

Ringgit Weekly Outlook

Faces renewed pressures as Trump’s comeback fuels USD strength

Fundamental Overview

- Our forecast of a stronger USD Index (DXY) on election day proved accurate, pushing the ringgit above 4.40/USD. However, contrary to expectations, it did not drop below 4.35/USD post-election, as our anticipated Harris victory did not materialise. Trump’s comeback, alongside Republican control of the Senate and a lead in the House, drove the 10-year US Treasury (UST) yield up to 4.43% on election day amid rising inflation expectations. While the DXY lost some gains as results settled, strong USD support continues as markets lean less dovish on Fed rate cuts.
- With Republicans holding a 211 to 199 lead over Democrats in the House, a “Red Sweep” looks more likely, which could push the DXY back above 105.0 and weaken the ringgit to around 4.40-4.45/USD in the coming week. Trump’s potential freedom to advance his agenda with minimal resistance could lead investors to favour the USD, selling long-dated UST and buying US equities. Although many emerging market currencies, including the ringgit, have already been heavily sold, we expect further depreciation driven by these factors. However, a steep drop is unlikely, given Malaysia’s solid domestic macro outlook.

Technical Analysis

- With the RSI entering overbought territory, the pair may turn neutral-to-bearish, consolidating around its 5-day EMA of 4.387.
- While a technical correction could see the ringgit testing (S1) 4.356, the prospect of a Republican clean sweep could propel the pair to test (R1) 4.414 and (R2) 4.438.

Table 1: Currency Outlook

Long Term*							
	Q3-24	Q4-24F	Q1-25F	Q2-25F	Q3-25F	Q4-25F	Trend
USDMYR	4.124	4.567	4.571	4.530	4.490	4.449	▲

Short Term (Technical)							
	RSI (7)	EMA (5)	R1	R2	S1	S2	Trend
USDMYR	62.268	4.387	4.414	4.438	4.356	4.322	▼

Signal for USD Trend = ▲ Bullish — Neutral ▼ Bearish

*F=Forecasts for end of period

Source: Kenanga Research, Bloomberg

RSI (7): 7-day Relative Strength Index

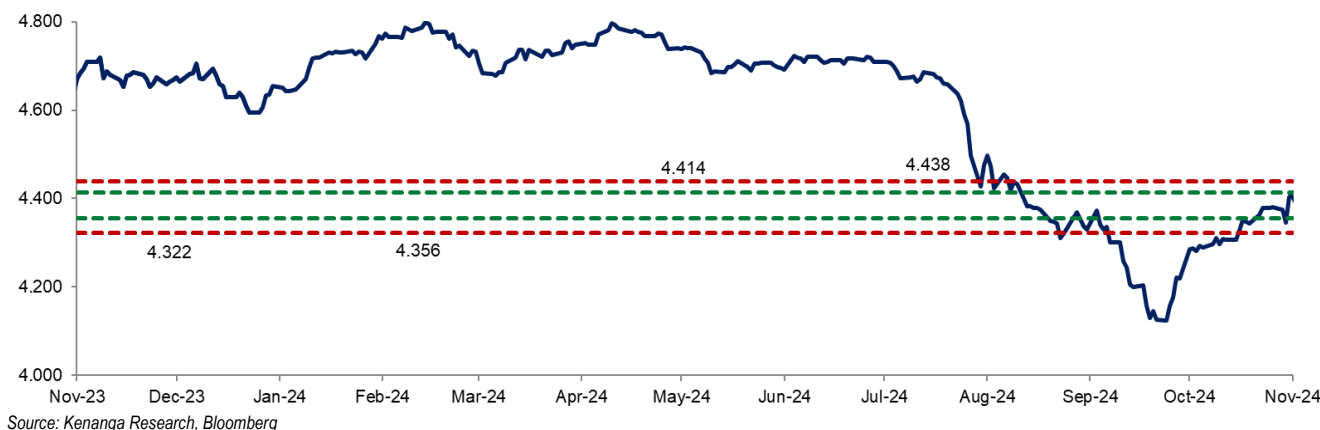
Measures the speed and magnitude of a security’s recent price changes to evaluate overvalued or undervalued conditions. A reading of 80 or above indicates an overbought situation while a reading of 20 or below indicates an oversold condition.

EMA (5): 5-day Exponential Moving Average

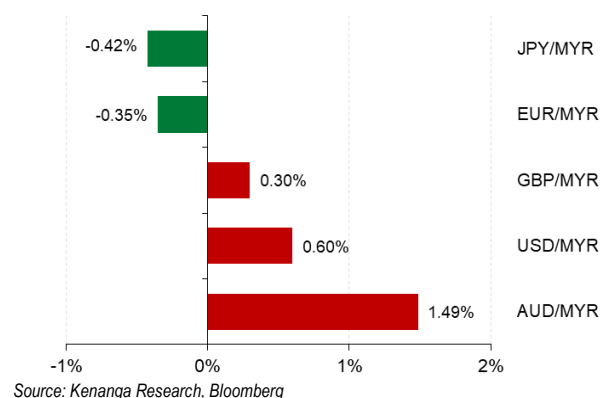
EMA gives more weight to the most recent periods, places more emphasis on what has been happening lately. Old data points retain a multiplier even if they are outside of the selected data series length.

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

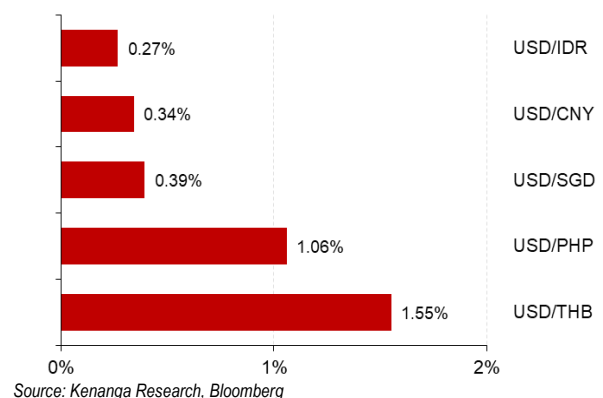
Graph 1: USDMYR Trend



Graph 2: Weekly Performance of Core Pairs



Graph 3: Weekly Regional Peers’ Performance



08 November 2024

Table 2: Performance of Core Pairs

Currencies	02/01/24 YTD	07/11/23 Last Year	07/10/24 Last Month	31/10/24 Last Week	07/11/24 Yesterday	ytd (%)	yoy (%)	mom (%)	wow (%)
MYR									
USDMYR	4.606	4.670	4.285	4.378	4.404	-4.37%	-5.69%	2.80%	0.60%
AUDMYR	3.142	2.999	2.908	2.877	2.920	-7.07%	-2.63%	0.42%	1.49%
GBPMYR	5.857	5.746	5.600	5.668	5.685	-2.95%	-1.07%	1.51%	0.30%
EURMYR	5.073	4.989	4.695	4.750	4.733	-6.70%	-5.14%	0.81%	-0.35%
JPYMYR	3.251	3.106	2.883	2.872	2.860	-12.02%	-7.93%	-0.78%	-0.42%
SGDMYR	3.482	3.446	3.286	3.309	3.319	-4.67%	-3.69%	1.02%	0.30%
ASEAN 5 + CNY + JPY									
USDIDR	15470	15636	15687	15698	15740	1.75%	0.67%	0.34%	0.27%
USDTHB	34.151	35.561	33.458	33.76	34.284	0.39%	-3.59%	2.47%	1.55%
USDSGD	1.323	1.355	1.304	1.322	1.327	0.27%	-2.06%	1.73%	0.39%
USDPHP	55.665	56.141	56.786	58.112	58.729	5.50%	4.61%	3.42%	1.06%
USDCNY	7.143	7.280	7.019	7.118	7.142	-0.01%	-1.89%	1.76%	0.34%
USDJPY	141.650	150.340	148.640	152.460	154.020	8.73%	2.45%	3.62%	1.02%
USD									
EURUSD	1.101	1.068	1.097	1.087	1.076	-2.29%	0.69%	-1.91%	-1.02%
GBPUSD	1.270	1.230	1.306	1.299	1.291	1.65%	4.94%	-1.22%	-0.62%
AUDUSD	0.682	0.642	0.678	0.657	0.663	-2.71%	3.27%	-2.23%	1.02%

Source: Kenanga Research, Bloomberg

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

Date	Country	Indicator	Previous	Consensus/Forecast
13/11/2024	US	Core Inflation Rate (OCT)	0.3% MoM	0.3% MoM
14/11/2024	US	PPI (OCT)	0.0% MoM	0.2% MoM
14/11/2024	US	Initial Jobless Claims (NOV/09)	221.0k	N/A
15/11/2024	US	Fed Chair Powell Speech	N/A	N/A
15/11/2024	CN	Industrial Production (OCT)	5.4% YoY	5.5% YoY
15/11/2024	CN	Retail Sales (OCT)	3.2% YoY	3.8% YoY
15/11/2024	MY	GDP Growth Rate Final (Q3)	5.9% YoY	5.3% YoY*
15/11/2024	US	Retail Sales (OCT)	0.4% MoM	0.3% MoM

Source: Kenanga Research, Trading Economics, Bloomberg

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