

Ringgit Weekly Outlook

Set to hold steady around 4.33-4.35/USD unless US jobs data disappoints

Fundamental Overview

- As noted in our previous [FX report](#), the ringgit lost some earlier gains, fluctuating between 4.34 - 4.37 against the USD. It weakened to 4.37 on Monday, impacted by strong US consumer spending data released last Friday. A cautious market stance ahead of today's key jobs data also pressured risk-sensitive assets. However, disappointing JOLTS data led to a downward recalibration of the Fed's terminal rate, boosting the ringgit back to around the 4.34/USD level. It also benefited from stable domestic economic conditions and BNM's decision to hold interest rates steady.
- Yesterday's US data painted mixed picture, with services sector activity rising to 51.5 (Consensus: 51.1), while private payrolls saw their smallest gain since 2021. Attention now turns to tonight's nonfarm payrolls and unemployment figures. If job gains align with the 165.0k consensus and unemployment drops to 4.2%, the likelihood of a 50 bps Fed rate cut in September is likely off the table. Markets currently expect a sub-100.0k jobs report; should this occur, it could amplify expectations of a 50bps cut, likely pressuring the USD. Next week's core CPI report, expected to hold steady at 0.2% MoM, will be the next key test. The Harris-Trump debate and potential ECB rate cut may also sway market sentiment, possibly buoying the USD. Barring any major surprises, the MYR should remain stable near the 4.33 to 4.35 against the USD.

Technical Analysis

- The USDMYR outlook has shifted to neutral, with the pair likely to consolidate near the 5-day EMA of 4.343.
- The pair may range between (S2) 4.310 and (R2) 4.381. However, this is subject to potential shifts depending on US job data releases.

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	35.038	4.343	4.357	4.381	4.322	4.310	▲

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

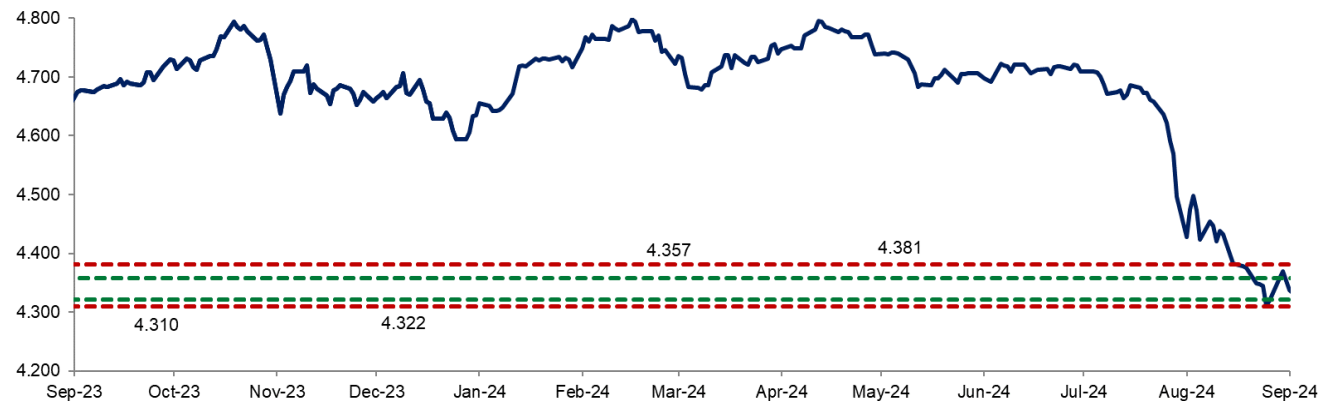
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

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.

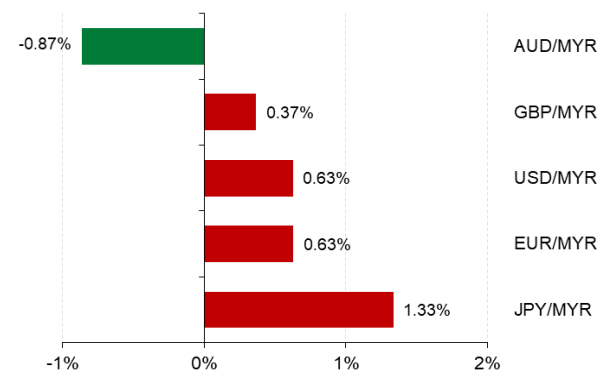
$$EMA = (P \times \alpha) + [Previous\ EMA \times (1 - \alpha)]$$

Graph 1: USDMYR Trend



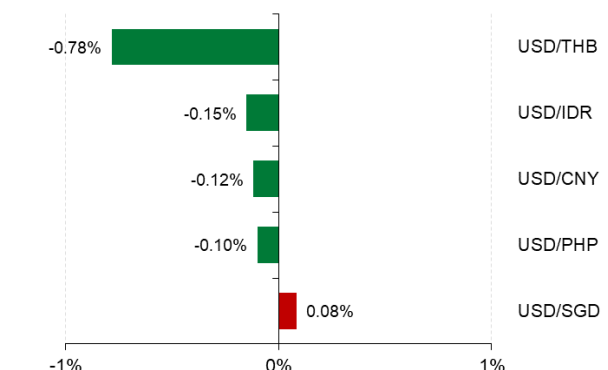
Source: Kenanga Research, Bloomberg

Graph 2: Weekly Performance of Core Pairs



Source: Kenanga Research, Bloomberg

Graph 3: Weekly Regional Peers' Performance



Source: Kenanga Research, Bloomberg

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Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	05/09/23 Last Year	05/08/24 Last Month	29/08/24 Last Week	05/09/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.664	4.427	4.311	4.338	-5.81%	-6.98%	-2.01%	0.63%
AUDMYR	3.142	2.975	2.856	2.941	2.915	-7.21%	-2.01%	2.08%	-0.87%
GBPMYR	5.857	5.856	5.642	5.688	5.709	-2.54%	-2.52%	1.17%	0.37%
EURMYR	5.073	5.013	4.849	4.783	4.813	-5.13%	-3.99%	-0.74%	0.63%
JPYMYR	3.251	3.167	3.111	2.984	3.023	-7.00%	-4.55%	-2.82%	1.33%
SGDMYR	3.482	3.427	3.352	3.315	3.332	-4.30%	-2.77%	-0.58%	0.53%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15270	16189	15424	15401	-0.45%	0.86%	-4.87%	-0.15%
USDTHB	34.151	35.486	35.246	33.921	33.656	-1.45%	-5.16%	-4.51%	-0.78%
USDSGD	1.323	1.362	1.321	1.301	1.302	-1.62%	-4.40%	-1.48%	0.08%
USDPHP	55.665	56.876	57.885	56.288	56.233	1.02%	-1.13%	-2.85%	-0.10%
USDCNY	7.143	7.303	7.140	7.097	7.089	-0.76%	-2.94%	-0.71%	-0.12%
USDJPY	141.650	147.230	142.380	144.490	143.490	1.30%	-2.54%	0.78%	-0.69%
USD									
EURUSD	1.101	1.074	1.095	1.110	1.110	0.83%	3.35%	1.38%	0.02%
GBPUSD	1.270	1.256	1.276	1.319	1.317	3.72%	4.87%	3.21%	-0.20%
AUDUSD	0.682	0.637	0.646	0.682	0.673	-1.32%	5.65%	4.20%	-1.38%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
09/09/2024	CN	Inflation Rate (AUG)	0.5% YoY	0.7% YoY
09/09/2024	MY	Retail Sales (JUL)	7.9% YoY	N/A
09/09/2024	MY	Unemployment Rate (JUL)	3.3%	N/A
10/09/2024	MY	Industrial Production (JUL)	5.0% YoY	7.3% YoY*
11/09/2024	US	Core Inflation Rate (AUG)	0.2% MoM	0.2% MoM
12/09/2024	EA	ECB Interest Rate Decision	4.25%	4.00% (25 bps cut)
12/09/2024	US	PPI (AUG)	0.1% MoM	0.2% MoM
13/09/2024	US	Michigan Consumer Sentiment Preliminary (SEP)	67.9	68.0

Source: Kenanga Research, Trading Economics, Bloomberg

*KIBB

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