economic outlook, highlighted by strong 2Q24 GDP growth and double-digit export expansion. The ringgit also benefits from the broader weakening of the USD, with markets fully pricing in a September Fed rate cut, a view reinforced by a sharp downward revision in nonfarm payrolls, indicating a softer US labour market. Coupled with dovish signals from the latest FOMC minutes, these developments have spurred RM1.6b in inflows into Malaysia's debt market, providing further support to the currency.
- The mounting evidence of a slowing US economy, cooling inflation, and weakening labour market sets the stage for a potentially dovish tone from Fed Chair Powell in his highly anticipated speech at Jackson Hole tonight. This could further pressure the USD index to hover around the 101.0 level, favouring the ringgit. With uncertainty lingering over the scale and frequency of the Fed's rate cuts, and the central bank remaining data-driven, markets will closely watch next week's key US data, particularly core PCE. We expect continued capital inflows into Malaysia, supported by a strong domestic outlook, a slowing US economy, and the prospect of global monetary easing, aiding the ringgit's appreciation.

## Technical Analysis

- The USDMYR outlook has shifted to neutral-to-bullish, with the pair likely to hover around its 5-day EMA of 4.390.
- From a technical perspective, the pair is expected to trade within the range of (S2) 4.375 to (R2) 4.394 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	29.802	4.390	4.391	4.394	4.381	4.375	—

Signal for USD Trend = ▲ Bullish    — Neutral    ▼ Bearish

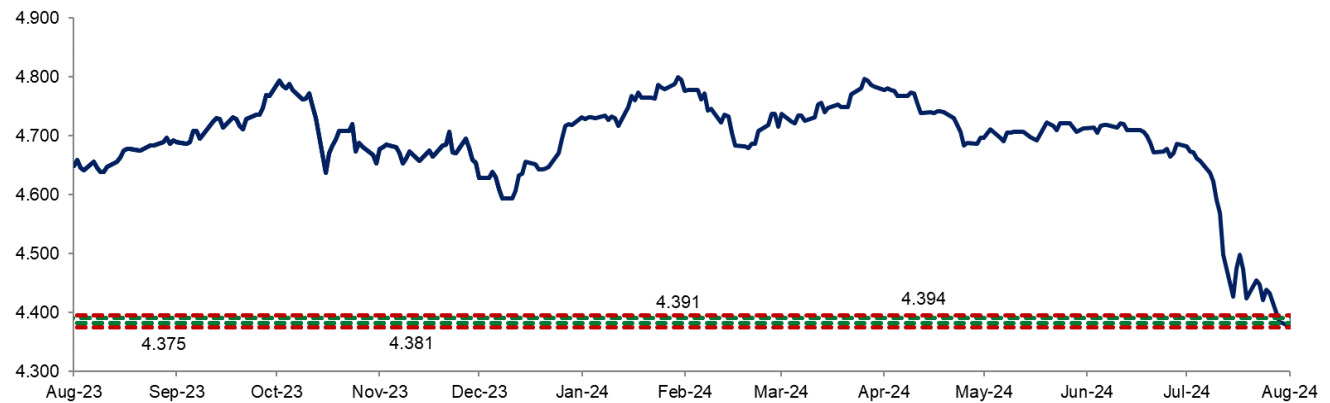
\*F=Forecasts for end of period  
Source: Kenanga Research, Bloomberg

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.

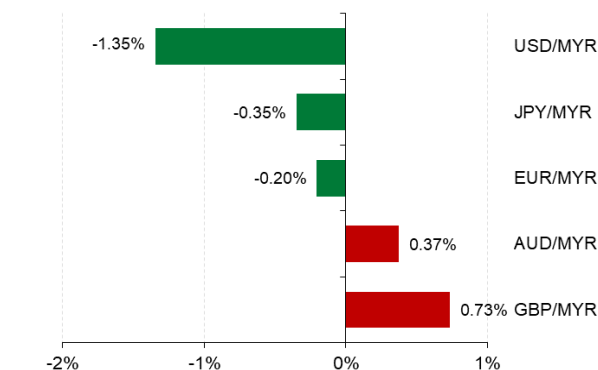
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



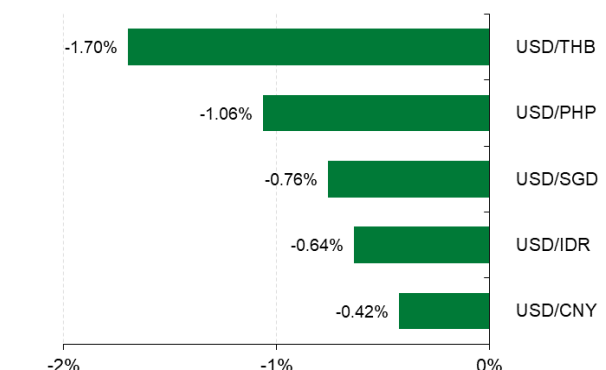
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

23 August 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	22/08/23 Last Year	22/07/24 Last Month	15/08/24 Last Week	22/08/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
<b>MYR</b>									
USDMYR	4.606	4.648	4.682	4.438	4.378	-4.95%	-5.81%	-6.49%	-1.35%
AUDMYR	3.142	3.000	3.121	2.940	2.951	-6.07%	-1.62%	-5.43%	0.37%
GBPMYR	5.857	5.946	6.054	5.704	5.746	-1.90%	-3.36%	-5.09%	0.73%
EURMYR	5.073	5.070	5.100	4.887	4.877	-3.87%	-3.80%	-4.37%	-0.20%
JPYMYR	3.251	3.190	2.985	3.014	3.003	-7.61%	-5.86%	0.61%	-0.35%
SGDMYR	3.482	3.432	3.482	3.368	3.349	-3.81%	-2.42%	-3.82%	-0.56%
<b>ASEAN 5 + CNY + JPY</b>									
USDIDR	15470	15317	16220	15700	15600	0.84%	1.85%	-3.82%	-0.64%
USDTHB	34.151	35	36.274	34.946	34.352	0.59%	-1.85%	-5.30%	-1.70%
USDSGD	1.323	1.355	1.345	1.317	1.307	-1.19%	-3.53%	-2.78%	-0.76%
USDPHP	55.665	56.379	58.385	56.94	56.335	1.20%	-0.08%	-3.51%	-1.06%
USDCNY	7.143	7.294	7.274	7.175	7.144	0.02%	-2.05%	-1.78%	-0.42%
USDJPY	141.650	145.700	156.840	147.230	145.760	2.90%	0.04%	-7.06%	-1.00%
<b>USD</b>									
EURUSD	1.101	1.089	1.089	1.101	1.115	1.24%	2.37%	2.35%	1.23%
GBPUSD	1.270	1.277	1.294	1.285	1.312	3.36%	2.79%	1.41%	2.08%
AUDUSD	0.682	0.644	0.666	0.663	0.674	-1.17%	4.55%	1.13%	1.69%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
26/08/2024	US	Durable Goods Orders (JUL)	-6.6% MoM	3.9% MoM
27/08/2024	US	S&P/Case-Shiller Home Price (JUN)	1.0% MoM	N/A
28/08/2024	MY	PPI (JUL)	1.6% YoY	N/A
29/08/2024	US	GDP Growth Rate 2 <sup>nd</sup> Estimate (Q2)	1.4% QoQ	2.8% QoQ
29/08/2024	US	Initial Jobless Claims (AUG/24)	232.0k	N/A
30/08/2024	US	Core PCE Price Index (JUL)	0.2% MoM	0.2% MoM
30/08/2024	US	Personal Income (JUL)	0.2% MoM	0.2% MoM
30/08/2024	US	Personal Spending (JUL)	0.3% MoM	0.5% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

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