

Ringgit Weekly Outlook

Further weakness likely as strong USD bias persists amid Trump-driven hedges

Fundamental Overview

- The ringgit depreciated for a fourth consecutive week, erasing its September gains and touching the 4.35/USD mark, as anticipated in our prior [FX report](#). This downtrend reflects a stronger USD, with the USD index surpassing 104.0 and the 10-year US Treasury yield climbing above 4.2%, as investors de-risk ahead of the US election. Both FX and bond markets appear to be positioning for a Trump victory. This coupled with a recent wave of cautious remarks from Fed officials has raised the odds of a pause in December (~27.0%). Meanwhile, the PBoC's 25 bps rate cut had limited effect, though Malaysia's recent budget offered modest support to the ringgit.
- The prevailing monetary policy backdrop favours the USD, as the Fed appears poised to tread carefully, while the ECB may accelerate its cutting pace amid rising growth concerns and the BoJ delays normalisation amid domestic political uncertainty. That being said, the market may likely await next week's jobs report before further adjusting rate expectations. Despite anticipated softening in labour data, we maintain our forecast for 25 bps rate cuts by the Fed in both November and December, contingent on a Harris victory. Notably, Malaysia's inclusion as BRICS partner country is a positive long-term signal for the ringgit. All in all, the MYR may trade in the 4.34-4.38 range next week as the USD is likely to remain well-bid.

Technical Analysis

- The pair has the potential to turn bearish, though it may consolidate near its 5-day EMA of 4.337, with the RSI in overbought territory.
- While a technical correction is possible, the ringgit could continue to face downward pressure, especially if US labour data underperforms, with immediate resistance at (R1) 4.362.

Table 1: Currency Outlook

Long Term*							
	Q3-24	Q4-24F	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Trend
USDMYR	4.124	4.248	4.210	4.172	4.135	4.098	▼

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	76.497	4.337	4.362	4.379	4.318	4.291	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

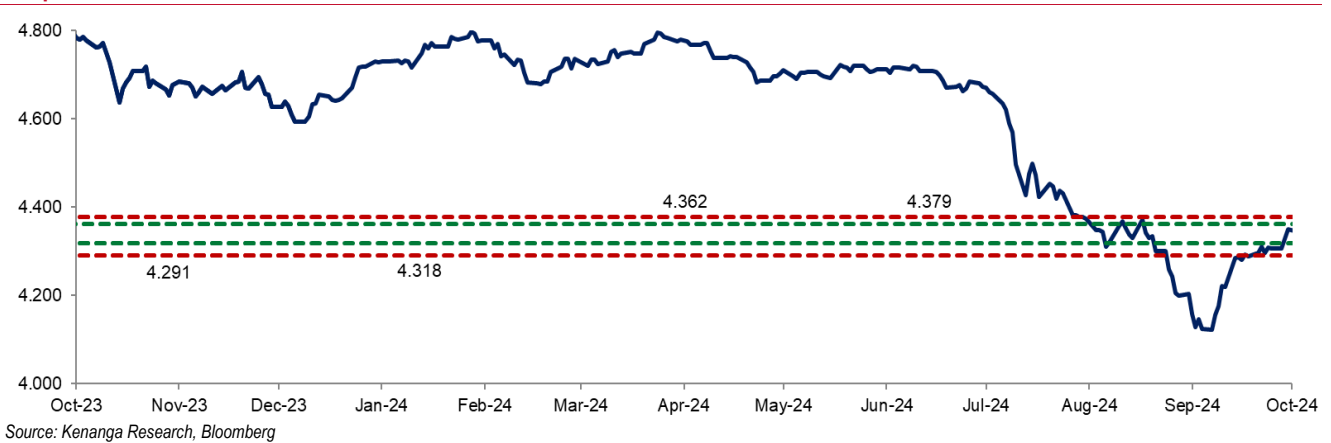
Measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

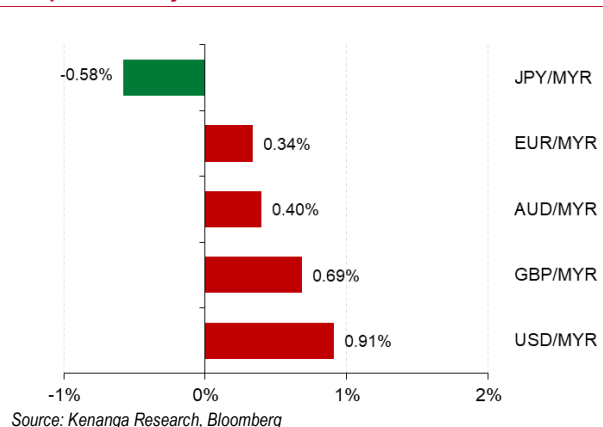
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

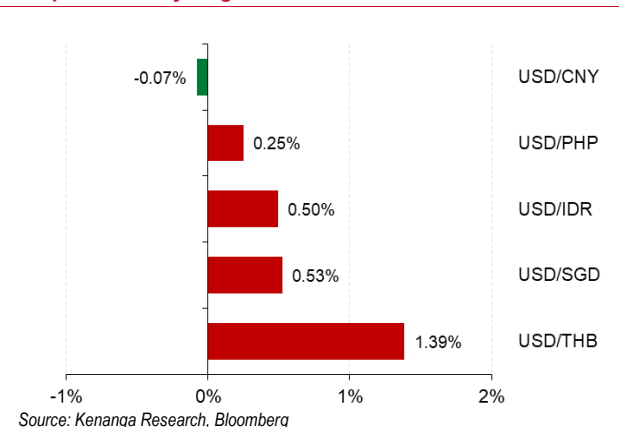
Graph 1: USDMYR Trend



Graph 2: Weekly Performance of Core Pairs



Graph 3: Weekly Regional Peers' Performance



25 October 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	24/10/23 Last Year	24/09/24 Last Month	17/10/24 Last Week	24/10/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.785	4.158	4.309	4.348	-5.59%	-9.12%	4.58%	0.91%
AUDMYR	3.142	3.045	2.846	2.882	2.894	-7.90%	-4.97%	1.68%	0.40%
GBPMYR	5.857	5.858	5.562	5.599	5.637	-3.76%	-3.77%	1.35%	0.69%
EURMYR	5.073	5.089	4.630	4.679	4.695	-7.46%	-7.75%	1.40%	0.34%
JPYMYR	3.251	3.194	2.888	2.880	2.863	-11.92%	-10.36%	-0.87%	-0.58%
SGDMYR	3.482	3.502	3.226	3.279	3.295	-5.36%	-5.92%	2.13%	0.48%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15849	15187	15507	15584	0.74%	-1.67%	2.61%	0.50%
USDTHB	34.151	36.214	32.821	33.174	33.634	-1.51%	-7.12%	2.48%	1.39%
USDSGD	1.323	1.367	1.289	1.313	1.320	-0.26%	-3.48%	2.41%	0.53%
USDPHP	55.665	56.76	56.24	57.83	57.976	4.15%	2.14%	3.09%	0.25%
USDCNY	7.143	7.311	7.032	7.123	7.118	-0.36%	-2.65%	1.22%	-0.07%
USDJPY	141.650	149.790	143.940	149.620	151.860	7.21%	1.38%	5.50%	1.50%
USD									
EURUSD	1.101	1.063	1.113	1.086	1.080	-1.90%	1.64%	-2.96%	-0.60%
GBPUSD	1.270	1.221	1.337	1.301	1.297	2.16%	6.20%	-2.98%	-0.29%
AUDUSD	0.682	0.636	0.685	0.670	0.666	-2.36%	4.74%	-2.79%	-0.60%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
29/10/2024	US	JOLTs Job Openings (SEP)	8.04m	7.90m
30/10/2024	US	ADP Employment Change (OCT)	143.0k	98.0k
30/10/2024	US	GDP Growth Rate Advance (Q3)	3.0% QoQ	3.0% QoQ
31/10/2024	CN	NBS Manufacturing PMI (OCT)	49.8	N/A
31/10/2024	JP	BoJ Interest Rate Decision	0.25%	0.25% (status quo)
31/10/2024	US	Core PCE Price Index (SEP)	0.1% MoM	0.2% MoM
01/11/2024	MY	S&P Global Manufacturing PMI (OCT)	49.5	N/A
01/11/2024	US	Non Farm Payrolls (OCT)	254.0k	120.0k

Source: Kenanga Research, Trading Economics, Bloomberg

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